EIGHTY-SIXTH DAY

St. Paul, Minnesota, Wednesday, April 25, 2018

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, Pastor Mike Smith.

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
Benson	Eken	Jensen	Miller	Tomassoni
Bigham	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	Wiklund
Cwodzinski	Hawj	Lang	Relph	
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	
Draheim	Housley	Little	Ruud	

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

April 23, 2018

The Honorable Michelle L. Fischbach
President of the Senate

Dear Senator Fischbach:

As the Senate Minority Leader, I hereby make the following appointment:

Pursuant to Executive Order

18-04: Governor's Advisory Council on Connected and Automated Vehicles - Senator Dibble to serve at the pleasure of the appointing authority.

Sincerely,
Thomas M. Bakk
Senate DFL Leader
MN Senate, District 3

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 817, 3280, 3389 and 3833.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted April 23, 2018

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2391, 3548, and 3552.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted April 24, 2018

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 817: A bill for an act relating to public safety; establishing crimes for interfering or attempting to interfere with point-of-sale terminals, gas pump dispensers, and automated teller machines; amending Minnesota Statutes 2016, sections 609.87, subdivision 2a, by adding subdivisions; 609.891, subdivisions 1, 2, 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2582, now on General Orders.

H.F. No. 3280: A bill for an act relating to environment; establishing findings and authorizing listing of wild-rice waters; nullifying and restricting the application of certain water quality standards; requiring a report; appropriating money; amending Laws 2015, First Special Session chapter 4, article 4, section 136, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2983, now on General Orders.

H.F. No. 3389: A bill for an act relating to children; modifying presumptions in child support modifications; codifying case law; amending Minnesota Statutes 2016, section 518A.39, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2885, now on General Orders.

H.F. No. 3833: A bill for an act relating to commerce; providing financial exploitation protections for older adults and vulnerable adults; proposing coding for new law as Minnesota Statutes, chapter 45A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 919, now on General Orders.

H.F. No. 2391: A bill for an act relating to financial institutions; regulating health savings and medical savings accounts; providing asset protection; amending Minnesota Statutes 2016, section 550.37, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2556, now on General Orders.

H.F. No. 3548: A bill for an act relating to transportation; modifying certain hours of service requirements for agricultural transportation; amending Minnesota Statutes 2016, sections 221.031, subdivision 2d; 221.0314, subdivision 9.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3405, now on General Orders.

H.F. No. 3552: A bill for an act relating to real property; modifying the definition of residential use under the Minnesota Common Interest Ownership Act; amending Minnesota Statutes 2016, sections 515B.1-102; 515B.1-106; 515B.2-113; 515B.4-111; Minnesota Statutes 2017 Supplement, section 515B.1-103.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3183, now on General Orders.

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 3135. The motion prevailed.

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

H.F. No. 3249 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3249	2977				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3249 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3249, the first engrossment; and insert the language after the enacting clause of S.F. No. 2977, the first engrossment; further, delete the title of H.F. No. 3249, the first engrossment; and insert the title of S.F. No. 2977, the first engrossment.

And when so amended H.F. No. 3249 will be identical to S.F. No. 2977, and further recommends that H.F. No. 3249 be given its second reading and substituted for S.F. No. 2977, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 3551 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3551	3198				

and that the above Senate File be indefinitely postponed.

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

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

S.F. No. 3135: A bill for an act relating to local government; prohibiting counties, cities, and towns from regulating auxiliary containers; proposing coding for new law in Minnesota Statutes, chapter 471.

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

Page 1, line 20, after "a" insert "county, " and after "city" insert a comma

Page 2, after line 3, insert:

"Sec. 2. **ECONOMIC IMPACT STUDY.**

The commissioner of labor and industry shall conduct an economic impact study measuring job growth in Minnesota as it relates to the development, marketing, and production of compostable and recyclable auxiliary containers designed to compete with traditional or nonrenewable auxiliary containers. The commissioner shall submit a report describing the scope of the study, assumptions, findings, and conclusions to the chairs and ranking minority members of the legislative committees with jurisdiction over local government, environment, and economic growth by January 1, 2020."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring an economic impact study and report;"

And when so amended the bill do pass and be re-referred to the Committee on Commerce and Consumer Protection Finance and Policy.

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

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

S.F. No. 3656: A bill for an act relating to finance; deleting an obsolete transfer; amending Minnesota Statutes 2017 Supplement, section 16A.152, subdivision 2.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE GOVERNMENT

Section 1. Minnesota Statutes 2016, section 3.855, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** (a) "Commission" means the Legislative Coordinating Commission or a legislative commission established by the coordinating commission, as provided in section 3.305, subdivision 6, to exercise the powers and discharge the duties of the coordinating commission under this section or other law requiring action by the coordinating commission on matters of public employment or compensation.

(b) "Ratification" must be by law. If a law makes ratification contingent upon the fulfillment of an express condition, or has an effective date contingent upon the fulfillment of an express condition, then ratification occurs on the date that the express condition has been fulfilled or on the effective date, whichever is later. An express condition may include the enactment of a law. The commissioner of management and budget shall determine whether an express condition has been fulfilled.

Sec. 2. Minnesota Statutes 2016, section 3.855, subdivision 2, is amended to read:

Subd. 2. **State employee negotiations.** (a) The commissioner of management and budget shall regularly advise the commission on the progress of collective bargaining activities with state employees under the state Public Employment Labor Relations Act. During negotiations, the

commission may make recommendations to the commissioner as it deems appropriate but no recommendation shall impose any obligation or grant any right or privilege to the parties.

(b) The commissioner shall submit to the chair of the commission any negotiated collective bargaining agreements, arbitration awards, compensation plans, or salaries for legislative approval or disapproval. Negotiated agreements shall be submitted within five days of the date of approval by the commissioner or the date of approval by the affected state employees, whichever occurs later. Arbitration awards shall be submitted within five days of their receipt by the commissioner. If the commission disapproves a collective bargaining agreement, award, compensation plan, or salary, the commission shall specify in writing to the parties those portions with which it disagrees and its reasons. If the commission approves a collective bargaining agreement, award, compensation plan, or salary, it shall submit the matter to the legislature to be accepted or rejected under this section.

(c) The commissioner shall submit to the chair of the commission any negotiated or otherwise proposed changes affecting the provision of insurance to state employees, including any changes to coverage and costs. Any changes must be submitted to the commission within five days of approval of the commissioner and at least 45 days before submitting a collective bargaining agreement or compensation plan that incorporates the proposed changes to the insurance program. If the commission disapproves changes to the state employee insurance program, the commission shall specify in writing to the commissioner those portions with which it disagrees and its reasons. The commissioner must not submit to the commission any collective bargaining agreement or compensation plan that includes any changes to state employee insurance previously disapproved by the commission unless the agreement or plan incorporates changes identified by the commission or otherwise addresses the commission's objections to the changes to the insurance program. The requirements in this paragraph do not apply to the premiums for insurance that are determined solely by the commissioner of management and budget and are not negotiated with representatives of employees.

~~(c)~~ (d) When the legislature is not in session, the commission may give interim approval to a negotiated collective bargaining agreement, salary, compensation plan, or arbitration award. When the legislature is not in session, failure of the commission to disapprove a collective bargaining agreement or arbitration award within 30 days constitutes approval. The commission shall submit the negotiated collective bargaining agreements, salaries, compensation plans, or arbitration awards for which it has provided approval to the entire legislature for ratification at a special legislative session called to consider them or at its next regular legislative session as provided in this section. Approval or disapproval by the commission is not binding on the legislature.

~~(d)~~ (e) When the legislature is not in session, the proposed collective bargaining agreement, arbitration decision, salary, or compensation plan must be implemented upon its approval by the commission, and state employees covered by the proposed agreement or arbitration decision do not have the right to strike while the interim approval is in effect. Wages and economic fringe benefit increases provided for in the agreement or arbitration decision paid in accordance with the interim approval by the commission are not affected, but the wages or benefit increases must cease to be paid or provided effective upon the rejection of the agreement, arbitration decision, salary, or compensation plan, or upon adjournment of the legislature without acting on it.

Sec. 3. Minnesota Statutes 2016, section 3.855, is amended by adding a subdivision to read:

Subd. 5. **Information required.** The commissioner of management and budget must submit to the Legislative Coordinating Commission the following information with the submission of a collective bargaining agreement or compensation plan under subdivisions 2 and 3:

(1) for each agency and for each proposed agreement, a comparison of biennial compensation costs under the current agreement or plan to the projected biennial compensation costs under the proposed agreement or plan, paid with funds appropriated from the general fund;

(2) for each agency and for each proposed agreement and plan, a comparison of biennial compensation costs under the current agreement or plan to the projected compensation costs under the proposed agreement or plan, paid with funds appropriated from each fund other than the general fund;

(3) for each agency and for each proposed agreement and plan, an identification of the amount of the additional biennial compensation costs that are attributable to salary and wages and to the cost of nonsalary and nonwage benefits; and

(4) for each agency, for each of clauses (1) to (3), the impact of the aggregate of all agreements and plans being submitted to the commission.

Sec. 4. Minnesota Statutes 2017 Supplement, section 3.8853, subdivision 1, is amended to read:

Subdivision 1. **Establishment; duties.** The Legislative Budget Office is established ~~under control of the Legislative Coordinating Commission~~ to provide the house of representatives and senate with nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 5. Minnesota Statutes 2017 Supplement, section 3.8853, subdivision 2, is amended to read:

Subd. 2. **Director; staff.** The ~~Legislative Coordinating Commission~~ Legislative Budget Office Oversight Commission must appoint a director ~~who~~ and establish the director's duties. The director may hire staff necessary to do the work of the office. The director serves in the unclassified service for a term of six years and may not be removed during a term except for cause after a public hearing.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 6. Minnesota Statutes 2017 Supplement, section 3.8853, is amended by adding a subdivision to read:

Subd. 3. **Uniform procedures.** The director of the Legislative Budget Office must adopt uniform procedures governing the timely preparation of fiscal notes as required by this section and section 3.98. The procedures are not effective until they are approved by the oversight commission. Upon approval, the procedures must be published in the State Register and on the office's Web site.

EFFECTIVE DATE. This section is effective January 8, 2019, provided that the uniform procedures may be approved by the oversight commission as early as July 1, 2018.

Sec. 7. Minnesota Statutes 2017 Supplement, section 3.8853, is amended by adding a subdivision to read:

Subd. 4. **Access to data; treatment.** Upon request of the director of the Legislative Budget Office, the head or chief administrative officer of each department or agency of state government, including the Supreme Court, must promptly supply data that are used to prepare a fiscal note, including data that are not public data under section 13.64. Not public data supplied under this subdivision may only be used by the Legislative Budget Office to review a department or agency's work in preparing a fiscal note and may not be used or disseminated for any other purpose, including use by or dissemination to a legislator or to any officer, department, agency, or committee within the legislative branch. Violation of this paragraph by the director or other staff of the Legislative Budget Office is cause for removal, suspension without pay, or immediate dismissal at the direction of the oversight commission.

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 8. Minnesota Statutes 2017 Supplement, section 3.8853, is amended by adding a subdivision to read:

Subd. 4a. **Fiscal note delivery and posting.** The director of the Legislative Budget Office must deliver a completed fiscal note to the legislative committee chair who made the request, and to the chief author of the legislation to which it relates. Within 24 hours of completion of a fiscal note, the director of the Legislative Budget Office must post a completed fiscal note on the office's public Web site. This subdivision does not apply to an unofficial fiscal note that is not public data under section 13.64, subdivision 3.

EFFECTIVE DATE. This section is effective January 6, 2020.

Sec. 9. **[3.8854] LEGISLATIVE BUDGET OFFICE OVERSIGHT COMMISSION.**

(a) The Legislative Budget Office Oversight Commission consists of:

(1) two members of the senate appointed by the senate majority leader;

(2) two members of the senate appointed by the senate minority leader;

(3) two members of the house of representatives appointed by the speaker of the house; and

(4) two members of the house of representatives appointed by the minority leader.

The director of the Legislative Budget Office is the executive secretary of the commission. The chief nonpartisan fiscal analyst of the house of representatives, the lead nonpartisan fiscal analyst of the senate, the state budget director, and the legislative auditor are ex-officio, nonvoting members of the commission.

(b) Members serve at the pleasure of the appointing authority, or until they are not members of the legislative body from which they were appointed. Appointing authorities shall fill vacancies on the commission within 30 days of a vacancy being created.

(c) The commission shall meet in January of each odd-numbered year to elect its chair and vice-chair. They shall serve until successors are elected. The chair and vice-chair shall alternate biennially between the senate and the house of representatives. The commission shall meet at the call of the chair. The members shall serve without compensation but may be reimbursed for their reasonable expenses consistent with the rules of the legislature governing expense reimbursement.

(d) The commission shall review the work of the Legislative Budget Office and make recommendations, as the commission determines necessary, to improve the office's ability to fulfill its duties, and shall perform other functions as directed by this section.

Sec. 10. **[3.9736] EVALUATION OF INFORMATION TECHNOLOGY PROJECTS.**

Subdivision 1. **Definition.** For purposes of this section, "information technology project" means a project performed by the Division of Information Technology under a service-level agreement for a state agency.

Subd. 2. **Selection of project for review; schedule for evaluation; report.** Annually, the legislative auditor may submit to the Legislative Audit Commission a list of three to five information technology projects proposed for review. In selecting projects to include on the list, the legislative auditor may consider the cost of the project to the state, the impact of the project on state agencies and public users, and the legislature's interest in ensuring that state agencies meet the needs of the public. The legislative auditor may include completed projects and ongoing projects and shall give particular consideration to forensic review of high-profile problematic projects from which recommendations may be developed to prevent problems on future projects. Annually, the Legislative Audit Commission may select at least one information technology project for the legislative auditor's evaluation. The legislative auditor may evaluate the selected information technology project according to an evaluation plan established under subdivision 3 and submit a written report to the Legislative Audit Commission.

Subd. 3. **Evaluation plan.** The Legislative Audit Commission may establish an evaluation plan that identifies elements the legislative auditor must include in an evaluation of an information technology project. The Legislative Audit Commission may modify the evaluation plan as needed.

Sec. 11. Minnesota Statutes 2017 Supplement, section 3.98, subdivision 1, is amended to read:

Subdivision 1. **Preparation~~; duties~~.** ~~(a)~~ The head or chief administrative officer of each department or agency of the state government, including the Supreme Court, shall ~~cooperate with the Legislative Budget Office and the Legislative Budget Office must~~ prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.

~~(b) Upon request of the Legislative Budget Office, the head or chief administrative officer of each department or agency of state government, including the Supreme Court, must promptly supply all information necessary for the Legislative Budget Office to prepare an accurate and timely fiscal note.~~

~~(c) The Legislative Budget Office may adopt standards and guidelines governing timing of responses to requests for information and governing access to data, consistent with laws governing access to data. Agencies must comply with these standards and guidelines and the Legislative Budget Office must publish them on the office's Web site.~~

~~(d)~~ For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.

Sec. 12. Minnesota Statutes 2017 Supplement, section 3.98, subdivision 1, as amended by article 1, section 11, is amended to read:

Subdivision 1. **Preparation.** The head or chief administrative officer of each department or agency of the state government, including the Supreme Court, shall, in consultation with the Legislative Budget Office and consistent with the standards, guidelines, and procedures adopted under section 3.8853, prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.

For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.

EFFECTIVE DATE. This section is effective January 6, 2020.

Sec. 13. Minnesota Statutes 2017 Supplement, section 3.98, subdivision 4, is amended to read:

Subd. 4. **Uniform procedure.** The ~~Legislative Budget Office~~ commissioner of management and budget shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section.

EFFECTIVE DATE. This section is effective the day following final enactment and supersedes the amendment under Laws 2017, First Special Session chapter 4, article 2, section 8.

Sec. 14. Minnesota Statutes 2016, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, director of the Legislative Budget Office, chief clerk of the house of representatives, revisor of statutes, or researcher, legislative analyst, fiscal analyst, or attorney in the Office of Senate Counsel, Research, and Fiscal Analysis, House Research, or the House Fiscal Analysis Department;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or unemployment law judge in the Department of Employment and Economic Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Enterprise Minnesota, Inc.;

(17) member of the board of directors or executive director of the Minnesota State High School League;

(18) member of the Minnesota Ballpark Authority established in section 473.755;

(19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;

(20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13;

(21) supervisor of a soil and water conservation district;

(22) director of Explore Minnesota Tourism;

(23) citizen member of the Lessard-Sams Outdoor Heritage Council established in section 97A.056;

(24) citizen member of the Clean Water Council established in section 114D.30;

(25) member or chief executive of the Minnesota Sports Facilities Authority established in section 473J.07;

(26) district court judge, appeals court judge, or Supreme Court justice;

(27) county commissioner;

(28) member of the Greater Minnesota Regional Parks and Trails Commission; or

(29) member of the Destination Medical Center Corporation established in section 469.41.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 15. Minnesota Statutes 2016, section 13.64, is amended by adding a subdivision to read:

Subd. 4. **Fiscal note data must be shared with Legislative Budget Office.** A head or chief administrative officer of a department or agency of the state government, including the Supreme Court, must provide data that are used to prepare a fiscal note, including data that are not public data under this section to the director of the Legislative Budget Office upon the director's request and consistent with section 3.8853, subdivision 4. The data must be supplied according to any procedures adopted under section 3.8853, subdivision 3, including any procedures governing timeliness. Notwithstanding section 13.05, subdivision 9, a responsible authority may not require the Legislative Budget Office to pay a cost for supplying data requested under this subdivision.

EFFECTIVE DATE. This section is effective January 8, 2019.

Sec. 16. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

Subdivision 1. **Definition.** As used in this section, "residential construction" means the new construction or remodeling of any building subject to the Minnesota Residential Code.

Subd. 2. **Impact on housing; agency determination.** (a) An agency must determine if implementation of a proposed rule, or any portion of a proposed rule, will, on average, increase the cost of residential construction by $1,000 or more per unit, and whether the proposed rule meets the state regulatory policy objectives described in section 14.002. In calculating the cost of implementing a proposed rule, the agency may consider the impact of other related proposed rules on the overall cost of residential construction. If applicable, the agency may include offsetting savings that may be achieved through implementation of related proposed rules in its calculation under this subdivision.

(b) The agency must make the determination required by paragraph (a) before the close of the hearing record, or before the agency submits the record to the administrative law judge if there is no hearing. Upon request of a party affected by the proposed rule, the administrative law judge must review and approve or disapprove an agency's determination under this subdivision.

Subd. 3. **Notice to legislature; legislative review.** If the agency determines that the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision 2, or if the administrative law judge separately confirms the cost of any portion of a rule exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing, the chair and ranking minority members of the policy committees of the house of representatives and the senate with jurisdiction over the subject

matter of the proposed rule within ten days of the determination. The agency shall not adopt the proposed rule until after the adjournment of the next session of the legislature convened on or after the date that notice required in this subdivision is given to the chairs and ranking minority members.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to administrative rules for which a request for comment is published on or after that date.

Sec. 17. **[16A.104] FEDERAL FUNDS REPORT.**

The commissioner must report to the chairs and ranking minority members of the house of representatives Ways and Means and senate Finance Committee on receipt of federal funds by the state. The report must be submitted with the governor's detailed operating budget in accordance with section 16A.11, subdivision 1, in an odd-numbered year and within ten days prior to the start of the regular session in accordance with section 3.3005, subdivision 2, in an even-numbered year. The report must include the total amount of federal funds received by the state in the fiscal year ending the prior June 30 and the total amount of federal funds anticipated to be received by the state in the current fiscal year. For each category of federal funding, the report must list:

(1) the name of the federal grant or federal funding source, the federal agency providing the funding, a federal identification number, a description of the purpose of the federal funding, and an electronic address at which additional relevant documents related to the grant or funding program may be found;

(2) the amount of federal funding the state received through that grant or source in the fiscal year ending the prior June 30 and the total amount of federal funds anticipated to be received by the state in the current fiscal year;

(3) if there is a federal maintenance-of-effort requirement associated with the funding;

(4) the number of full-time equivalent state employees assigned to implement the federal funding's purpose;

(5) the amount of funds spent, as a match or otherwise, in conjunction with receipt of the federal funding in the fiscal year ending the prior June 30, and the amount of funds anticipated to be spent in the current fiscal year, listing state and nonstate sources of spent funds separately; and

(6) the maximum amount of the federal funds that may be used for indirect costs associated with implementing the funds' purpose.

Sec. 18. Minnesota Statutes 2016, section 16E.01, subdivision 1, is amended to read:

Subdivision 1. **Creation; chief information officer.** The ~~Office of MN.IT Services~~ Division of Information Technology, referred to in this chapter as the ~~"office,"~~ "division," is ~~an agency in the executive branch headed by a~~ under the supervision of the commissioner~~, who also is the state chief information officer~~ of administration. The appointment of the commissioner is subject to the advice and consent of the senate under section 15.066.

Sec. 19. Minnesota Statutes 2016, section 16E.015, is amended by adding a subdivision to read:

Subd. 2a. **Commissioner.** "Commissioner" means the commissioner of administration.

Sec. 20. Minnesota Statutes 2016, section 16E.016, is amended to read:

16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES AND EQUIPMENT.

(a) The chief information officer is responsible for providing or entering into managed services contracts for the provision, improvement, and development of the following information technology systems and services to state agencies:

(1) state data centers;

(2) mainframes including system software;

(3) servers including system software;

~~(4) desktops including system software;~~

~~(5) laptop computers including system software;~~

~~(6)~~ (4) a data network including system software;

~~(7) database,~~ (5) electronic mail~~, office systems, reporting, and other standard software tools~~;

~~(8) business application software and related technical support services;~~

~~(9)~~ (6) help desk for the components listed in clauses (1) to ~~(8)~~ (5);

~~(10)~~ (7) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to ~~(8)~~ (5); and

~~(11)~~ (8) regular upgrades and replacement for the components listed in clauses (1) to ~~(8); and~~ (5).

~~(12) network-connected output devices.~~

(b) The chief information officer is responsible for providing or entering into managed services contracts for the provision, improvement, and development of the following information technology systems and services to a state agency, at the request of the agency:

(1) desktops including system software;

(2) laptop computers including system software;

(3) database, office systems, reporting, and other standard software tools;

(4) business application software and related technical support services;

(5) help desk for the components listed in clauses (1) to (4);

(6) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to (4);

(7) regular upgrades and replacement for the components listed in clauses (1) to (4); and

(8) network-connected output devices.

~~(b)~~ (c) All state agency employees whose work primarily involves functions specified in paragraph (a) are employees ~~of the Office of MN.IT Services~~ in the Division of Information Technology under the Department of Administration. This includes employees who directly perform the functions in paragraph (a), as well as employees whose work primarily involves managing, supervising, or providing administrative services or support services to employees who directly perform these functions. The chief information officer may assign employees of the ~~office~~ division to perform work exclusively for another state agency.

~~(c)~~ (d) Subject to sections 16C.08 and 16C.09, the chief information officer may allow a state agency to obtain services specified in paragraph (a) through a contract with an outside vendor when the chief information officer and the agency head agree that a contract would provide best value, as defined in section 16C.02, under the service-level agreement. The chief information officer must require that Agency contracts with outside vendors ensure that systems and services are compatible with standards established by ~~the Office of MN.IT Services~~ the Division of Information Technology.

~~(d)~~ (e) The Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the State Board of Investment, the Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide Radio Board are not state agencies for purposes of this section.

EFFECTIVE DATE. This section is effective July 1, 2018, and applies to contracts entered into on or after that date.

Sec. 21. Minnesota Statutes 2016, section 16E.02, is amended to read:

16E.02 ~~OFFICE OF MN.IT SERVICES~~ DIVISION OF INFORMATION TECHNOLOGY; STRUCTURE AND PERSONNEL.

Subdivision 1. **Office management and structure.** (a) The chief information officer is appointed by the ~~governor~~ commissioner, subject to the advice and consent of the senate under section 15.066. The chief information officer serves in the unclassified service at the pleasure of the ~~governor~~ commissioner. The chief information officer must have experience leading enterprise-level information technology organizations. The chief information officer is the state's chief information officer and information and telecommunications technology advisor to the governor.

(b) The chief information officer may appoint other employees of the ~~office~~ division. The staff of the ~~office~~ division must include individuals knowledgeable in information and telecommunications technology systems and services and individuals with specialized training in information security and accessibility.

(c) The chief information officer may appoint a Webmaster responsible for the supervision and development of state Web sites under the control of the ~~office~~ division. The Webmaster, if appointed, shall ensure that these Web sites are maintained in an easily accessible format that is consistent throughout state government and are consistent with the accessibility standards developed under section 16E.03, subdivision 9. The Webmaster, if appointed, shall provide assistance and guidance consistent with the requirements of this paragraph to other state agencies for the maintenance of other Web sites not under the direct control of the ~~office~~ division.

Subd. 1a. **Accountability.** The chief information officer reports to the ~~governor~~ commissioner. The chief information officer must consult regularly with the commissioners of ~~administration,~~ management and budget, human services, revenue, and other commissioners as designated by the governor, on technology projects, standards, and services as well as management of resources and staff utilization.

Sec. 22. Minnesota Statutes 2017 Supplement, section 16E.0466, subdivision 1, is amended to read:

Subdivision 1. **Consultation required.** (a) Every state agency with an information or telecommunications project must consult with the ~~Office of MN.IT Services~~ Division of Information Technology to determine the information technology cost of the project if the division is selected by an agency to perform the project. Upon agreement between the commissioner of a particular agency and the chief information officer, the agency must transfer the information technology cost portion of the project to the ~~Office of MN.IT Services~~ commissioner of administration. Service level agreements must document all project-related transfers under this section. Those agencies specified in section 16E.016, paragraph ~~(d)~~ (e), are exempt from the requirements of this section.

(b) Notwithstanding section 16A.28, subdivision 3, any unexpended operating balance appropriated to a state agency may be transferred to the information and telecommunications technology systems and services account for the information technology cost of a specific project, subject to the review of the Legislative Advisory Commission, under section 16E.21, subdivision 3.

Sec. 23. Minnesota Statutes 2016, section 16E.055, is amended to read:

16E.055 ELECTRONIC GOVERNMENT SERVICES.

A state agency that implements electronic government services for fees, licenses, sales, or other purposes ~~must~~ may use the single entry site created by the chief information officer for all agencies to use for electronic government services.

Sec. 24. Minnesota Statutes 2016, section 16E.14, is amended to read:

16E.14 ~~MN.IT SERVICES~~ INFORMATION TECHNOLOGY REVOLVING FUND.

Subdivision 1. **Creation.** The ~~MN.IT services~~ information technology revolving fund is created in the state treasury.

Subd. 2. **Appropriation and uses of fund.** Money in the ~~MN.IT services~~ information technology revolving fund is appropriated annually to the ~~chief information officer~~ commissioner to operate information and telecommunications services, including management, consultation, and design services.

Subd. 3. **Reimbursements.** Except as specifically provided otherwise by law, each agency shall reimburse the ~~MN.IT services~~ information technology revolving fund for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, which the ~~chief information officer~~ commissioner is authorized and directed to furnish an agency. The ~~chief information officer~~ commissioner shall report the rates to be charged for the revolving fund no later than ~~July 1 each~~ June 1 each even-numbered calendar year to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the ~~Office of MN.IT Services~~ Division of Information Technology. These rates shall apply for the biennium beginning July 1 of the following calendar year.

Subd. 4. **Cash flow.** The commissioner of management and budget shall make appropriate transfers to the revolving fund when requested by the chief information officer. The chief information officer may make allotments and encumbrances in anticipation of such transfers. In addition, the ~~chief information officer~~ commissioner, with the approval of the commissioner of management and budget, may require an agency to make advance payments to the revolving fund sufficient to cover the ~~office's~~ division's estimated obligation for a period of at least 60 days. All reimbursements and other money received by the ~~chief information officer~~ commissioner under this section must be deposited in the ~~MN.IT services~~ information technology revolving fund.

Subd. 5. **Liquidation.** If the ~~MN.IT services~~ information technology revolving fund is abolished or liquidated, the total net profit from the operation of the fund must be distributed to the various funds from which purchases were made. The amount to be distributed to each fund must bear to the net profit the same ratio as the total purchases from each fund bears to the total purchases from all the funds during the same period of time.

EFFECTIVE DATE. This section is effective July 1, 2018. The commissioner shall report rates to be charged for the revolving fund no later than July 1, 2018, for the biennium beginning July 1, 2019.

Sec. 25. Minnesota Statutes 2016, section 16E.18, subdivision 4, is amended to read:

Subd. 4. **Program participation.** The chief information officer may ~~require~~ request the participation of state agencies ~~and~~, the commissioner of education, ~~and may request the participation of~~ the Board of Regents of the University of Minnesota, and the Board of Trustees of the Minnesota State Colleges and Universities~~,~~ in the planning and implementation of the network to provide interconnective technologies. The Board of Trustees of the Minnesota State Colleges and Universities may opt out of participation as a subscriber on the network, in whole or in part, if the board is able to secure telecommunications services from another source that ensures it will achieve the policy objectives set forth in subdivision 1.

Sec. 26. Minnesota Statutes 2016, section 16E.18, subdivision 6, is amended to read:

Subd. 6. **Rates.** (a) The chief information officer shall establish reimbursement rates in cooperation with the commissioner of management and budget to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) An invoice or statement to an agency from the chief information officer must include clear descriptions of the services the Office of MN.IT Services has provided. The invoice or statement must categorize or code services in a manner prescribed by the agency, or the chief information office must provide supplemental information with an invoice or statement that categorizes or codes all services reflected on the invoice or statement in a manner prescribed by the agency.

(c) Except as otherwise provided in subdivision 4, a direct appropriation made to an educational institution for usage costs associated with the state information infrastructure must only be used by the educational institution for payment of usage costs of the network as billed by the chief information officer.

Sec. 27. Minnesota Statutes 2016, section 155A.25, subdivision 1a, is amended to read:

Subd. 1a. **Schedule.** (a) The schedule for fees and penalties is as provided in this subdivision.

(b) Three-year license fees are as follows:

(1) $195 initial practitioner, manager, or instructor license, divided as follows:

(i) $155 for each initial license; and

(ii) $40 for each initial license application fee;

(2) $115 renewal of practitioner license, divided as follows:

(i) $100 for each renewal license; and

(ii) $15 for each renewal application fee;

(3) $145 renewal of manager or instructor license, divided as follows:

(i) $130 for each renewal license; and

(ii) $15 for each renewal application fee;

(4) $350 initial salon license, divided as follows:

(i) $250 for each initial license; and

(ii) $100 for each initial license application fee;

(5) $225 renewal of salon license, divided as follows:

(i) $175 for each renewal; and

(ii) $50 for each renewal application fee;

(6) $4,000 initial school license, divided as follows:

(i) $3,000 for each initial license; and

(ii) $1,000 for each initial license application fee; and

(7) $2,500 renewal of school license, divided as follows:

(i) $2,000 for each renewal; and

(ii) $500 for each renewal application fee.

(c) Penalties may be assessed in amounts up to the following:

(1) reinspection fee, $150;

(2) manager and owner with expired practitioner found on inspection, $150 each;

(3) expired practitioner or instructor found on inspection, $200;

(4) expired salon found on inspection, $500;

(5) expired school found on inspection, $1,000;

(6) failure to display current license, $100;

(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, $500;

(8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, subdivision 2, $500;

(9) performing nail or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in a nail salon, $500;

(10) owner and manager allowing an operator to work as an independent contractor, $200;

(11) operator working as an independent contractor, $100;

(12) refusal or failure to cooperate with an inspection, $500;

(13) practitioner late renewal fee, $45; and

(14) salon or school late renewal fee, $50.

(d) Administrative fees are as follows:

(1) homebound service permit, $50 three-year fee;

(2) name change, $20;

(3) certification of licensure, $30 each;

(4) duplicate license, $20;

(5) special event permit, $75 per year;

~~(6) registration of hair braiders, $20 per year;~~

~~(7)~~ (6) $100 for each temporary military license for a cosmetologist, nail technician, esthetician, or advanced practice esthetician one-year fee;

~~(8)~~ (7) expedited initial individual license, $150;

~~(9)~~ (8) expedited initial salon license, $300;

~~(10)~~ (9) instructor continuing education provider approval, $150 each year; and

~~(11)~~ (10) practitioner continuing education provider approval, $150 each year.

Sec. 28. Minnesota Statutes 2016, section 155A.28, is amended by adding a subdivision to read:

Subd. 5. **Hair braiders exempt.** The practice of hair braiding is exempt from the requirements of this chapter.

Sec. 29. Minnesota Statutes 2016, section 179A.06, subdivision 3, is amended to read:

Subd. 3. **Fair share fee.** An exclusive representative ~~may~~ shall not require employees who are not members of the exclusive representative to contribute a fair share fee for services rendered by the exclusive representative. ~~The fair share fee must be equal to the regular membership dues of the exclusive representative, less the cost of benefits financed through the dues and available only to members of the exclusive representative. In no event may the fair share fee exceed 85 percent of the regular membership dues. The exclusive representative shall provide advance written notice of the amount of the fair share fee to the employer and to unit employees who will be assessed the fee. The employer shall provide the exclusive representative with a list of all unit employees.~~

A challenge by an employee or by a person aggrieved by the fee must be filed in writing with the commissioner, the public employer, and the exclusive representative within 30 days after receipt of the written notice. All challenges must specify those portions of the fee challenged and the reasons for the challenge. The burden of proof relating to the amount of the fair share fee is on the exclusive representative. The commissioner shall hear and decide all issues in these challenges.

The employer shall deduct the fee from the earnings of the employee and transmit the fee to the exclusive representative 30 days after the written notice was provided. If a challenge is filed, the deductions for a fair share fee must be held in escrow by the employer pending a decision by the commissioner.

EFFECTIVE DATE. This section is effective the day following a decision by the United States Supreme Court holding that public employees who are not members of an exclusive representative shall not be required to pay fair share fees, but if that decision with that holding is issued before July 1, 2018, then the effective date is July 1, 2018.

Sec. 30. Minnesota Statutes 2016, section 201.022, is amended by adding a subdivision to read:

Subd. 4. **Voter records updated due to voting report.** No later than eight weeks after the election, the county auditor must use the statewide voter registration system to produce a report that identifies each voter whose record indicates that it was updated due to voting. The county auditor must investigate each record that is challenged for a reason related to eligibility to determine if the voter appears to have been ineligible to vote. If the county auditor determines that a voter appears to have been ineligible to vote and either registered to vote or voted in the previous election, the county auditor must notify the law enforcement agency or the county attorney as provided in section 201.275.

Sec. 31. Minnesota Statutes 2016, section 201.022, is amended by adding a subdivision to read:

Subd. 5. **Inactive voter report.** By November 6, 2018, the secretary of state must develop a report within the statewide voter registration system that provides information on inactive voters who registered on election day and were possibly ineligible. For elections on or after November 6, 2018, no later than eight weeks after the election, the county auditor must use the statewide voter registration system to produce the report. The county auditor must investigate each record to determine if the voter appears to have been ineligible to vote. If the county auditor determines that a voter appears to have been ineligible to vote and registered to vote in the previous election, the county auditor must notify the law enforcement agency or the county attorney as provided in section 201.275.

Sec. 32. Minnesota Statutes 2017 Supplement, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2018 through 2024, the total aid payable under section 477A.0124, subdivision 3, is $103,795,000, of which $3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is $100,795,000. Each calendar year, $500,000 of this appropriation shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in 2018 and thereafter, the total aid under section 477A.0124, subdivision 4, is $130,873,444. The commissioner of revenue shall transfer ~~to the commissioner of management and budget~~ $207,000 annually for the cost of preparation of local impact notes as required by section 3.987~~, and other local government activities~~ to the Legislative Coordinating Commission for use by the Legislative Budget Office.

The commissioner of revenue shall transfer to the commissioner of education $7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 33. Laws 2017, First Special Session chapter 4, article 1, section 10, subdivision 1, is amended to read:

		~~2,662,000~~
Subdivision 1. **Total Appropriation**	**$ 2,642,000**	**$ 2,643,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
The state chief information officer must prioritize use of appropriations provided by this section to enhance cybersecurity across state government.		

Sec. 34. Laws 2017, First Special Session chapter 4, article 2, section 1, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January 8, 2019~~ July 1, 2018.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 35. Laws 2017, First Special Session chapter 4, article 2, section 3, the effective date, is amended to read:

EFFECTIVE DATE. Except where otherwise provided by law, this section is effective ~~January 8, 2019~~ July 1, 2018.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 36. Laws 2017, First Special Session chapter 4, article 2, section 9, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January 8, 2019~~ January 6, 2020.

Sec. 37. Laws 2017, First Special Session chapter 4, article 2, section 58, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January 8, 2019~~ July 1, 2018. The contract required under this section must be executed no later than November 1, 2018, and must provide for the Legislative Budget Office to have access to the fiscal note tracking system from December 15,

2018, to January 5, 2020, and for the transfer of operational control of the fiscal note tracking system to the Legislative Budget Office on January 6, 2020.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 38. **LEGISLATIVE BUDGET OFFICE OVERSIGHT COMMISSION; FIRST APPOINTMENTS; FIRST CHAIR; FIRST MEETING.**

Appointments to the Legislative Budget Office Oversight Commission under Minnesota Statutes, section 3.8854, must be made by July 1, 2018. The chair of the Legislative Coordinating Commission must designate one appointee to convene the commission's first meeting. The designated appointee must convene the first meeting no later than July 15, 2018. The first chair of the Legislative Budget Office Oversight Commission shall be a member of the senate and shall serve until the commission elects a chair at a meeting in January 2019.

Sec. 39. **LEGISLATIVE BUDGET OFFICE DELIVERY OF FISCAL NOTES AND LOCAL IMPACT NOTES BEFORE JANUARY 6, 2020.**

Subdivision 1. **Management and budget responsibility.** Until January 6, 2020, the responsibilities of the commissioner of management and budget with regard to fiscal notes and local impact notes remains the same as on May 1, 2017.

Subd. 2. **Fiscal note request.** Until January 6, 2020, the commissioner of management and budget must submit to the director of the Legislative Budget Office a daily list of all new requests for fiscal notes that have been requested since the previous list submitted under this subdivision. The commissioner must submit the daily fiscal note list at the end of each business day. For fiscal note requests received between the end of the business day on Friday and Monday morning, the commissioner shall submit the list on Monday morning. Notwithstanding the daily list requirement in this subdivision, when the legislature is not in session, the commissioner shall submit a weekly list of all fiscal notes received during the previous week.

Subd. 3. **Local impact note request.** Until January 6, 2020, the commissioner of management and budget will forward to the director of the Legislative Budget Office at the end of each week a list of all requests for local impact notes that the commissioner has received since the previous list submitted under this subdivision.

Subd. 4. **Legislative Budget Office sampling.** (a) Until January 6, 2020, the director of the Legislative Budget Office shall select from among the requests for fiscal notes and local impact notes a subset for the Legislative Budget Office to coordinate on a test basis. Within 48 hours of receiving a list of requests from the commissioner of management and budget, the director shall communicate to the lead nonpartisan fiscal analyst of the senate and the chief nonpartisan fiscal analyst of the house of representatives whether the Legislative Budget Office will coordinate a fiscal note or local impact note from the listed requests. The subset selected by the director must include a cross-section of the jurisdictions of the standing committees in the house of representatives and senate and must include a representative number of multiagency fiscal notes. During the 2019 legislative session, the Legislative Budget Office shall complete coordination of at least 300 fiscal notes and at least two local impact notes.

(b) By June 30, 2019, the director of the Legislative Budget Office shall deliver a summary report to the chairs and ranking minority members of the Committee on Finance in the senate and the Committee on Ways and Means in the house of representatives and to the lead nonpartisan fiscal analyst of the senate and the chief nonpartisan fiscal analyst of the house of representatives identifying each fiscal note and local impact note request received, the subset selected for coordination, the date the director received a list from the commissioner of management and budget identifying the request, and the date of delivery of completed notes.

Subd. 5. **Agency coordination.** (a) Until January 6, 2020, the head or chief administrative officer of each department or agency of the state government, including the Supreme Court, shall, in consultation with the Legislative Budget Office and consistent with the procedures adopted under Minnesota Statutes, section 3.8853, prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.

(b) For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.

Subd. 6. **Delivery of fiscal notes.** Until January 6, 2020, the director of the Legislative Budget Office shall timely deliver completed fiscal notes and local impact notes, each clearly labeled as "LBO-Coordinated Transition-Year Test Note," to the chair of the committee in the house of representatives or the senate who requested the note and to the chief author of the bill to which it relates.

Subd. 7. **Legislative Budget Office Oversight Commission performance assessment.** By November 1, 2019, the Legislative Budget Office Oversight Commission shall report to the chairs and members of the Committee on Finance in the senate and the Committee on Ways and Means in the house of representatives on the performance of the Legislative Budget Office in coordinating fiscal notes and local impact notes during the 2019 legislative session. The report shall consider the timeliness of the delivery of the notes and the quality of the notes in comparison to the timeliness and quality of the notes coordinated on the same bills by the commissioner of management and budget, and the cost-effectiveness of the work of the Legislative Budget Office.

EFFECTIVE DATE. This section is effective January 8, 2019, and expires on January 6, 2020.

Sec. 40. **OFFICE OF MN.IT SERVICES; TRANSFER.**

Minnesota Statutes, sections 15.039 and 43A.045, apply to the transfer from the Office of MN.IT Services to the commissioner of administration.

Sec. 41. **WORLD WAR I PLAQUE AUTHORIZED.**

The state honors all Minnesota veterans who have honorably and bravely served in the United States armed forces, both at home and abroad, during World War I. The commissioner of administration shall place a memorial plaque in the court of honor on the Capitol grounds to recognize the valiant service of Minnesota veterans who have honorably and bravely served in the United States armed forces, both at home and abroad, during World War I. This plaque will replace the

current plaque honoring veterans who served abroad during World War I. The Capitol Area Architectural and Planning Board shall solicit design submissions from the public. Each design submission must include a commitment to furnish the plaque. The Capitol Area Architectural and Planning Board shall select a design from those submitted to use as a basis for final production. The selected design must be approved by the commissioner of veterans affairs and must be furnished by the person or group who submitted the design.

Sec. 42. **APPROPRIATION AND TRANSFERS; SECRETARY OF STATE.**

(a) $1,534,000 is appropriated in fiscal year 2019 from the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, to the secretary of state for the purposes of modernizing, securing, and updating the statewide voter registration system and for cyber security upgrades as authorized by federal law. This is a onetime appropriation and is available until June 30, 2022.

(b) Of the $207,000 transferred by the commissioner of revenue to the commissioner of management and budget as provided in Minnesota Statutes, section 477A.03, subdivision 2b, paragraph (b), the commissioner of management and budget shall deposit $150,000 in fiscal year 2019 into the account established in Minnesota Statutes, section 5.30, for the purposes authorized under the Omnibus Appropriations Act of 2018, Public Law 115-1410, and Section 101 of the Help America Vote Act of 2002, Public Law 107-252. This is a onetime transfer.

(c) $110,000 expended by the secretary of state in fiscal year 2018 for increasing secure access to the statewide voter registration system was money appropriated for carrying out the purposes authorized under the Omnibus Appropriations Act of 2018, Public Law 115-1410, and the Help America Vote Act of 2002, Public Law 107-252, section 101, and is deemed to be credited towards any match required by those laws.

Sec. 43. **APPROPRIATION; DEPARTMENT OF HEALTH.**

$33,000 is appropriated in fiscal year 2019 from the state government special revenue fund to the commissioner of health to perform a cost analysis on rules impacting residential construction or remodeling as specified in Minnesota Statutes, section 14.1275. This is a onetime appropriation.

Sec. 44. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall change "Office of MN.IT Services" to "Division of Information Technology" and change "commissioner of MN.IT Services" to "commissioner of administration" wherever these terms occur in Minnesota Statutes. The revisor of statutes shall change "the office" to "the division" throughout Minnesota Statutes, chapter 16E.

(b) The revisor of statutes shall recodify Minnesota Statutes, chapter 16E, in Minnesota Statutes, chapter 16B.

Sec. 45. **REPEALER.**

(a) Minnesota Statutes 2016, section 16E.145, is repealed.

(b) Minnesota Statutes 2016, section 155A.28, subdivisions 1, 3, and 4, are repealed.

(c) Laws 2017, First Special Session chapter 4, article 2, section 59, is repealed.

ARTICLE 2

ENERGY

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2017, chapter 94, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. Appropriations for fiscal year 2018 are effective June 1, 2018.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 2,150,000**
Appropriations by Fund		
2018		
Special Revenue -0-		
2019		
Special Revenue 2,150,000		
Subd. 2. **Energy Resources**	**$ -0-**	**$ 2,150,000**
Appropriations by Fund		
2018		
Special Revenue -0-		
2019		
Special Revenue 2,150,000		

$150,000 the second year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to conduct an energy storage systems cost-benefit analysis. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),

$2,000,000 in fiscal year 2019 is from the renewable development account under Minnesota Statutes, section 116C.779, for the solar energy grants for school districts under Minnesota Statutes, section 216C.418. This is a onetime appropriation and is available until June 30, 2021. Any unexpended funds remaining after June 30, 2021, cancel to the renewable development account.

Sec. 3. Laws 2017, chapter 94, article 1, section 7, subdivision 7, is amended to read:

Subd. 7. **Energy Resources**	4,847,000	4,847,000
Appropriations by Fund		
General	4,247,000	4,247,000
Special Revenue	600,000	600,000

(a) $150,000 each year is to remediate vermiculate insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

(b) $832,000 each year is for energy regulation and planning unit staff.

(c) $100,000 each year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to administer the "Made in Minnesota" solar energy production incentive program in Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the renewable development account at the end of the biennium.

~~(d) $500,000 each year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for costs associated with any third-party expert~~

~~evaluation of a proposal submitted in response to a request for proposal to the renewable development advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.~~

ARTICLE 3

ENERGY POLICY

Section 1. Minnesota Statutes 2017 Supplement, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs ~~(f)~~ (e) and ~~(g)~~ (f), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, beginning January 15, ~~2018~~ 2022, and continuing each January 15 thereafter, the public utility that owns the Prairie Island and Monticello nuclear generating ~~plant~~ plants must transfer to the renewable development account ~~$500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for~~ $16,000,000 each year ~~the~~ either plant is in operation, and ~~$7,500,000 each year the plant is not in operation,~~ if ordered by the commission pursuant to paragraph ~~(i)~~ (h), $7,5000,000 each year the Prairie Island plant is not in operation and $5,250,000 each year the Monticello plant is not in operation. The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island or Monticello for any part of a year.

~~(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $350,000 each year for each dry cask containing~~

~~spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.~~

~~(e)~~ (d) Each year, the public utility shall withhold from the funds transferred to the renewable development account under ~~paragraphs~~ paragraph (c) ~~and (d)~~ the amount necessary to pay its obligations under paragraphs (e), (f) ~~and (g)~~, (j), and (n), and sections 116C.7792 and 216C.41, for that calendar year.

~~(f)~~ (e) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: $4,000,000 in fiscal year 2018; $6,500,000 each fiscal year in 2019 and 2020; and $3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and ~~(e)~~ (d).

~~(g)~~ (f) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide $6,800,000 per year for five years, commencing 30 days after the commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and ~~(e)~~ (d).

~~(h)~~ (g) The collective amount paid under the grant contracts awarded under paragraphs ~~(f)~~ (e) and ~~(g)~~ (f) is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

~~(i)~~ (h) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

~~(j)~~ (i) The utility shall file annually with the commission a petition for the recovery of all funds required to be transferred or withheld under paragraphs (c), (d), and (h), for the next year through

a rider mechanism. The commission shall approve a reasonable cost recovery schedule for all such funds.

(j) On or before January 15 of each year, the utility shall file a petition with the commission setting forth the amounts withheld by the utility in the prior year under paragraph (d) and the amount actually paid in that year for obligations identified in paragraph (d). If the amount actually paid is less than the amount withheld, the utility shall deduct the surplus from the amount withheld for the current year under paragraph (d). If the amount actually paid is more than the amount withheld, the utility shall add the deficit to the amount withheld in the current year under paragraph (d). Any surplus at the end of all programs identified in paragraph (d) shall be returned to the customers of the utility.

(k) Funds in the account may be expended only for any of the following purposes:

(1) to stimulate research and development of renewable electric energy technologies;

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for grants under this subdivision.

~~(k)~~ (l) For the purposes of paragraph ~~(j)~~ (k), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

~~(l)~~ (m) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. Members of the advisory group shall be chosen by the public utility unless another method of selection is provided under this section. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for

proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph ~~(j)~~ (k), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph ~~(j)~~ (k), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

~~(m)~~ (n) The cost of acquiring the services of the independent third-party expert described in paragraph (m) and any other costs incurred in administering the advisory group and its actions as required by this section shall be paid from funds withheld by the public utility under paragraph (d). The total withheld under this paragraph shall not exceed $500,000 per year.

(o) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the ~~legislature~~ commission. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph ~~(n)~~ (m).

~~(n)~~ (p) The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account must be appropriated by law. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended funding.

~~(o)~~ (q) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

~~(p)~~ (r) The advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on: (1) projects funded by the account for the prior year and all previous years; (2) cost of acquiring the services of an independent third-party expert described in paragraph (n); and (3) any other administrative costs incurred by the utility in administering the advisory group. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

~~(q)~~ (s) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the

account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.

~~(r)~~ (t) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

~~(s)~~ (u) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the commissioner of commerce.

~~(t)~~ (v) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development account, noting that the account is financed by the public utility's ratepayers.

~~(u)~~ (w) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

EFFECTIVE DATE. This section is effective June 1, 2018, except the amendments to paragraphs (c) and (d) are effective January 16, 2021.

Sec. 2. Minnesota Statutes 2017 Supplement, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total nameplate capacity of ~~20~~ 40 kilowatts direct current or less. The program shall be operated for eight consecutive calendar years commencing in 2014. $5,000,000 shall be allocated in each of the first four years, $15,000,000 in the fifth year, $10,000,000 in each of the sixth and seventh years, and $5,000,000 in the eighth year from funds withheld from transfer to the renewable development account under section 116C.779, subdivision 1, ~~paragraphs (b) and (c)~~ paragraph (d), and placed in a separate account for the purpose of the solar production incentive program operated by the utility and not for any other program or purpose. Any unspent amount allocated in the fifth year is available until December 31 of the sixth year. Beginning with the allocation in the sixth year and thereafter, any unspent amount remaining at the end of an allocation year must be transferred to the renewable development account. Applications submitted in the fifth year may be amended without reapplication for that portion of a project over a nameplate capacity of 20 kilowatts. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 3. Minnesota Statutes 2016, section 216B.16, is amended by adding a subdivision to read:

Subd. 13b. **Pension rate base.** The commission must allow a public utility to include in the rate base and recover from ratepayers the costs incurred to contribute to employee pensions, including (1) accumulated contributions in excess of net periodic benefit costs, and (2) contributions necessary to comply with the federal Pension Protection Act of 2006 and other applicable federal and state pension funding requirements. A public utility is authorized to track for future recovery any unrecoverable return of pension rate base costs and investments at the return on investment level established in the public utility's last general rate case that have been incurred during the period between general rate cases.

Sec. 4. Minnesota Statutes 2016, section 216B.1645, is amended by adding a subdivision to read:

Subd. 2b. **Energy storage system pilot projects.** (a) A public utility may petition the commission as provided in subdivision 2a to recover costs associated with the implementation of an energy storage system pilot project, provided the following conditions are met:

(1) the public utility has submitted a report to the commission containing, at a minimum, the following information regarding the proposed energy storage system pilot project:

(i) the storage technology utilized;

(ii) the energy storage capacity and the duration of output at that capacity;

(iii) the proposed location;

(iv) the purchasing and installation costs;

(v) how the project will interact with existing distributed generation resources on the utility's grid; and

(vi) the goals the project proposes to achieve, including controlling frequency or voltage, mitigating transmission congestion, providing emergency power supplies during outages, reducing curtailment of existing renewable energy generators, and reducing peak power costs;

(2) the utility has adequately responded to any commission requests for additional information regarding the energy storage system pilot project; and

(3) the commission has determined that the energy storage system pilot project is in the public interest.

(b) The commission may modify a proposed energy storage system pilot project the commission approves for rate recovery.

(c) For the purposes of this subdivision:

(1) "energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f); and

(2) "pilot project" means a project deployed at a limited number of locations in order to assess the technical and economic effectiveness of its operations.

Sec. 5. Minnesota Statutes 2017 Supplement, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of ~~20~~ 40 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

(d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

(e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

(f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 6. Minnesota Statutes 2017 Supplement, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to $850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend ~~up to $400,000 annually~~ $800,000 each biennium for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, ~~2018~~ 2022.

(c) The commissioner must establish a utility stakeholder group to direct development and maintenance of the tracking system available to all utilities. The utility stakeholder group will direct 50 percent of the biennium expenditures. The utility stakeholder group shall include, but is not limited to, stakeholders representative of the Minnesota Rural Electric Association, the Minnesota Municipal Utility Association, investor-owned utilities, municipal power agencies, energy conservation organizations, and businesses that work in energy efficiency. One of the stakeholder members must serve as chair. The utility stakeholder group must develop and submit its work plan to the commissioner. The utility stakeholder group shall study alternative tracking system options, which shall be submitted with the work plan to the commissioner by January 15, 2020. The utility

stakeholder group must meet regularly at the call of the chair. Meetings of the utility stakeholder group are subject to chapter 13D.

Sec. 7. Minnesota Statutes 2016, section 216B.2422, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Energy storage system" means commercially available technology capable of absorbing and storing energy, and delivering stored energy for use at a later time. For purposes of this section, energy storage systems must be from a stationary source. For purposes of this section:

(1) an energy storage system may be:

(i) either centralized or distributed; or

(ii) owned by a load-serving entity or local publicly owned electric utility, a customer of a load-serving entity or local publicly owned electric utility, a third party, or jointly owned by two or more of the entities under this item or any other entity;

(2) an energy storage system must:

(i) reduce demand for peak electrical generation;

(ii) defer or substitute for an investment in generation, transmission, or distribution assets; or

(iii) improve the reliable operation of the electrical transmission or distribution grid; and

(3) an energy storage system must:

(i) use mechanical, chemical, or thermal processes to store energy that was generated at one time for use at a later time;

(ii) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at that later time;

(iii) use mechanical, chemical, or thermal processes to store energy generated from renewable resources for use at a later time; or

(iv) use mechanical, chemical, or thermal processes to store energy generated from mechanical processes that would otherwise be wasted for delivery at a later time.

(g) "Investor-owned utility" means a utility, as defined in paragraph (b), that is owned by private persons.

Sec. 8. Minnesota Statutes 2016, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7. **Energy storage systems assessment.** (a) Each investor-owned utility must include as part of an integrated resource plan or plan modification filed by the investor-owned utility an assessment of energy storage systems. The assessment must:

(1) consider energy storage systems as both transmission and distribution-interconnected resources;

(2) analyze energy storage systems both as an alternative for and as an adjunct to generation resources for ancillary services and resource adequacy; and

(3) require that in any prudence determination for a new resource acquisition that resource options analysis must include a storage alternative.

(b) In approving a resource plan, the commission must determine, with respect to the assessment required in paragraph (a), whether:

(1) the utility's forecast requirements are based on substantially accurate data and an adequate forecasting method;

(2) the plan identifies and takes into account any present and projected reductions in energy demand that may result from measures to improve energy efficiency in the industrial, commercial, residential, and energy-producing sectors of the area being served; and

(3) the plan includes appropriate and up-to-date methods for modeling resources, including the modeling and valuing of flexible operations.

Sec. 9. Minnesota Statutes 2017 Supplement, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to $500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. This subdivision expires June 30, ~~2018~~ 2019.

Sec. 10. **[216C.418] SOLAR ENERGY GRANTS FOR SCHOOL DISTRICTS.**

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

(b) "Energy storage system" means a commercially available technology capable of (1) absorbing and storing electrical energy, and (2) dispatching stored electrical energy at a later time.

(c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(d) "School district" means an independent or special school district.

(e) "Solar energy system" means photovoltaic devices installed alone or in conjunction with a solar thermal system or an energy storage system.

(f) "Solar thermal system" means a flat plate or evacuated tube with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water.

Subd. 2. **Establishment.** A grant program is established under the Department of Commerce to award grants to school districts to fund the design, purchase, and installation of solar energy systems on school district buildings.

Subd. 3. **Eligible applicants.** In order to be eligible to receive a grant under this section, a school district must obtain electric service from the public utility that owns a nuclear electric generating facility in Minnesota.

Subd. 4. **Eligible expenditures.** (a) Grants awarded to a school district under this section:

(1) may be used to pay up to 95 percent of the cost of designing, engineering, purchasing, and installing a solar energy system;

(2) must be used to fund a solar energy system whose capacity matches the electric load of the school district building using the electricity generated, but must not exceed 300 kilowatts; and

(3) must be used to fund a solar energy system placed on, adjacent to, or in proximity to the school district building using the electricity generated.

(b) A school district that receives a rebate or other financial incentive for a solar energy system under section 116C.7792, or from any utility is not eligible to receive a grant under this section for the same solar energy system.

Subd. 5. **Application process.** A school district must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner must develop administrative procedures governing the application and grant award process, and must award grants on a first-come, first-served basis.

Subd. 6. **Geographical distribution of grants.** The commissioner must endeavor to award grants under this section to school districts located throughout the electric service territory of the public utility that owns a nuclear electric generating facility in Minnesota.

Subd. 7. **Other funds.** A school district may issue debt under section 123B.62 to provide its share of the costs for a solar energy system receiving a grant under this section.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 11. Minnesota Statutes 2016, section 216D.03, is amended by adding a subdivision to read:

Subd. 5. **Contact information database.** The notification center must create a database to collect, maintain, and continually update the contact information for each operator in Minnesota.Each operator must furnish the notification center with the operator's telephone number for 24 hours per day and seven days per week response related to each underground facility excavation. The information contained in the database must be made available to an excavator upon request to facilitate damage response or damage prevention related to an excavation.

Sec. 12. **COST-BENEFIT ANALYSIS OF ENERGY STORAGE SYSTEMS.**

(a) The commissioner of commerce must contract with an independent consultant selected through a request for proposal process to produce a report analyzing the potential costs and benefits of energy storage systems, as defined in Minnesota Statutes, section 216B.2422, subdivision 1, in Minnesota. In examining the cost-effectiveness of energy storage systems, the study must analyze:

(1) cost savings to ratepayers from the provision of services, including but not limited to energy price arbitrage, ancillary services, resource adequacy, and transmission and distribution asset deferral or substitution;

(2) direct-cost savings to customers that deploy energy storage systems;

(3) an improved ability to integrate renewable resources;

(4) improved reliability and power quality;

(5) the effect on retail electric rates over the useful life of a given energy storage system compared to the impact on retail electric rates using a nonenergy storage system alternative over the useful life of the nonenergy storage system alternative;

(6) reduced greenhouse gas emissions; and

(7) any other value reasonably related to the application of energy storage system technology.

(b) By April 1, 2019, the commissioner of commerce shall submit the study to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance.

ARTICLE 4

JOBS AND ECONOMIC GROWTH

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2017, chapter 94, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. Appropriations for fiscal year 2018 are effective June 1, 2018.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 17,025,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

	Appropriations by Fund	
	2018	2019
General	-0-	17,000,000
Workforce Development	-0-	25,000

Subd. 2. **Business and Community Development** -0- 2,000,000

$2,000,000 in fiscal year 2019 is for the redevelopment grant and demolition loan programs under Minnesota Statutes, sections 116J.571 to 116J.5764. This is a onetime appropriation.

Subd. 3. **Broadband Development** -0- 15,000,000

$15,000,000 in fiscal year 2019 is for deposit in the border-to-border broadband fund account in the special revenue fund established under Minnesota Statutes, section 116J.396. This is a onetime appropriation.

Subd. 4. **Workforce Development** -0- 25,000

$25,000 in fiscal year 2019 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This is a onetime appropriation and is in addition to other funds previously appropriated to the board.

Sec. 3. **WORKERS' COMPENSATION COURT OF APPEALS** **$ 0 $ 33,000**

This appropriation is from the workers' compensation fund.

ARTICLE 5

ECONOMIC DEVELOPMENT POLICY

Section 1. Minnesota Statutes 2016, section 116J.8747, subdivision 2, is amended to read:

Subd. 2. **Qualified job training program.** To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program must spend, on average, $15,000 or more per graduate of the program;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, mathematics, and communications;

(ii) thinking skills, such as reasoning, creative thinking, decision making, and problem solving; and

(iii) personal qualities, such as responsibility, self-esteem, self-management, honesty, and integrity;

(4) the program may provide income supplements, when needed, to participants for housing, counseling, tuition, and other basic needs;

(5) ~~the program's education and training course must last for an average of at least six months;~~

~~(6)~~ individuals served by the program must~~:~~

~~(i)~~ be 18 years of age or older~~;~~ as of the date of enrollment, and

~~(ii)~~ have ~~federal adjusted gross~~ household income ~~of no more than $12,000 per year~~ in the calendar year immediately before entering the program that is 100 percent or less of the federal poverty guideline for Minnesota, based on family size; and

~~(iii) have assets of no more than $10,000, excluding the value of a homestead; and~~

~~(iv) not have been claimed as a dependent on the federal tax return of another person in the previous taxable year; and~~

~~(7)~~ (6) the program must be certified by the commissioner of employment and economic development as meeting the requirements of this subdivision.

Sec. 2. Minnesota Statutes 2016, section 116J.8747, subdivision 4, is amended to read:

Subd. 4. **Duties of program.** (a) A program certified by the commissioner under subdivision 2 must comply with the requirements of this subdivision.

(b) A program must maintain records for each qualified graduate. The records must include information sufficient to verify the graduate's eligibility under this section, identify the employer, and describe the job including its compensation rate and benefits.

(c) A program ~~must report by January 1 of each year to the commissioner. The report must include, at least, information on:~~ is subject to the reporting requirements under section 116L.98.

~~(1) the number of graduates placed;~~

~~(2) demographic information on the graduates;~~

~~(3) the type of position in which each graduate is placed, including compensation information;~~

~~(4) the tenure of each graduate at the placed position or in other jobs;~~

~~(5) the amount of employer fees paid to the program;~~

~~(6) the amount of money raised by the program from other sources; and~~

~~(7) the types and sizes of employers with which graduates have been placed and retained.~~

Sec. 3. Minnesota Statutes 2017 Supplement, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** (a) Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least $500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner, after consultation with the advisory board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

(b) Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

(c) Money devoted to the trust fund under this section shall not be expended, appropriated, or transferred from the trust fund for any purpose except as provided in this section.

Sec. 4. Laws 2017, chapter 94, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Business and Community Development**	$ 46,074,000	$ 40,935,000
Appropriations by Fund		
General	$43,363,000	$38,424,000
Remediation	$700,000	$700,000
Workforce Development	$1,861,000	$1,811,000
Special Revenue	$150,000	-0-

(a) $4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(b) $750,000 each year is for grants to the Neighborhood Development Center for small business programs:

(1) training, lending, and business services;

(2) model outreach and training in greater Minnesota; and

(3) development of new business incubators.

This is a onetime appropriation.

(c) $1,175,000 each year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services,

including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. This is a onetime appropriation.

(d) $125,000 each year is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(e)(1) $12,500,000 ~~each~~ the first year ~~is~~ and $10,500,000 the second year are for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is $12,500,000.

(2) Of the amount appropriated in fiscal year 2018, $4,000,000 is for a loan to construct and equip a wholesale electronic component distribution center investing a minimum of $200,000,000 and constructing a facility at least 700,000 square feet in size. Loan funds may be used for purchases of materials, supplies, and equipment for the construction of the facility and are available from July 1, 2017, to June 30, 2021. The commissioner of employment and economic development shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(3) Of the amount appropriated in fiscal year 2018, $700,000 is for a loan to extend an

effluent pipe that will deliver reclaimed water to an innovative waste-to-biofuel project investing a minimum of $150,000,000 and constructing a facility that is designed to process approximately 400,000 tons of waste annually. Loan funds are available until June 30, 2021.

(4) Of the amount appropriated in fiscal year 2019, $1,000,000 is for a grant to the city of Minnetonka for a forgivable loan to a high-risk, high-return jobs retention and creation initiative to be conducted by a local business that produces lactic acid/lactate, to help grow and expand the bioeconomy in Minnesota. The grant under this section is not subject to the limitations under Minnesota Statutes, section 116J.8731, subdivision 5, or the performance goals, contractual obligations, and other requirements under sections 116J.8731, subdivision 7, 116J.993, and 116J.994. Grant funds are available until June 30, 2021.

(5) Of the amount appropriated in fiscal year 2019, $1,500,000 is for a loan to a paper mill in Duluth to support the operation and manufacture of packaging paper grades. The company that owns the paper mill must spend $15,000,000 on expansion activities by December 31, 2019, in order to be eligible to receive funds in this appropriation. This appropriation is onetime and may be used for the mill's equipment, materials, supplies, and other operating expenses. The commissioner of employment and economic development shall forgive a portion of the loan each year after verification that the mill has retained 195 full-time jobs over a period of five years and has satisfied other performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(f) $8,500,000 each year is for the Minnesota job creation fund under Minnesota Statutes,

section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. In fiscal year 2020 and beyond, the base amount is $8,000,000.

(g) $1,647,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is $1,772,000.

(h) $12,000 each year is for a grant to the Upper Minnesota Film Office.

(i) $163,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(j) $500,000 each year is from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2021.

(k) $139,000 each year is for a grant to the Rural Policy and Development Center under Minnesota Statutes, section 116J.421.

(l)(1) $1,300,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. If the appropriation for either year is insufficient, the appropriation for the other year is available.

In fiscal year 2020 and beyond, the base amount is $1,787,000. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(2) Of the amounts appropriated, $1,600,000 in fiscal year 2018 is for a grant to the city of Thief River Falls to support utility extensions, roads, and other public improvements related to the construction of a wholesale electronic component distribution center at least 700,000 square feet in size and investing a minimum of $200,000,000. Notwithstanding Minnesota Statutes, section 116J.431, a local match is not required. Grant funds are available from July 1, 2017, to June 30, 2021.

(m) $876,000 the first year and $500,000 the second year are for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until spent. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

(n) $875,000 each year is for a grant to Enterprise Minnesota, Inc. for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(o) $250,000 in fiscal year 2018 is for a grant to the Minnesota Design Center at the University of Minnesota for the greater Minnesota community design pilot project.

(p) $275,000 in fiscal year 2018 is from the general fund to the commissioner of employment and economic development for

a grant to Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. CEDA shall report on the findings and recommendations of the study to the committees of the house of representatives and senate with jurisdiction over economic development and workforce issues by February 15, 2019. All results and information gathered from the study shall be made available for use by cities in southeast Minnesota by March 15, 2019. This appropriation is available until June 30, 2020.

(q) $2,000,000 in fiscal year 2018 is for a grant to Pillsbury United Communities for construction and renovation of a building in north Minneapolis for use as the "North Market" grocery store and wellness center, focused on offering healthy food, increasing health care access, and providing job creation and economic opportunities in one place for children and families living in the area. To the extent possible, Pillsbury United Communities shall employ individuals who reside within a five mile radius of the grocery store and wellness center. This appropriation is not available until at least an equal amount of money is committed from nonstate sources. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(r) $1,425,000 each year is for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(s) $875,000 each year is for the host community economic development grant program established in Minnesota Statutes, section 116J.548.

(t) $700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent.

(u) $161,000 each year is from the workforce development fund for a grant to the Rural Policy and Development Center. This is a onetime appropriation.

(v) $300,000 each year is from the workforce development fund for a grant to Enterprise Minnesota, Inc. This is a onetime appropriation.

(w) $50,000 in fiscal year 2018 is from the workforce development fund for a grant to Fighting Chance for behavioral intervention programs for at-risk youth.

(x) $1,350,000 each year is from the workforce development fund for job training grants under Minnesota Statutes, section 116L.42.

(y)(1) $519,000 in fiscal year 2018 is for grants to local communities to increase the supply of quality child care providers in order to support economic development. At least 60 percent of grant funds must go to communities located outside of the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Grant funds available under this paragraph must be used to implement solutions to reduce the child care shortage in the state including but not limited to funding for child care business

start-ups or expansions, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have documented a shortage of child care providers in the area.

(2) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of local funds invested.

(3) By January 1 of each year, starting in 2019, the commissioner must report to the standing committees of the legislature having jurisdiction over child care and economic development on the outcomes of the program to date.

(z) $319,000 in fiscal year 2018 is from the general fund for a grant to the East Phillips Improvement Coalition to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and create green jobs. The grant shall fund the collaborative work of Tamales y Bicicletas, Little Earth of the United Tribes, a nonprofit serving East Africans, and other coalition members towards developing EPNI as a community space to host activities including, but not limited to, creation and expansion of small businesses, culturally specific entrepreneurial activities, indoor urban farming, job training, education, and skills development for residents of this low-income, environmental justice designated neighborhood. Eligible uses for grant funds include, but are not limited to, planning and start-up costs, staff and consultant costs, building improvements,

rent, supplies, utilities, vehicles, marketing, and program activities. The commissioner shall submit a report on grant activities and quantifiable outcomes to the committees of the house of representatives and the senate with jurisdiction over economic development by December 15, 2020. This appropriation is available until June 30, 2020.

(aa) $150,000 the first year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to conduct the biomass facility closure economic impact study.

(bb)(1)$300,000 in fiscal year 2018 is for a grant to East Side Enterprise Center (ESEC) to expand culturally tailored resources that address small business growth and job creation. This appropriation is available until June 30, 2020. The appropriation shall fund the work of African Economic Development Solutions, the Asian Economic Development Association, the Dayton's Bluff Community Council, and the Latino Economic Development Center in a collaborative approach to economic development that is effective with smaller, culturally diverse communities that seek to increase the productivity and success of new immigrant and minority populations living and working in the community. Programs shall provide minority business growth and capacity building that generate wealth and jobs creation for local residents and business owners on the East Side of St. Paul.

(2) In fiscal year 2019 ESEC shall use funds to share its integrated service model and evolving collaboration principles with civic and economic development leaders in greater Minnesota communities which have diverse populations similar to the East Side of St. Paul. ESEC shall submit a report of activities and program outcomes, including

quantifiable measures of success annually to the house of representatives and senate committees with jurisdiction over economic development.

(cc) $150,000 in fiscal year 2018 is for a grant to Mille Lacs County for the purpose of reimbursement grants to small resort businesses located in the city of Isle with less than $350,000 in annual revenue, at least four rental units, which are open during both summer and winter months, and whose business was adversely impacted by a decline in walleye fishing on Lake Mille Lacs.

(dd)(1) $250,000 in fiscal year 2018 is for a grant to the Small Business Development Center hosted at Minnesota State University, Mankato, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation. Funds available under this section must be used to provide entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this section, "direct professional business assistance services" must include, but is not limited to, pre-venture assistance for individuals considering starting a business. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. Any balance in the first year does not cancel and is available for expenditure in the second year.

(2) Grant recipients shall report to the commissioner by February 1 of each year and include information on the number of customers served in each county; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates in each county. By

April 1 of each year, the commissioner shall report the information submitted by grant recipients to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over economic development issues.

(ee) $500,000 in fiscal year 2018 is for the central Minnesota opportunity grant program established under Minnesota Statutes, section 116J.9922. This appropriation is available until June 30, 2022.

Sec. 5. Laws 2017, chapter 94, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. **Workforce Development**	$ 31,498,000	$ 30,231,000
Appropriations by Fund		
General	$6,239,000	$5,889,000
Workforce Development	$25,259,000	$24,342,000

(a) $500,000 each year is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2020 and beyond, the base amount is $750,000.

(b) $250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(c) $500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method

of distributing funds to provide equitable services across workforce service areas.

(d) $1,000,000 each year is for a grant to the Construction Careers Foundation for the construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. This is a onetime appropriation. Grant funds must be used to:

(1) increase construction industry exposure activities for middle school and high school youth, parents, and counselors to reach a more diverse demographic and broader statewide audience. This requirement includes, but is not limited to, an expansion of programs to provide experience in different crafts to youth and young adults throughout the state;

(2) increase the number of high schools in Minnesota offering construction classes during the academic year that utilize a multicraft curriculum;

(3) increase the number of summer internship opportunities;

(4) enhance activities to support graduating seniors in their efforts to obtain employment in the construction industry;

(5) increase the number of young adults employed in the construction industry and ensure that they reflect Minnesota's diverse workforce; and

(6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

Programs and services supported by grant funds must give priority to individuals and

groups that are economically disadvantaged or historically underrepresented in the construction industry, including but not limited to women, veterans, and members of minority and immigrant groups.

(e) $1,539,000 each year from the general fund and $4,604,000 each year from the workforce development fund are for the Pathways to Prosperity adult workforce development competitive grant program. Of this amount, up to four percent is for administration and monitoring of the program. When awarding grants under this paragraph, the commissioner of employment and economic development may give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. In fiscal year 2020 and beyond, the general fund base amount for this program is $4,039,000.

(f) $750,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

(g) $500,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $750,000.

(h) $500,000 each year is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

(i) $250,000 each year is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a onetime appropriation. The grant funds may be used to provide:

(1) student tutoring and testing support services;

(2) training in information technology;

(3) assistance in obtaining a GED;

(4) remedial training leading to enrollment in a postsecondary higher education institution;

(5) real-time work experience in information technology fields; and

(6) contextualized adult basic education.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education.

(j) $100,000 each year is for the getting to work grant program. This is a onetime appropriation and is available until June 30, 2021.

(k) $525,000 each year is from the workforce development fund for a grant to the YWCA

of Minneapolis to provide economically challenged individuals the job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

(l) $1,350,000 each year is from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota, having fewer than 250 employees worldwide. At least 300 students must be matched in the first year and at least 350 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $2,500 per intern. The program must work toward increasing the participation of women or other underserved populations. This is a onetime appropriation.

(m) $450,000 each year is from the workforce development fund for grants to Minnesota Diversified Industries, Inc. to provide progressive development and employment opportunities for people with disabilities. This is a onetime appropriation.

(n) $500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services. This is a onetime appropriation.

(o) $750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, is designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

(p) $215,000 each year is from the workforce development fund for grants to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota, and Southern Minnesota Big Brothers, Big Sisters chapters. This is a onetime appropriation.

(q) $250,000 each year is from the workforce development fund for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation.

(r) $1,000,000 each year is from the workforce development fund for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for

hard-to-employ individuals, and a general education development fast track and adult diploma program. This is a onetime appropriation.

(s) $1,000,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(t) $750,000 each year is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(u) $600,000 each year is from the workforce development fund for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building. This is a onetime appropriation.

(v) $1,297,000 in the first year and $800,000 in the second year are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to hard-to-train individuals. Of the amounts appropriated, $497,000 in fiscal year 2018 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and

Hennepin Technical College for the Metro Transit technician training program. This is a onetime appropriation and funds are available until June 30, 2020.

(w) $230,000 in fiscal year 2018 is from the workforce development fund for a grant to the Bois Forte Tribal Employment Rights Office (TERO) for an American Indian workforce development training pilot project. This is a onetime appropriation and is available until June 30, 2019. Funds appropriated the first year are available for use in the second year of the biennium.

(x) $40,000 in fiscal year 2018 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(y) $250,000 each year is from the workforce development fund for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Funds may be used for program expenses, including, but not limited to, hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant funds may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation and is available until June 30, 2020.

(z) $500,000 each year is from the workforce development fund for a grant to the Nonprofits Assistance Fund to provide capacity-building grants to small, culturally specific organizations that primarily serve historically underserved cultural communities. Grants may only be awarded to nonprofit organizations that have an annual organizational budget of less than $500,000 and are culturally specific organizations that primarily serve historically underserved cultural communities. Grant funds awarded must be used for:

(1) organizational infrastructure improvement, including developing database management systems and financial systems, or other administrative needs that increase the organization's ability to access new funding sources;

(2) organizational workforce development, including hiring culturally competent staff, training and skills development, and other methods of increasing staff capacity; or

(3) creation or expansion of partnerships with existing organizations that have specialized expertise in order to increase the capacity of the grantee organization to improve services for the community. Of this amount, up to five percent may be used by the Nonprofits Assistance Fund for administration costs and providing technical assistance to potential grantees. This is a onetime appropriation.

(aa) $4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(bb) $1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(cc) $3,348,000 each year is from the workforce development fund for the "Youth at Work" youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(dd) $500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs.

(ee) $750,000 each year is from the workforce development fund for a grant to Summit Academy OIC to expand its contextualized GED and employment placement program. This is a onetime appropriation.

(ff) $500,000 each year is from the workforce development fund for a grant to Goodwill-Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally. This is a onetime appropriation.

(gg) $150,000 each year is from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 116L.96. The commissioner shall distribute the funds to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(hh)(1) $150,000 in fiscal year 2018 is from the workforce development fund for a grant to Anoka County to develop and implement a pilot program to increase competitive

employment opportunities for transition-age youth ages 18 to 21.

(2) The competitive employment for transition-age youth pilot program shall include career guidance components, including health and life skills, to encourage, train, and assist transition-age youth in job-seeking skills, workplace orientation, and job site knowledge.

(3) In operating the pilot program, Anoka County shall collaborate with schools, disability providers, jobs and training organizations, vocational rehabilitation providers, and employers to build upon opportunities and services, to prepare transition-age youth for competitive employment, and to enhance employer connections that lead to employment for the individuals served.

(4) Grant funds may be used to create an on-the-job training incentive to encourage employers to hire and train qualifying individuals. A participating employer may receive up to 50 percent of the wages paid to the employee as a cost reimbursement for on-the-job training provided.

(ii) $500,000 each year is from the workforce development fund for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(jj) In calendar year 2017, the public utility subject to Minnesota Statutes, section 116C.779, must withhold $1,000,000 from the funds required to fulfill its financial

commitments under Minnesota Statutes, section 116C.779, subdivision 1, and pay such amounts to the commissioner of employment and economic development for deposit in the Minnesota 21st century fund under Minnesota Statutes, section 116J.423.

(kk) $350,000 in fiscal year 2018 is for a grant to AccessAbility Incorporated to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. AccessAbility Incorporated shall annually report to the commissioner on how the money was spent and the results achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and training provided to program participants.

Sec. 6. Laws 2017, chapter 94, article 1, section 9, is amended to read:

Sec. 9. **PUBLIC FACILITIES AUTHORITY** **$ 1,800,000** **$ -0-**

(a) $300,000 in fiscal year 2018 is for a grant to the city of New Trier to replace water infrastructure under Hogan Avenue, including related road reconstruction, and to acquire land for predesign, design, and construction of a storm water pond that will be colocated with the pond of the new subdivision. This appropriation does not require a nonstate contribution.

(b) $600,000 in fiscal year 2018 is for a grant to the Ramsey/Washington Recycling and Energy Board to design, construct, and equip capital improvements to the Ramsey/Washington Recycling and Energy Center in Newport.

(c) $900,000 in fiscal year 2018 is for a grant to the Clear Lake-Clearwater Sewer Authority to remove and replace the existing

wastewater treatment facility. This project is intended to prevent the discharge of phosphorus into the Mississippi River. This appropriation is not available until the commissioner of management and budget determines that at least $200,000 is committed to the project from nonstate sources and the authority has applied for at least two grants to offset the cost. An amount equal to any grant money received by the authority must be returned to the general fund. This appropriation is available until June 30, 2019.

ARTICLE 6

LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2017 Supplement, section 175.46, subdivision 13, is amended to read:

Subd. 13. **Grant awards.** (a) The commissioner shall award grants to local partnerships located throughout the state, not to exceed $100,000 per local partnership grant. The commissioner may use up to five percent of this amount for administration of the grant program.

(b) A local partnership awarded a grant under this section must use the grant award for any of the following implementation and coordination activities:

(1) recruiting additional employers to provide on-the-job training and supervision for student learners and providing technical assistance to those employers;

(2) recruiting students to participate in the local youth skills training program, monitoring the progress of student learners participating in the program, and monitoring program outcomes;

(3) coordinating youth skills training activities within participating school districts and among participating school districts, postsecondary institutions, and employers;

(4) coordinating academic, vocational and occupational learning, school-based and work-based learning, and secondary and postsecondary education for participants in the local youth skills training program;

(5) coordinating transportation for student learners participating in the local youth skills training program; and

(6) any other implementation or coordination activity that the commissioner may direct or permit the local partnership to perform.

~~(b)~~ (c) Grant awards may not be used to directly or indirectly pay the wages of a student learner.

Sec. 2. Minnesota Statutes 2016, section 326B.106, subdivision 9, is amended to read:

Subd. 9. **Accessibility.** (a) **Public buildings.** The code must ~~provide for making~~ require new public buildings ~~constructed or remodeled after July 1, 1963~~, and existing public buildings when remodeled, to be accessible to and usable by persons with disabilities~~, although this does not require the remodeling of public buildings solely to provide accessibility and usability to persons with disabilities when remodeling would not otherwise be undertaken~~.

(b) **Leased space.** No agency of the state may lease space for agency operations in a non-state-owned building unless the building satisfies the requirements of the State Building Code for accessibility by persons with disabilities, or is eligible to display the state symbol of accessibility. This limitation applies to leases of 30 days or more for space of at least 1,000 square feet.

(c) **Meetings or conferences.** Meetings or conferences for the public or for state employees which are sponsored in whole or in part by a state agency must be held in buildings that meet the State Building Code requirements relating to accessibility for persons with disabilities. This subdivision does not apply to any classes, seminars, or training programs offered by the Minnesota State Colleges and Universities or the University of Minnesota. Meetings or conferences intended for specific individuals none of whom need the accessibility features for persons with disabilities specified in the State Building Code need not comply with this subdivision unless a person with a disability gives reasonable advance notice of an intent to attend the meeting or conference. When sign language interpreters will be provided, meetings or conference sites must be chosen which allow participants who are deaf or hard-of-hearing to see the sign language interpreters clearly.

(d) **Exemptions.** The commissioner may grant an exemption from the requirements of paragraphs (b) and (c) in advance if an agency has demonstrated that reasonable efforts were made to secure facilities which complied with those requirements and if the selected facilities are the best available for access for persons with disabilities. Exemptions shall be granted using criteria developed by the commissioner in consultation with the Council on Disability.

(e) **Symbol indicating access.** The wheelchair symbol adopted by Rehabilitation International's Eleventh World Congress is the state symbol indicating buildings, facilities, and grounds which are accessible to and usable by persons with disabilities. In the interests of uniformity, this symbol is the sole symbol for display in or on all public or private buildings, facilities, and grounds which qualify for its use. The secretary of state shall obtain the symbol and keep it on file. No building, facility, or grounds may display the symbol unless it is in compliance with the rules adopted by the commissioner under subdivision 1. Before any rules are proposed for adoption under this paragraph, the commissioner shall consult with the Council on Disability. Rules adopted under this paragraph must be enforced in the same way as other accessibility rules of the State Building Code.

Sec. 3. Minnesota Statutes 2016, section 326B.815, subdivision 1, is amended to read:

Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092, an initial or renewed residential contractor, residential remodeler, or residential roofer license is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured home installers under section 327B.041 is ~~$300~~ $180 for a three-year period.

(b) All initial and renewal licenses, except for manufactured home installer licenses, shall be effective for two years and shall expire on March 31 of the year after the year in which the application is made.

(c) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of residential contractor, residential remodeler, and residential roofer licenses from one year to two years. By June 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer licenses shall be two-year licenses.

Sec. 4. Minnesota Statutes 2016, section 327B.041, is amended to read:

327B.041 MANUFACTURED HOME INSTALLERS.

(a) Manufactured home installers are subject to all of the fees in section 326B.092 and the requirements of sections 326B.802 to 326B.885, except for the following:

(1) manufactured home installers are not subject to the continuing education requirements of sections 326B.0981, 326B.099, and 326B.821, but are subject to the continuing education requirements established in rules adopted under section 327B.10;

(2) the examination requirement of section 326B.83, subdivision 3, for manufactured home installers shall be satisfied by successful completion of a written examination administered and developed specifically for the examination of manufactured home installers. The examination must be administered and developed by the commissioner. The commissioner and the state building official shall seek advice on the grading, monitoring, and updating of examinations from the Minnesota Manufactured Housing Association;

(3) a local government unit may not place a surcharge on a license fee, and may not charge a separate fee to installers;

(4) a dealer or distributor who does not install or repair manufactured homes is exempt from licensure under sections 326B.802 to 326B.885;

(5) the exemption under section 326B.805, subdivision 6, clause (5), does not apply; and

(6) manufactured home installers are not subject to the contractor recovery fund in section 326B.89.

(b) The commissioner may waive all or part of the requirements for licensure as a manufactured home installer for any individual who holds an unexpired license or certificate issued by any other state or other United States jurisdiction if the licensing requirements of that jurisdiction meet or exceed the corresponding licensing requirements of the department and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. ~~For the purposes of calculating fees under section 326B.092, licensure as a manufactured home installer is a business license.~~

Sec. 5. Laws 2017, chapter 94, article 1, section 4, subdivision 5, is amended to read:

Subd. 5. **General Support**	6,239,000	6,539,000

	Appropriations by Fund	
Workforce Development Fund	200,000	500,000
Workers' Compensation	6,039,000	6,039,000

(a) Except as provided in paragraphs (b) and (c), this appropriation is from the workers' compensation fund.

(b) $200,000 in fiscal year 2018 is from the workforce development fund for the commissioner of labor and industry to convene and collaborate with stakeholders as provided under Minnesota Statutes, section 175.46, subdivision 3, and to develop youth skills training competencies for approved occupations. This is a onetime appropriation.

(c) $500,000 in fiscal year 2019 is from the workforce development fund to administer the youth skills training program under Minnesota Statutes, section 175.46. The commissioner shall award up to five grants each year to local partnerships located throughout the state, not to exceed $100,000 per local partnership grant. The commissioner may use ~~a portion~~ up to five percent of this appropriation for administration of the grant program. The base amount for this program is ~~$500,000~~ $1,000,000 each year beginning in fiscal year 2020.

ARTICLE 7

WORKERS' COMPENSATION

Section 1. Minnesota Statutes 2017 Supplement, section 15A.083, subdivision 7, is amended to read:

Subd. 7. **Workers' Compensation Court of Appeals and compensation judges.** Salaries of judges of the Workers' Compensation Court of Appeals are ~~98.52~~ 105 percent of the salary for ~~district Court~~ workers' compensation judges at the Office of Administrative Hearings. The salary of the chief judge of the Workers' Compensation Court of Appeals is ~~98.52~~ 107 percent of the salary

for ~~a chief district Court judge~~ workers' compensation judges at the Office of Administrative Hearings. Salaries of compensation judges are 98.52 percent of the salary of district court judges.

Sec. 2. Minnesota Statutes 2016, section 175A.05, is amended to read:

175A.05 QUORUM.

Subdivision 1. **Judges' quorum.** A majority of the judges of the Workers' Compensation Court of Appeals shall constitute a quorum for the exercise of the powers conferred and the duties imposed on the Workers' Compensation Court of Appeals except that all appeals shall be heard by no more than a panel of three of the five judges unless the case appealed is determined to be of exceptional importance by the chief judge prior to assignment of the case to a panel, or by a three-fifths vote of the judges prior to assignment of the case to a panel or after the case has been considered by the panel but prior to the service and filing of the decision.

Subd. 2. **Vacancy.** A vacancy shall not impair the ability of the remaining judges of the Workers' Compensation Court of Appeals to exercise all the powers and perform all of the duties of the Workers' Compensation Court of Appeals.

Subd. 3. **Retired judges.** If the number of Workers' Compensation Court of Appeals judges available to hear a case is insufficient to constitute a quorum, the chief judge of the Workers' Compensation Court of Appeals may, with the retired judge's consent, assign a judge who is retired from the Workers' Compensation Court of Appeals or the Office of Administrative Hearings to hear any case properly assigned to a judge of the Workers' Compensation Court of Appeals. The retired judge assigned to the case may act on it with the full powers of the judge of the Workers' Compensation Court of Appeals. A retired judge performing this service shall receive pay and expenses in the amount and manner provided by law for judges serving on the court, less the amount of retirement pay the judge is receiving under chapter 352 or 490.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 3. Minnesota Statutes 2016, section 176.231, subdivision 9, is amended to read:

Subd. 9. **Uses ~~which~~ that may be made of reports.** (a) Reports filed with the commissioner under this section may be used in hearings held under this chapter, and for the purpose of state investigations and for statistics. These reports are available to the Department of Revenue for use in enforcing Minnesota income tax and property tax refund laws, and the information shall be protected as provided in chapter 270B.

(b) The division or Office of Administrative Hearings or Workers' Compensation Court of Appeals may permit the examination of its file by the employer, insurer, employee, or dependent of a deceased employee or any person who furnishes ~~written~~ signed authorization to do so from the employer, insurer, employee, or dependent of a deceased employee. Reports filed under this section and other information the commissioner has regarding injuries or deaths shall be made available to the Workers' Compensation Reinsurance Association for use by the association in carrying out its responsibilities under chapter 79.

(c) The division may provide the worker identification number assigned under section 176.275, subdivision 1, without a written authorization required under paragraph (b) to an:

(1) attorney who represents one of the persons described in paragraph (b);

(2) attorney who represents an intervenor or potential intervenor under section 176.361;

(3) intervenor; or

(4) employee's assigned qualified rehabilitation consultant under section 176.102.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 4. **[176.2751] COORDINATION OF THE OFFICE OF ADMINISTRATIVE HEARINGS' CASE MANAGEMENT SYSTEM AND THE WORKERS' COMPENSATION IMAGING SYSTEM.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the definitions in this subdivision apply unless otherwise specified.

(b) "Commissioner" means the commissioner of labor and industry.

(c) "Department" means the Department of Labor and Industry.

(d) "Document" includes all data, whether in electronic or paper format, that is filed with or issued by the office or department related to a claim-specific dispute resolution proceeding under this section.

(e) "Office" means the Office of Administrative Hearings.

Subd. 2. **Applicability.** This section governs coordination of the office's case management system and the workers' compensation imaging system pending completion of the workers' compensation modernization program. This section prevails over any conflicting provision in this chapter, Laws 1998, chapter 366, or corresponding rules.

Subd. 3. **Documents that must be filed with the office.** Except as provided in subdivision 4 and section 176.421, all documents that require action by the office under this chapter must be filed, electronically or in paper format, with the office as required by the chief administrative law judge. Filing a document that initiates or is filed in preparation for a proceeding at the office satisfies any requirement under this chapter that the document must be filed with the commissioner.

Subd. 4. **Documents that must be filed with the commissioner.** (a) The following documents must be filed directly with the commissioner in the format and manner prescribed by the commissioner:

(1) all requests for an administrative conference under section 176.106, regardless of the amount in dispute;

(2) a motion to intervene in an administrative conference that is pending at the department;

(3) any other document related to an administrative conference that is pending at the department;

(4) an objection to a penalty assessed by the commissioner or department;

(5) requests for medical and rehabilitation dispute certification under section 176.081, subdivision 1, paragraph (c), including related documents; and

(6) except as provided in this subdivision or subdivision 3, any other document required to be filed with the commissioner.

(b) The filing requirement in paragraph (a), clause (1), makes no changes to the jurisdictional provisions in section 176.106. A claim petition that contains only medical or rehabilitation issues, unless primary liability is disputed, is considered to be a request for an administrative conference and must be filed with the commissioner.

(c) The commissioner must refer a timely, unresolved objection to a penalty under paragraph (a), clause (4), to the office within 60 calendar days.

Subd. 5. **Form revision.** The commissioner must revise dispute resolution forms, in consultation with the chief administrative law judge, to reflect the filing requirements in this section.

Subd. 6. **Data privacy.** (a) All documents filed with or issued by the department or office under this chapter are private data on individuals and nonpublic data pursuant to chapter 13, except that the documents are available to the following:

(1) the office;

(2) the department;

(3) the employer;

(4) the insurer;

(5) the employee;

(6) the dependent of a deceased employee;

(7) an intervenor in the dispute;

(8) the attorney to a party in the dispute;

(9) a person who furnishes written authorization from the employer, insurer, employee, or dependent of a deceased employee; and

(10) a person, agency, or other entity allowed access to the documents under this chapter or other law.

(b) The office and department may post notice of scheduled proceedings on the agencies' Web sites and at their principal places of business in any manner that protects the employee's identifying information.

EFFECTIVE DATE. This section is effective June 1, 2018.

ARTICLE 8

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; POLICY

Section 1. Minnesota Statutes 2016, section 268.035, subdivision 12, is amended to read:

Subd. 12. **Covered employment.** (a) "Covered employment" means ~~the following unless excluded as "noncovered employment" under subdivision 20:~~

~~(1)~~ an employee's entire employment during the calendar quarter if:

~~(i)~~ (1) 50 percent or more of the employment during the quarter is performed ~~primarily~~ in Minnesota;

~~(ii)~~ (2) 50 percent or more of the employment during the quarter is not performed ~~primarily~~ in Minnesota or any other state, or Canada, but some of the employment is performed in Minnesota and the ~~base of operations or the place from which the employment is directed or controlled is in Minnesota; or~~

~~(iii) the employment during the quarter is not performed primarily in Minnesota or any other state and the base of operations or place from which the employment is directed or controlled is not in any state where part of the employment is performed, but the~~ employee's residence is in Minnesota during 50 percent or more of the calendar quarter;

~~(2) an employee's entire employment during the calendar quarter performed within the United States or Canada, if:~~

~~(i) the employment is not covered employment under the unemployment insurance program of any other state, federal law, or the law of Canada; and~~

~~(ii) the place from which the employment is directed or controlled is in Minnesota;~~

(3) the employment during the ~~calendar~~ quarter~~,~~ is performed ~~entirely~~ outside the United States and Canada, by an employee who is a United States citizen in the employ of an American employer, if the employer's principal place of business in the United States is located in Minnesota. For the purposes of this clause, an "American employer~~;~~" ~~for the purposes of this clause, means a corporation organized under the laws of any state, an individual who is a resident of the United States, or a partnership if two-thirds or more of the partners are residents of the United States, or a trust, if all of the trustees are residents of the United States~~ is as defined under the Federal Unemployment Tax Act, United States Code title 26, chapter 23, section 3306, subsection (j)(3); and

(4) ~~all~~ the employment during the ~~calendar~~ quarter is performed by an officer or member of the crew of an American vessel ~~on or in connection with the vessel, if the~~ operating on navigable waters within, or within and without, the United States, and the office from which the operations of the vessel ~~operating on navigable waters within, or within and without, the United States~~ are ~~ordinarily and regularly supervised,~~ managed~~, directed,~~ and controlled is in Minnesota.

(b) "Covered employment" includes covered agricultural employment under subdivision 11.

(c) For the purposes of section 268.095, "covered employment" includes employment covered under an unemployment insurance program:

(1) of any other state; ~~or~~

(2) established by an act of Congress~~.~~; or

(3) the law of Canada.

(d) The percentage of employment performed under paragraph (a) is determined by the amount of hours worked.

(e) Covered employment does not include any employment defined as "noncovered employment" under subdivision 20.

Sec. 2. Minnesota Statutes 2017 Supplement, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

(1) employment for the United States government or an instrumentality thereof, including military service;

(2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;

(3) employment for a foreign government;

(4) employment covered under the federal Railroad Unemployment Insurance Act;

(5) employment for a church or convention or association of churches, or a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(6) employment for an elementary or secondary school with a curriculum that includes religious education that is operated by a church, a convention or association of churches, or a nonprofit organization that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(7) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order;

(8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals

who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(9) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause does not apply to programs that require unemployment benefit coverage for the participants;

(10) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

(11) employment as a member of the Minnesota National Guard or Air National Guard;

(12) employment for Minnesota or a political subdivision, or instrumentality thereof, of an individual serving on a temporary basis in case of fire, flood, tornado, or similar emergency;

(13) employment as an election official or election worker for Minnesota or a political subdivision, if the compensation for that employment was less than $1,000 in a calendar year;

(14) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

(15) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

(16) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

(17) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than $1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

(18) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

(19) employment of an inmate of a custodial or penal institution;

(20) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

(21) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(22) employment of a foreign college or university student who works on a seasonal or temporary basis under the J-1 visa summer work travel program described in Code of Federal Regulations, title 22, section 62.32;

~~(22)~~ (23) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

~~(23)~~ (24) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

~~(24)~~ (25) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

~~(25)~~ (26) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

~~(26)~~ (27) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

~~(27)~~ (28) employment as an officer of a township mutual insurance company or farmer's mutual insurance company under chapter 67A;

~~(28)~~ (29) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

~~(29)~~ (30) employment as a real estate salesperson, other than a corporate officer, if all the wages from the employment is solely by way of commission;

~~(30)~~ (31) employment as a direct seller as defined in United States Code, title 26, section 3508;

~~(31)~~ (32) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

~~(32)~~ (33) casual employment performed for an individual, other than domestic employment under clause (17), that does not promote or advance that employer's trade or business;

~~(33)~~ (34) employment in "agricultural employment" unless it is "covered agricultural employment" under subdivision 11; or

~~(34)~~ (35) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.

Sec. 3. Minnesota Statutes 2016, section 268.051, subdivision 2a, is amended to read:

Subd. 2a. **Unemployment insurance tax ~~limits~~ reduction.** (a) If the balance in the trust fund on December 31 of any calendar year is four percent or more above the amount equal to an average high cost multiple of 1.0, future unemployment taxes payable must be reduced by all amounts above 1.0. The amount of tax reduction for any taxpaying employer is the same percentage of the total amount above 1.0 as the percentage of taxes paid by the employer during the calendar year is of the total amount of taxes that were paid by all ~~nonmaximum experience rated~~ employers during the year except taxes paid by employers assigned a tax rate equal to the maximum experience rating plus the applicable base tax rate.

(b) For purposes of this subdivision, "average high cost multiple" has the meaning given in Code of Federal Regulations, title 20, section 606.3, as amended through December 31, 2015. An amount equal to an average high cost multiple of 1.0 is a federal measure of adequate reserves in relation to the state's current economy. The commissioner must calculate and publish, as soon as possible following December 31 of any calendar year, the trust fund balance on December 31 along with the amount an average high cost multiple of 1.0 equals. Actual wages paid must be used in the calculation and estimates may not be used.

(c) The unemployment tax reduction under this subdivision does not apply to employers that were ~~at~~ assigned a tax rate equal to the maximum experience rating plus the applicable base tax rate for the year~~, nor to high experience rating industry employers under subdivision 5, paragraph (b)~~. Computations under paragraph (a) are not subject to the rounding requirement of section 268.034. The refund provisions of section 268.057, subdivision 7, do not apply.

(d) The unemployment tax reduction under this subdivision applies to taxes ~~paid~~ payable between March 1 and December 15 of the year following the December 31 computation under paragraph (a).

(e) ~~The amount equal to the average high cost multiple of 1.0 on December 31, 2012, must be used for the calculation under paragraph (a) but only for the calculation made on December 31, 2015. Notwithstanding paragraph (d), the tax reduction resulting from the application of this paragraph applies to unemployment taxes paid between July 1, 2016, and June 30, 2017.~~ If there was an experience rating history transfer under subdivision 4, the successor employer must receive that portion of the predecessor employer's tax reduction equal to that portion of the experience rating

history transferred. The predecessor employer retains that portion of tax reduction not transferred to the successor. This paragraph applies to that portion of the tax reduction that remains unused at the time notice of acquisition is provided under subdivision 4, paragraph (e).

EFFECTIVE DATE. This section is effective July 1, 2018.

ARTICLE 9

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; INTEREST

Section 1. Minnesota Statutes 2016, section 268.057, subdivision 5, is amended to read:

Subd. 5. **Interest on amounts past due.** If any amounts due from an employer under this chapter or section 116L.20, except late fees under section 268.044, are not received on the date due ~~the unpaid balance bears~~ the commissioner must assess interest on any amount that remains unpaid. Interest is assessed at the rate of one percent per month or any part of a month. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the contingent account.

EFFECTIVE DATE. This section is effective October 1, 2019.

Sec. 2. Minnesota Statutes 2017 Supplement, section 268.18, subdivision 2b, is amended to read:

Subd. 2b. **Interest.** On any unemployment benefits obtained by misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest ~~at the rate of one percent per month~~ on any amount that remains unpaid beginning 30 calendar days after the date of a determination of overpayment penalty. Interest is assessed at the rate of one percent per month or any part of a month. A determination of overpayment penalty must state that interest will be assessed. Interest is not assessed ~~in the same manner as on employer debt under section 268.057, subdivision 5~~ on unpaid interest. Interest ~~payments~~ collected under this subdivision ~~are~~ is credited to the trust fund.

EFFECTIVE DATE. This section is effective October 1, 2019.

ARTICLE 10

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; BASE PERIODS

Section 1. Minnesota Statutes 2016, section 268.035, subdivision 4, is amended to read:

Subd. 4. **Base period.** (a) "Base period," unless otherwise provided in this subdivision, means the most recent four completed calendar quarters before the effective date of an applicant's application for unemployment benefits if the application has an effective date occurring after the month following the most recent completed calendar quarter. The base period under this paragraph is as follows:

If the application for unemployment benefits is effective on or between these dates:	The base period is the prior:
February 1 - March 31	January 1 - December 31

May 1 - June 30	April 1 - March 31
August 1 - September 30	July 1 - June 30
November 1 - December 31	October 1 - September 30

(b) If an application for unemployment benefits has an effective date that is during the month following the most recent completed calendar quarter, then the base period is the first four of the most recent five completed calendar quarters before the effective date of an applicant's application for unemployment benefits. The base period under this paragraph is as follows:

If the application for unemployment benefits is effective on or between these dates:	The base period is the prior:
January 1 - January 31	October 1 - September 30
April 1 - April 30	January 1 - December 31
July 1 - July 31	April 1 - March 31
October 1 - October 31	July 1 - June 30

(c) Regardless of paragraph (a), a base period of the first four of the most recent five completed calendar quarters must be used if the applicant would have more wage credits under that base period than under a base period of the four most recent completed calendar quarters.

~~(d) If the applicant under paragraph (b) has insufficient wage credits to establish a benefit account, then a base period of the most recent four completed calendar quarters before the effective date of the applicant's application for unemployment benefits must be used.~~

~~(e)~~ (d) If the applicant has insufficient wage credits to establish a benefit account under a base period of the four most recent completed calendar quarters, or a base period of the first four of the most recent five completed calendar quarters, but during either base period the applicant received workers' compensation for temporary disability under chapter 176 or a similar federal law or similar law of another state, or if the applicant whose own serious illness caused a loss of work for which the applicant received compensation for loss of wages from some other source, the applicant may request a base period as follows:

(1) if an applicant was compensated for a loss of work of seven to 13 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent six completed calendar quarters before the effective date of the application for unemployment benefits;

(2) if an applicant was compensated for a loss of work of 14 to 26 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent seven completed calendar quarters before the effective date of the application for unemployment benefits;

(3) if an applicant was compensated for a loss of work of 27 to 39 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent eight completed calendar quarters before the effective date of the application for unemployment benefits; and

(4) if an applicant was compensated for a loss of work of 40 to 52 weeks~~,~~ during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent nine completed calendar quarters before the effective date of the application for unemployment benefits.

~~(f)~~ (e) No base period under this subdivision may include wage credits upon which a prior benefit account was established.

Sec. 2. Minnesota Statutes 2017 Supplement, section 268.07, subdivision 1, is amended to read:

Subdivision 1. **Application for unemployment benefits; determination of benefit account.** (a) An application for unemployment benefits may be filed in person, by mail, or by electronic transmission as the commissioner may require. The applicant must be unemployed at the time the application is filed and must provide all requested information in the manner required. If the applicant is not unemployed at the time of the application or fails to provide all requested information, the communication is not an application for unemployment benefits.

(b) The commissioner must examine each application for unemployment benefits to determine the base period and the benefit year, and based upon all the covered employment in the base period the commissioner must determine the weekly unemployment benefit amount available, if any, and the maximum amount of unemployment benefits available, if any. The determination, which is a document separate and distinct from a document titled a determination of eligibility or determination of ineligibility issued under section 268.101, must be titled determination of benefit account. A determination of benefit account must be sent to the applicant and all base period employers, by mail or electronic transmission.

(c) If a base period employer did not provide wage detail information for the applicant as required under section 268.044, ~~or provided erroneous information, or wage detail is not yet due and the applicant is using a base period under section 268.035, subdivision 4, paragraph (d),~~ the commissioner may accept an applicant certification of wage credits, based upon the applicant's records, and issue a determination of benefit account.

~~(d) An employer must provide wage detail information on an applicant within five calendar days of request by the commissioner, in a manner and format requested, when:~~

~~(1) the applicant is using a base period under section 268.035, subdivision 4, paragraph (d); and~~

~~(2) wage detail under section 268.044 is not yet required to have been filed by the employer.~~

~~(e)~~ (d) The commissioner may, at any time within 24 months from the establishment of a benefit account, reconsider any determination of benefit account and make an amended determination if the commissioner finds that the wage credits listed in the determination were incorrect for any reason. An amended determination of benefit account must be promptly sent to the applicant and all base period employers, by mail or electronic transmission. This subdivision does not apply to documents titled determinations of eligibility or determinations of ineligibility issued under section 268.101.

~~(f)~~ (e) If an amended determination of benefit account reduces the weekly unemployment benefit amount or maximum amount of unemployment benefits available, any unemployment benefits that

have been paid greater than the applicant was entitled is an overpayment of unemployment benefits. A determination or amended determination issued under this section that results in an overpayment of unemployment benefits must set out the amount of the overpayment and the requirement under section 268.18, subdivision 1, that the overpaid unemployment benefits must be repaid.

ARTICLE 11

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; HOUSEKEEPING

Section 1. Minnesota Statutes 2017 Supplement, section 268.035, subdivision 15, is amended to read:

Subd. 15. **Employment.** (a) "Employment" means service performed by:

(1) an individual who is an employee under the common law of employer-employee and not an independent contractor;

(2) an officer of a corporation;

(3) a member of a limited liability company who is an employee under the common law of employer-employee; ~~or~~

(4) an individual who is an employee under the Federal Insurance Contributions Act, United States Code, title 26, chapter 21, sections 3121 (d)(3)(A) and 3121 (d)(3)(D); or

~~(4)~~ (5) product demonstrators in retail stores or other locations to aid in the sale of products. The person that pays the wages is the employer.

(b) Employment does not include service as a juror.

(c) Construction industry employment is defined in subdivision 9a. Trucking and messenger/courier industry employment is defined in subdivision 25b. Rules on determining worker employment status are described under Minnesota Rules, chapter 3315.

Sec. 2. Minnesota Statutes 2016, section 268.044, subdivision 2, is amended to read:

Subd. 2. **Failure to timely file report; late fees.** (a) Any employer that fails to submit the quarterly wage detail report when due must pay a late fee of $10 per employee, computed based upon the highest of:

(1) the number of employees reported on the last wage detail report submitted;

(2) the number of employees reported in the corresponding quarter of the prior calendar year; or

(3) if no wage detail report has ever been submitted, the number of employees listed at the time of employer registration.

The late fee is canceled if the wage detail report is received within 30 calendar days after a demand for the report is sent to the employer by mail or electronic transmission. A late fee assessed an employer may not be canceled more than twice each 12 months. The amount of the late fee assessed may not be less than $250.

(b) If the wage detail report is not received in a manner and format prescribed by the commissioner within 30 calendar days after demand is sent under paragraph (a), the late fee assessed under paragraph (a) doubles and a renewed demand notice and notice of the increased late fee will be sent to the employer by mail or electronic transmission.

(c) Late fees due under this subdivision may be canceled, in whole or in part, under section ~~268.066 where good cause for late submission is found by the commissioner~~ 268.067.

Sec. 3. Minnesota Statutes 2016, section 268.047, subdivision 3, is amended to read:

Subd. 3. **Exceptions for taxpaying employers.** Unemployment benefits paid will not be used in computing the future tax rate of a taxpaying base period employer when:

(1) the applicant's wage credits from that employer are less than $500;

(2) the applicant quit the employment, unless it was determined under section 268.095, to have been because of a good reason caused by the employer or because the employer notified the applicant of discharge within 30 calendar days. This exception applies ~~only~~ to unemployment benefits paid for periods after the applicant's quitting the employment and, if the applicant is rehired by the employer, continues only until the beginning of the week the applicant is rehired; or

(3) the employer discharged the applicant from employment because of employment misconduct as determined under section 268.095. This exception applies ~~only~~ to unemployment benefits paid for periods after the applicant's discharge from employment and, if the applicant is rehired by the employer, continues only until the beginning of the week the applicant is rehired.

EFFECTIVE DATE. This section is effective October 1, 2019.

Sec. 4. Minnesota Statutes 2016, section 268.059, is amended to read:

268.059 GARNISHMENT FOR DELINQUENT TAXES AND UNEMPLOYMENT BENEFIT OVERPAYMENTS.

Subdivision 1. ~~**Notice**~~ **Authority.** ~~The commissioner may give notice to any employer that an employee owes any amounts due under this chapter or section 116L.20, and that the obligation should be withheld from the employee's wages. The commissioner may proceed only if the amount due is uncontested or if the time for any appeal has expired.~~ The commissioner may garnish an employee's wages to collect amounts due under this chapter or section 116L.20, as set forth in this section. Chapter 571 does not apply, except as referenced in this section.

Subd. 1a. **Notice.** The commissioner may not proceed with a garnishment until 30 calendar days after sending to the debtor employee, by mail or electronic transmission, a notice of intent to garnish wages and exemption notice. That notice must ~~list~~ include:

(1) the amount due from the debtor;

(2) demand for immediate payment; and

(3) the intention to serve a garnishment notice on the debtor's employer.

The notice expires 180 calendar days after it has been sent to the debtor provided that the notice may be renewed by sending a new notice that is in accordance with this section. The renewed notice has the effect of reinstating the priority of the original notice. ~~The exemption notice must be in substantially the same form as in section 571.72.~~ The exemption notice must inform the debtor of the right to claim exemptions contained in section 550.37, subdivision 14. ~~If no claim of exemption is received by the commissioner within 30 calendar days after sending of the notice, the commissioner may proceed with the garnishment. The notice to the debtor's employer may be served by mail or electronic transmission and must be in substantially the same form as in section 571.75.~~

Subd. 2. **Employer action.** (a) Thirty calendar days after sending the notice of intent to garnish, the commissioner may send to the debtor's employer, by mail or electronic transmission, a notice of garnishment, including a worksheet for determining the amount to be withheld from wages each pay period. The amount to be withheld from wages is subject to the limitations in section 571.922. Upon receipt of the garnishment notice, the employer must withhold from the ~~earnings~~ wages due or to become due to the employee, the amount ~~shown on the notice plus accrued interest, subject to section 571.922~~ determined by the employer plus accrued interest. The employer must continue to withhold each pay period the amount ~~shown on the notice~~ determined by the employer plus accrued interest until the garnishment notice is released by the commissioner. Upon receipt of notice by the employer, the claim of the commissioner has priority over any subsequent garnishments or wage assignments. The commissioner may ~~arrange between the employer and employee for withholding a portion of the total amount due the employee each pay period,~~ agree to accept a withholding amount that is less than the amount determined by the employer on the worksheet until the total amount ~~shown on the notice~~ due plus accrued interest has been withheld.

(b) ~~The "earnings due" any employee~~ For the purposes of this section, "wages" is as defined in section ~~571.921~~ 268.035, subdivision 29.

~~(b)~~ (c) The maximum garnishment allowed for any one pay period must be decreased by any amounts payable under any other garnishment action served before the garnishment notice, and any amounts covered by any irrevocable and previously effective assignment of wages~~;~~. The employer must give notice to the commissioner of the amounts and the facts relating to the other garnishment or assignment ~~within ten calendar days after the service of the garnishment notice~~ on the ~~form~~ worksheet provided by the commissioner.

~~(c)~~ (d) Within ten calendar days after the expiration of the pay period, the employer must remit to the commissioner, on a form and in the manner prescribed by the commissioner, the amount withheld during each pay period.

Subd. 3. **Discharge or discipline prohibited.** (a) If the employee ceases to be employed by the employer before the full amount ~~set forth on the garnishment notice~~ due plus accrued interest has been withheld, the employer must immediately notify the commissioner in writing or by electronic

transmission, as prescribed by the commissioner, of the termination date of the employee and the total amount withheld. No employer may discharge or discipline any employee because the commissioner has proceeded under this section. If an employer discharges an employee in violation of this section, the employee has the same remedy as provided in section 571.927, subdivision 2.

(b) This section applies if the employer is the state of Minnesota or any political subdivision.

(c) The commissioner must refund to the employee any excess amounts withheld from the employee.

(d) An employer that fails or refuses to comply with this section is jointly and severally liable for the total amount due from the employee. Any amount due from the employer under this paragraph may be collected in the same manner as any other amounts due from an employer under this chapter.

Sec. 5. Minnesota Statutes 2016, section 268.085, subdivision 3, is amended to read:

Subd. 3. **Vacation and sick payments that delay unemployment benefits.** (a) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, or will receive vacation pay, sick pay, or personal time off pay, also known as "PTO."

This paragraph ~~only applies upon temporary, indefinite, or seasonal separation and~~ does not apply:

(1) upon a permanent separation from employment; or

(2) to payments from a vacation fund administered by a union or a third party not under the control of the employer.

Payments under this ~~paragraph~~ subdivision are applied to the period immediately following the ~~temporary, indefinite, or seasonal separation.~~ later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this paragraph.

(b) This subdivision applies to all the weeks of payment. The weeks of payment is determined as follows:

(1) if the payments are made periodically, the total of the payments to be received is divided by the applicant's last level of regular weekly pay from the employer; or

(2) if the payment is made in a lump sum, that sum is divided by the applicant's last level of regular weekly pay from the employer.

The "last level of regular weekly pay" includes commissions, bonuses, and overtime pay if that is part of the applicant's ongoing regular compensation.

(c) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly unemployment benefit amount, the applicant is ineligible for benefits for that

week. If the payment with respect to a week is less than the applicant's weekly unemployment benefit amount, unemployment benefits are reduced by the amount of the payment.

~~(b)~~ (d) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, or will receive severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment.

This paragraph only applies if the payment is:

(1) considered wages under section 268.035, subdivision 29; or

(2) subject to the Federal Insurance Contributions Act (FICA) tax imposed to fund Social Security and Medicare.

Payments under this paragraph are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this paragraph.

This paragraph does not apply to earnings under subdivision 5, back pay under subdivision 6, or vacation pay, sick pay, or personal time off pay under paragraph (a).

(e) Paragraph (a) applies to all the weeks of payment. The weeks of payment is determined in accordance with subdivision 3, paragraph (b).

(f) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly unemployment benefit amount, the applicant is ineligible for benefits for that week. If the payment with respect to a week is less than the applicant's weekly unemployment benefit amount, unemployment benefits are reduced by the amount of the payment.

~~(c)~~ (g) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, will receive, or has applied for pension, retirement, or annuity payments from any plan contributed to by a base period employer including the United States government. The base period employer is considered to have contributed to the plan if the contribution is excluded from the definition of wages under section 268.035, subdivision 29. If the pension, retirement, or annuity payment is paid in a lump sum, an applicant is not considered to have received a payment if:

(1) the applicant immediately deposits that payment in a qualified pension plan or account; or

(2) that payment is an early distribution for which the applicant paid an early distribution penalty under the Internal Revenue Code, United States Code, title 26, section 72(t)(1).

This paragraph does not apply to Social Security benefits under subdivision 4 or 4a.

~~(d)~~ (h) This subdivision applies to all the weeks of payment. ~~The number of weeks of payment is determined as follows:~~

~~(1) if the payments are made periodically, the total of the payments to be received is divided by the applicant's last level of regular weekly pay from the employer; or~~

~~(2)~~ If the payment is made in a lump sum, that sum is divided by the applicant's last level of regular weekly pay from the employer to determine the weeks of payment.

For purposes of this ~~paragraph~~ subdivision, the "last level of regular weekly pay" includes commissions, bonuses, and overtime pay if that is part of the applicant's ongoing regular compensation.

~~(c)~~ (i) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly unemployment benefit amount, the applicant is ineligible for benefits for that week. If the payment with respect to a week is less than the applicant's weekly unemployment benefit amount, unemployment benefits are reduced by the amount of the payment.

Sec. 6. Minnesota Statutes 2016, section 268.085, subdivision 3a, is amended to read:

Subd. 3a. **Workers' compensation and disability insurance offset.** (a) An applicant is not eligible to receive unemployment benefits for any week in which the applicant is receiving or has received compensation for loss of wages equal to or in excess of the applicant's weekly unemployment benefit amount under:

(1) the workers' compensation law of this state;

(2) the workers' compensation law of any other state or similar federal law; or

(3) any insurance or trust fund paid in whole or in part by an employer.

(b) This subdivision does not apply to an applicant who has a claim pending for loss of wages under paragraph (a); however, before unemployment benefits may be paid when a claim is pending, the issue of the applicant being available for suitable employment, as required under subdivision 1, clause (4), ~~is~~ must be determined under section 268.101, subdivision 2. If the applicant later receives compensation as a result of the pending claim, the applicant is subject to ~~the provisions of~~ paragraph (a) and the unemployment benefits paid are ~~subject to recoupment by the commissioner to the extent that the compensation constitutes~~ overpaid unemployment benefits under section 268.18, subdivision 1.

(c) If the amount of compensation described under paragraph (a) for any week is less than the applicant's weekly unemployment benefit amount, unemployment benefits requested for that week are reduced by the amount of that compensation payment.

Sec. 7. Minnesota Statutes 2017 Supplement, section 268.085, subdivision 13a, is amended to read:

Subd. 13a. **Leave of absence.** (a) An applicant on a voluntary leave of absence is ineligible for unemployment benefits for the duration of the leave of absence. An applicant on an involuntary leave of absence is not ineligible under this subdivision.

A leave of absence is voluntary when work that the applicant can then perform is available with the applicant's employer but the applicant chooses not to work. A medical leave of absence is not presumed to be voluntary.

(b) A period of vacation requested by the applicant, paid or unpaid, is a voluntary leave of absence. A vacation period assigned by an employer under: (1) a uniform vacation shutdown; (2) a collective bargaining agreement; or (3) an established employer policy, is an involuntary leave of absence.

(c) A leave of absence is a temporary stopping of work that has been approved by the employer. A ~~voluntary~~ leave of absence is not a quit ~~and an involuntary leave of absence~~ ~~is not~~ or a discharge from employment ~~for purposes of~~. Section 268.095 does not apply to a leave of absence.

(d) An applicant who is on a paid leave of absence, whether the leave of absence is voluntary or involuntary, is ineligible for unemployment benefits for the duration of the leave.

(e) This subdivision applies to a leave of absence from a base period employer, an employer during the period between the end of the base period and the effective date of the benefit account, or an employer during the benefit year.

Sec. 8. Minnesota Statutes 2017 Supplement, section 268.095, subdivision 6, is amended to read:

Subd. 6. **Employment misconduct defined.** (a) Employment misconduct means any intentional, negligent, or indifferent conduct, on the job or off the job, that ~~displays clearly:~~

~~(1)~~ is a serious violation of the standards of behavior the employer has the right to reasonably expect of the employee~~; or~~.

~~(2) a substantial lack of concern for the employment.~~

(b) Regardless of paragraph (a), the following is not employment misconduct:

(1) conduct that was a consequence of the applicant's mental illness or impairment;

(2) conduct that was a consequence of the applicant's inefficiency or inadvertence;

(3) simple unsatisfactory conduct;

(4) conduct an average reasonable employee would have engaged in under the circumstances;

(5) conduct that was a consequence of the applicant's inability or incapacity;

(6) good faith errors in judgment if judgment was required;

(7) absence because of illness or injury of the applicant, with proper notice to the employer;

(8) absence, with proper notice to the employer, in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant;

(9) conduct that was a consequence of the applicant's chemical dependency, unless the applicant was previously diagnosed chemically dependent or had treatment for chemical dependency, and since that diagnosis or treatment has failed to make consistent efforts to control the chemical dependency; or

(10) conduct that was a consequence of the applicant, or an immediate family member of the applicant, being a victim of domestic abuse, sexual assault, or stalking. For the purposes of this subdivision, "domestic abuse," "sexual assault," and "stalking" have the meanings given them in subdivision 1.

(c) Regardless of paragraph (b), clause (9), conduct in violation of sections 169A.20, 169A.31, 169A.50 to 169A.53, or 171.177 that ~~interferes with or~~ adversely affects the employment is employment misconduct.

(d) If the conduct for which the applicant was discharged involved only a single incident, that is an important fact that must be considered in deciding whether the conduct rises to the level of employment misconduct under paragraph (a). This paragraph does not require that a determination under section 268.101 or decision under section 268.105 contain a specific acknowledgment or explanation that this paragraph was considered.

(e) The definition of employment misconduct provided by this subdivision is exclusive and no other definition applies.

Sec. 9. Minnesota Statutes 2016, section 268.095, subdivision 6a, is amended to read:

Subd. 6a. **Aggravated employment misconduct defined.** (a) ~~For the purpose of this section, "aggravated employment misconduct" means:~~

~~(1)~~ The commission of any act, on the job or off the job, that would amount to a gross misdemeanor or felony is aggravated employment misconduct if the act ~~substantially interfered with the employment or~~ had a significant adverse effect on the employment~~; or~~.

A criminal charge or conviction is not necessary to determine aggravated employment misconduct under this paragraph. If an applicant is convicted of a gross misdemeanor or felony, the applicant is presumed to have committed the act.

~~(2)~~ (b) For an employee of a facility as defined in section 626.5572, aggravated employment misconduct includes an act of patient or resident abuse, financial exploitation, or recurring or serious neglect, as defined in section 626.5572 and applicable rules.

~~(b) If an applicant is convicted of a gross misdemeanor or felony for the same act for which the applicant was discharged, it is aggravated employment misconduct if the act substantially interfered with the employment or had a significant adverse effect on the employment.~~

(c) The definition of aggravated employment misconduct provided by this subdivision is exclusive and no other definition applies.

ARTICLE 12

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; TECHNICAL

Section 1. Minnesota Statutes 2016, section 268.044, subdivision 3, is amended to read:

Subd. 3. **Missing or erroneous information.** (a) Any employer that submits the wage detail report, but fails to include all required employee information or enters erroneous information, is subject to an administrative service fee of $25 for each employee for whom the information is partially missing or erroneous.

(b) Any employer that submits the wage detail report, but fails to include an employee, is subject to an administrative service fee equal to two percent of the total wages for each employee for whom the information is completely missing.

(c) An administrative service fee under this subdivision must be canceled under section 268.067 if the commissioner determines that the failure or error by the employer occurred because of ignorance or inadvertence.

Sec. 2. Minnesota Statutes 2017 Supplement, section 268.046, subdivision 1, is amended to read:

Subdivision 1. **Tax accounts assigned.** (a) Any person that contracts with a taxpaying employer to have that person obtain the taxpaying employer's workforce and provide workers to the taxpaying employer for a fee is, as of the effective date of the contract, assigned for the duration of the contract the taxpaying employer's account under section 268.045. That tax account must be maintained by the person separate and distinct from every other tax account held by the person and identified in a manner prescribed by the commissioner. The tax account is, for the duration of the contract, considered that person's account for all purposes of this chapter. The workers obtained from the taxpaying employer and any other workers provided by that person to the taxpaying employer, including officers of the taxpaying employer as defined in section 268.035, subdivision 20, clause ~~(28)~~ (29), whose wages paid by the person are considered paid in covered employment under section 268.035, subdivision 24, for the duration of the contract between the taxpaying employer and the person, must, under section 268.044, be reported on the wage detail report under that tax account, and that person must pay any taxes due at the tax rate computed for that account under section 268.051, subdivision 2.

(b) Any workers of the taxpaying employer who are not covered by the contract under paragraph (a) must be reported by the taxpaying employer as a separate unit on the wage detail report under the tax account assigned under paragraph (a). Taxes and any other amounts due on the wages reported by the taxpaying employer under this paragraph may be paid directly by the taxpaying employer.

(c) If the taxpaying employer that contracts with a person under paragraph (a) does not have a tax account at the time of the execution of the contract, an account must be registered for the taxpaying employer under section 268.042 and the new employer tax rate under section 268.051, subdivision 5, must be assigned. The tax account is then assigned to the person as provided for in paragraph (a).

(d) A person that contracts with a taxpaying employer under paragraph (a) must, within 30 calendar days of the execution or termination of a contract, notify the commissioner by electronic transmission, in a format prescribed by the commissioner, of that execution or termination. The taxpaying employer's name, the account number assigned, and any other information required by the commissioner must be provided by that person.

(e) Any contract subject to paragraph (a) must specifically inform the taxpaying employer of the assignment of the tax account under this section and the taxpaying employer's obligation under paragraph (b). If there is a termination of the contract, the tax account is, as of the date of termination, immediately assigned to the taxpaying employer.

Sec. 3. Minnesota Statutes 2016, section 268.051, subdivision 3, is amended to read:

Subd. 3. **Computation of a taxpaying employer's experience rating.** (a) On or before each December 15, the commissioner must compute an experience rating for each taxpaying employer who has ~~been required to file~~ filed wage detail reports for the ~~12~~ four calendar ~~months~~ quarters ending on the prior June 30. The experience rating computed is applicable for the following calendar year.

The experience rating is the ratio obtained by dividing 125 percent of the total unemployment benefits required under section 268.047 to be used in computing the employer's tax rate during the ~~48~~ 16 calendar ~~months~~ quarters ending on the prior June 30, by the employer's total taxable payroll for that same period.

(b) The experience rating is computed to the nearest one-hundredth of a percent, to a maximum of 8.90 percent.

(c) The use of 125 percent of unemployment benefits paid under paragraph (a), rather than 100 percent of the amount of unemployment benefits paid, is done in order for the trust fund to recover from all taxpaying employers a portion of the costs of unemployment benefits paid that do not affect any individual employer's future experience rating because of the reasons set out in subdivision 2, paragraph (f).

Sec. 4. Minnesota Statutes 2016, section 268.053, subdivision 1, is amended to read:

Subdivision 1. **Election.** (a) Any nonprofit organization that has employees in covered employment must pay taxes on a quarterly basis in accordance with section 268.051 unless it elects to make reimbursements to the trust fund the amount of unemployment benefits charged to its reimbursable account under section 268.047.

The organization may elect to make reimbursements for a period of not less than 24 calendar months beginning with the date that the organization was determined to be an employer with covered employment by filing a notice of election not later than 30 calendar days after the date of the determination.

(b) Any nonprofit organization that makes an election will continue to be liable for reimbursements until it files a notice terminating its election before the beginning of the calendar quarter the termination is to be effective.

A nonprofit organization that has been making reimbursements that files a notice of termination of election must be assigned the new employer tax rate under section 268.051, subdivision 5, until it qualifies for an experience rating under section 268.051, subdivision 3.

(c) Any nonprofit organization that has been paying taxes may elect to make reimbursements by filing a notice of election. The election is effective at the beginning of the next calendar quarter. The election is not terminable by the organization for 24 calendar months.

~~(d) The commissioner may for good cause extend the period that a notice of election, or a notice of termination, must be filed and may permit an election to be retroactive.~~

~~(e)~~ (d) A notice of election or notice terminating election must be filed by electronic transmission in a format prescribed by the commissioner.

Sec. 5. Minnesota Statutes 2016, section 268.066, is amended to read:

268.066 CANCELLATION OF AMOUNTS DUE FROM AN EMPLOYER.

(a) The commissioner must cancel as uncollectible any amounts due from an employer under this chapter or section 116L.20, that remain unpaid six years after the amounts have been first determined due, except where the delinquent amounts are secured by a notice of lien, a judgment, are in the process of garnishment, or are under a payment plan.

(b) The commissioner may cancel at any time as uncollectible any amount due, or any portion of an amount due, from an employer under this chapter or section 116L.20, that (1) are uncollectible due to death or bankruptcy, or (2) the Collection Division of the Department of Revenue under section 16D.04 was unable to collect.

~~(c) The commissioner may cancel at any time any interest, penalties, or fees due from an employer, or any portions due, if the commissioner determines that it is not in the public interest to pursue collection of the amount due. This paragraph does not apply to unemployment insurance taxes or reimbursements due.~~

Sec. 6. Minnesota Statutes 2016, section 268.067, is amended to read:

268.067 COMPROMISE.

(a) The commissioner may compromise in whole or in part any action, determination, or decision that affects only an employer and not an applicant. This paragraph applies if it is determined by a court of law, or a confession of judgment, that an applicant, while employed, wrongfully took from the employer $500 or more in money or property.

(b) The commissioner may at any time compromise any unemployment insurance tax ~~or~~, reimbursement, interest, penalty, fee, costs, or any other amount due from an employer under this chapter or section 116L.20.

(c) Any compromise involving an amount over $10,000 must be authorized by an attorney licensed to practice law in Minnesota who is an employee of the department designated by the commissioner for that purpose.

(d) Any compromise must be in the best interest of the state of Minnesota.

Sec. 7. Minnesota Statutes 2016, section 268.069, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The commissioner must pay unemployment benefits from the trust fund to an applicant who has met each of the following requirements:

(1) the applicant has filed an application for unemployment benefits and established a benefit account in accordance with section 268.07;

(2) the applicant has not been held ineligible for unemployment benefits under section 268.095 because of a quit or discharge;

(3) the applicant has met all of the ongoing eligibility requirements under section 268.085;

(4) the applicant does not have an outstanding overpayment of unemployment benefits, including any penalties or interest; and

(5) the applicant has not been held ineligible for unemployment benefits under section ~~268.182 because of a false representation or concealment of facts~~ 268.183.

Sec. 8. Minnesota Statutes 2016, section 268.105, subdivision 6, is amended to read:

Subd. 6. **Representation; fees.** (a) In any proceeding under subdivision 1 or 2, an applicant or employer may be represented by any authorized representative.

Except for services provided by an attorney-at-law, no person may charge an applicant a fee of any kind for advising, assisting, or representing an applicant in a hearing ~~or~~, on reconsideration, or in a proceeding under subdivision 7.

(b) An applicant may not be charged fees, costs, or disbursements of any kind in a proceeding before an unemployment law judge, the Minnesota Court of Appeals, or the Supreme Court of Minnesota.

(c) No attorney fees may be awarded, or costs or disbursements assessed, against the department as a result of any proceedings under this section.

Sec. 9. Minnesota Statutes 2016, section 268.145, subdivision 1, is amended to read:

Subdivision 1. **Notification.** (a) Upon filing an application for unemployment benefits, the applicant must be informed that:

(1) unemployment benefits are subject to federal and state income tax;

(2) there are requirements for filing estimated tax payments;

(3) the applicant may elect to have federal income tax withheld from unemployment benefits;

(4) if the applicant elects to have federal income tax withheld, the applicant may, in addition, elect to have Minnesota state income tax withheld; and

(5) at any time during the benefit year the applicant may change a prior election.

(b) If an applicant elects to have federal income tax withheld, the commissioner must deduct ten percent for federal income tax. If an applicant also elects to have Minnesota state income tax withheld, the commissioner must make an additional five percent deduction for state income tax. Any ~~amounts~~ amount deducted ~~or offset~~ under ~~sections 268.155, 268.18, and 268.184 have~~ section 268.085 has priority over any amounts deducted under this section. Federal income tax withholding has priority over state income tax withholding.

(c) An election to have income tax withheld may not be retroactive and only applies to unemployment benefits paid after the election.

Sec. 10. Minnesota Statutes 2017 Supplement, section 268.18, subdivision 5, is amended to read:

Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of unemployment benefits, including any penalties and interest, is not an election of a method of recovery.

(b) Intervention or lack thereof, in whole or in part, in a workers' compensation matter under section 176.361 is not an election of a remedy and does not prevent the commissioner from determining an applicant ineligible for unemployment benefits ~~or taking action under section 268.183~~.

Sec. 11. **REVISOR'S INSTRUCTION.**

The revisor of statutes is instructed to make the following changes in Minnesota Statutes:

(1) change the term "fraud" to "misrepresentation" in sections 268.085, subdivision 2, and 268.186, subdivision 1;

(2) delete the term "bona fide" wherever it appears in section 268.035;

(3) replace the term "under" with "subject to" in section 268.047, subdivision 2, clause (8);

(4) replace the term "displays clearly" with "shows" in chapter 268;

(5) replace the term "entire" with "hearing" in section 268.105;

(6) replace "24 calendar months" with "eight calendar quarters" in section 268.052, subdivision 2.

Sec. 12. **REPEALER.**

Minnesota Statutes 2016, section 268.053, subdivisions 4 and 5, are repealed.

Sec. 13. **EFFECTIVE DATE.**

Unless otherwise specified, articles 8 to 12 are effective September 16, 2018.

ARTICLE 13

ENVIRONMENT AND NATURAL RESOURCES

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2017, chapter 93, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**

Sec. 2. **POLLUTION CONTROL AGENCY**

Subdivision 1. **Total Appropriation** **$** **.....** **$** **300,000**

Appropriations by Fund	2018	2019
General	-0-	(700,000)
Environmental	-0-	1,000,000

Subd. 2. **Resource Management** 0 0

(a) $700,000 the second year is a reduction from the general fund for competitive recycling grants under Minnesota Statutes, section 115A.565.

(b) $700,000 the second year is from the environmental fund for competitive recycling grants under Minnesota Statutes, section 115A.565.

Subd. 3. **Watershed** 0 300,000

$300,000 the second year is from the environmental fund for a grant to the Minnesota Association of County Feedlot

Officers to develop, in coordination with the Pollution Control Agency and the University of Minnesota Extension program, an online training curriculum related to animal feedlot requirements under Minnesota Rules, chapter 7020. The curriculum must be developed to:

(1) provide base-level knowledge to new and existing county feedlot pollution control officers on feedlot registration, permitting, compliance, enforcement, and program administration;

(2) provide assistance to new and existing county feedlot pollution control officers for working efficiently and effectively with producers; and

(3) reduce the incidence of manure or nutrients entering surface water or groundwater.

This is a onetime appropriation and is available until June 30, 2020.

Sec. 3. **NATURAL RESOURCES.**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$ 3,382,000**

Appropriations by Fund

	2018	2019
General	-0-	(1,081,000)
Natural Resources	-0-	2,403,000
Game and Fish	-0-	2,060,000

Subd. 2. **Lands and Minerals Management**	-0-	625,000

(a) $425,000 the second year is for aggregate mapping. This is a onetime appropriation and is available until June 30, 2020.

(b) $200,000 the second year is to expand monitoring and modeling of water levels in the Canisteo and Arcturus to Hill Annex open-pit mine groups, with priority on the latter. The monitoring and modeling results must be used by the commissioner to develop

plans to control and reduce the water levels in each pit group and ameliorate, mitigate, or eliminate the public safety hazards resulting from rising water in both open-pit groups. This is a onetime appropriation.

Subd. 3. **Ecological and Water Resources** -0- (475,000)

(a) $425,000 the second year is for grants to lake associations to manage aquatic invasive species, including grants for projects to control and provide public awareness of aquatic invasive species and for watercraft inspections in partnership with local units of government. This is a onetime appropriation.

(b) $1,000,000 the second year is a reduction from the general fund for water monitoring and compliance.

(c) $100,000 the second year is from the heritage enhancement account in the game and fish fund for a grant to the Board of Regents of the University of Minnesota to conduct a statewide survey and analysis of Minnesotans' attitude toward fish stocking. The survey must include a representative sample of Minnesotans from all regions of the state and must examine Minnesotans' attitudes toward the stocking of each fish species that is or has been stocked by the Department of Natural Resources. The Board of Regents must report the results of the survey and analysis to the chairs and ranking minority members of the legislative committees with jurisdiction over environment and natural resources finance no later than March 1, 2020. The report must include data about the amount spent on stocking each fish species. This is a onetime appropriation.

Subd. 4. **Forest Management** -0- (131,000)

(a) $1,131,000 the second year is a reduction to the general fund for the Next Generation Core Forestry data system.

(b) $1,000,000 the second year is from the forest management investment account in the natural resources fund for the Next Generation Core Forestry data system. The appropriation is available until June 30, 2021.

Subd. 5. **Parks and Trails** -0- 1,363,000

(a) $100,000 the second year is from the all-terrain vehicle account in the natural resources fund to the commissioner of natural resources for a grant to the city of Virginia to develop, in cooperation with the Quad Cities ATV Club, an all-terrain vehicle trail system in the cities of Virginia, Eveleth, Gilbert, and Mountain Iron and surrounding areas. This is a onetime appropriation and is available until June 30, 2021.

(b) $150,000 the second year is from the off-road vehicle account for a contract to assist the commissioner in planning, designing, and providing a system of state touring routes for off-road vehicles by identifying sustainable, legal routes suitable for licensed four-wheel drive vehicles and a system of recreational trails for registered off-road vehicles. This is a onetime appropriation and is available until June 30, 2019.

(c) $200,000 the second year is from the off-road vehicle account in the natural resources fund for a contract to prepare a comprehensive, statewide, strategic master plan for trails for off-road vehicles. The master plan must be consistent with federal, tribal, state, and local law and regulations. The commissioner must consult with the Minnesota Four Wheel Drive Association in developing contract criteria. This is a onetime appropriation and is available until June 30, 2019.

(d) $200,000 the second year is from the off-road vehicle account in the natural resources fund to share the cost by

reimbursing federal, state, county, and township entities for additional needs on forest roads when the needs are a result of increased use by off-road vehicles and are attributable to a border-to-border touring route established by the commissioner. This section does apply to roads that are operated by a public road authority as defined in Minnesota Statutes, section 160.02, subdivision 25. This is a onetime appropriation and is available until June 30, 2021. To be eligible for reimbursement under this paragraph, the claimant must demonstrate that:

(1) the needs result from additional traffic generated by the border-to-border touring route; and

(2) increased use attributable to a border-to-border touring route has caused at least a 50 percent increase in maintenance costs for forest roads under the claimant's jurisdiction, based on a ten-year maintenance average.

Before reimbursing a claim under this paragraph, the commissioner must consider whether the claim is consistent with claims made by other entities that administer forest roads on the touring route, in terms of the amount requested for reimbursement and the frequency of claims made.

(e) $313,000 the second year is from the natural resources fund for a grant to St. Louis County as a match to a state bonding grant for trail and bridge construction and for a maintenance fund for a five-mile segment of the Voyageur Country ATV trail system, including a multiuse bridge over the Vermilion River that would serve ATVs, snowmobiles, off-road vehicles, off-highway motorcycles, and emergency vehicles in St. Louis County. Of this amount, $285,000 is from the all-terrain vehicle account, $14,000

is from the off-road vehicle account, and $14,000 is from the off-highway motorcycle account. This is a onetime appropriation and is available until June 30, 2021.

(f) $300,000 the second year is from the natural resources fund for a grant to Lake County to match other funding sources to develop the Prospectors Loop trail system. Of this amount, $270,000 is from the all-terrain vehicle account, $15,000 is from the off-highway motorcycle account, and $15,000 is from the off-road vehicle account. This is a onetime appropriation and is available until June 30, 2021.

(g) $100,000 the second year is from the all-terrain vehicle account in the natural resources fund for wetland delineation and work on an environmental assessment worksheet for the Taconite State Trail from Ely to Tower consistent with the 2017 Taconite State Trail Master Plan. This is a onetime appropriation and is available until June 30, 2021.

Subd. 6. **Fish and Wildlife Management** -0- 1,960,000

(a) $7,146,000 the second year is a reduction from the operations account in the game and fish fund.

(b) $8,606,000 the second year is from the deer management account in the game and fish fund.

(c) Notwithstanding Minnesota Statutes, section 297A.94, $500,000 the second year is from the heritage enhancement account in the game and fish fund for planning and emergency response to disease outbreaks in wildlife. This is a onetime appropriation and is available until June 30, 2020.

(d) The commissioner may use up to $7,000 of the amount appropriated from the general fund in Laws 2017, chapter 93, article 1,

section 3, subdivision 8, to cover the cost of: (1) the redesign of the printed and digital versions of fishing regulations and hunting and trapping regulations; and (2) the reprogramming of the electronic licensing system, to conform to the requirements of providing voter registration information under Minnesota Statutes, section 97A.409.

Subd. 7. **Enforcement** -0- 40,000

$40,000 the second year is from the all-terrain vehicle account in the natural resources fund for the development and implementation of safety coursework for younger riders. This is a onetime appropriation.

Subd. 8. **Cancellation**

On July 1, 2018, $492,000 is canceled to the general fund from the amount appropriated for legal costs under Laws 2017, chapter 93, article 1, section 3, subdivision 8.

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES.** **$** **-0-** **$** **650,000**

(a) $600,000 the second year is for a grant to the Alexandria Lake Area Sanitary District for lake management activities, including but not limited to alum treatment in Lake Agnes, carp removal in Lake Winona, and related management and reassessment measures that are intended to achieve and maintain compliance with water quality standards for phosphorus and the total maximum daily load for Lake Winona. This is a onetime appropriation and is available until June 30, 2020.

(b) $50,000 the second year is for a grant to the Red River Basin Commission for water quality and floodplain management. This amount is in addition to the appropriation in Laws 2017, chapter 93, article 1, section 4, paragraph (i).

Sec. 5. **METROPOLITAN COUNCIL** **$ 0 $ 0**

Appropriations by Fund	2018	2019
General	-0-	(270,000)
Natural Resources	-0-	270,000

(a) $270,000 the second year is a reduction from the general fund for metropolitan area regional parks operations and maintenance according to Minnesota Statutes, section 473.351.

(b) $270,000 the second year is from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (3).

Sec. 6. Laws 2010, chapter 361, article 4, section 78, is amended to read:

Sec. 78. **APPROPRIATION; MOOSE TRAIL.**

$100,000 in fiscal year 2011 is appropriated to the commissioner of natural resources from the all-terrain vehicle account in the natural resources fund for a grant to the city of Hoyt Lakes ~~to convert the Moose Trail snowmobile trail to~~ for a dual usage ~~trail, so that it may also be used as an~~ off-highway vehicle trail connecting the city of Biwabik to the Iron Range Off-Highway Vehicle Recreation Area. This is a onetime appropriation and is available until ~~spent~~ June 30, 2020.

Sec. 7. Laws 2016, chapter 189, article 3, section 3, subdivision 5, is amended to read:

Subd. 5. **Parks and Trails Management** -0- 6,459,000

Appropriations by Fund	2016	2017
General	-0-	2,929,000
Natural Resources	-0-	3,530,000

$2,800,000 the second year is a onetime appropriation.

$2,300,000 the second year is from the state parks account in the natural resources fund. Of this amount, $1,300,000 is onetime, of which $1,150,000 is for strategic park acquisition.

$20,000 the second year is from the natural resources fund to design and erect signs marking the David Dill trail designated in this act. Of this amount, $10,000 is from the snowmobile trails and enforcement account and $10,000 is from the all-terrain vehicle account. This is a onetime appropriation.

$100,000 the second year is for the improvement of the infrastructure for sanitary sewer service at the Woodenfrog Campground in Kabetogama State Forest. This is a onetime appropriation.

$29,000 the second year is for computer programming related to the transfer-on-death title changes for watercraft. This is a onetime appropriation.

$210,000 the first year is from the water recreation account in the natural resources fund for implementation of Minnesota Statutes, section 86B.532, established in this act. This is a onetime appropriation. The commissioner of natural resources shall seek federal and other nonstate funds to reimburse the department for the initial costs of producing and distributing carbon monoxide boat warning labels. All amounts collected under this paragraph shall be deposited into the water recreation account.

$1,000,000 the second year is from the natural resources fund for a grant to Lake County for construction, including bridges, of the Prospectors ATV Trail System linking the communities of Ely, Babbitt, Embarrass, and Tower; Bear Head Lake and Lake Vermilion-Soudan Underground Mine State Parks; the Taconite State Trail; and the Lake County Regional ATV Trail System. Of this amount, $900,000 is from the all-terrain vehicle account, $50,000 is from the off-highway motorcycle account, and $50,000 is from the off-road vehicle account.

This is a onetime appropriation and is available until June 30, 2019.

ARTICLE 14

ENVIRONMENT AND NATURAL RESOURCES POLICY

Section 1. **[11A.236] ACCOUNT FOR INVESTMENT OF PERMIT TO MINE FINANCIAL ASSURANCE MONEY.**

Subdivision 1. **Establishment; appropriation.** (a) The State Board of Investment, when requested by the commissioner of natural resources, may invest money collected by the commissioner as part of financial assurance provided under a permit to mine issued under chapter 93. The State Board of Investment may establish one or more accounts into which money may be deposited for the purposes of this section, subject to the policies and procedures of the State Board of Investment. Use of any money in the account shall be restricted to the financial assurance purposes identified in sections 93.46 to 93.51, and rules adopted thereunder, and as authorized under any trust fund agreements or other conditions established under a permit to mine.

(b) Money in the accounts is appropriated to the commissioner for the purposes for which the account is established under this section.

Subd. 2. **Account maintenance and investment.** The commissioner of natural resources may deposit money in the appropriate account and may withdraw money from the appropriate account for the financial assurance purposes identified in sections 93.46 to 93.51 and rules adopted thereunder and as authorized under any trust fund agreements or other conditions established under the permit to mine for which the financial assurance is provided, subject to the policies and procedures of the State Board of Investment. Investment strategies related to an account established under this section must be determined jointly by the commissioner of natural resources and the executive director of the State Board of Investment. The authorized investments for an account shall be the investments authorized under section 11A.24 that are made available for investment by the State Board of Investment. Investment transactions must be at a time and in a manner determined by the executive director of the State Board of Investment. Decisions to withdraw money from the account must be determined by the commissioner of natural resources, subject to the policies and procedures of the State Board of Investment. Investment earnings must be credited to the appropriate account for financial assurance under the identified permit to mine. An account may be terminated by the commissioner of natural resources at any time, so long as the termination is in accordance with applicable statutes, rules, trust fund agreements, or other conditions established under the permit to mine, subject to the policies and procedures of the State Board of Investment.

Sec. 2. Minnesota Statutes 2016, section 17.494, is amended to read:

17.494 AQUACULTURE PERMITS; RULES.

(a) The commissioner shall act as permit or license coordinator for aquatic farmers and shall assist aquatic farmers to obtain licenses or permits.

~~By July 1, 1992,~~ (b) A state agency issuing multiple permits or licenses for aquaculture shall consolidate the permits or licenses required for every aquatic farm location. The Department of Natural Resources transportation permits are exempt from this requirement. State agencies shall adopt rules or issue commissioner's orders that establish permit and license requirements, approval timelines, and compliance standards. Saltwater aquatic farms, as defined in section 17.4982, and processing facilities for saltwater aquatic life, as defined in section 17.4982, must be classified as agricultural operations for purposes of any construction, discharge, or other permit issued by the Pollution Control Agency.

Nothing in this section modifies any state agency's regulatory authority over aquaculture production.

Sec. 3. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20a. **Saltwater aquaculture.** "Saltwater aquaculture" means the commercial propagation and rearing of saltwater aquatic life, including, but not limited to, crustaceans, primarily for consumption as human food.

Sec. 4. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20b. **Saltwater aquatic farm.** "Saltwater aquatic farm" means a facility used for saltwater aquaculture, including, but not limited to, artificial ponds, vats, tanks, raceways, and other facilities that an aquatic farmer owns or has exclusive control of for the sole purpose of producing saltwater aquatic life.

Sec. 5. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20c. **Saltwater aquatic life.** "Saltwater aquatic life" means aquatic species that are saltwater obligates or perform optimally when raised in salinities closer to that of natural seawater and need saltwater to survive.

Sec. 6. **[17.499] TRANSPORTATION OR IMPORTATION OF SALTWATER AQUATIC LIFE; QUARANTINE REQUIREMENT.**

Subdivision 1. **Purpose.** The legislature finds that it is in the public interest to increase private saltwater aquaculture production and processing in this state under the coordination of the commissioner of agriculture. Additional private production will reduce dependence on foreign suppliers and benefit the rural economy by creating new jobs and economic activity.

Subd. 2. **Transportation permit.** (a) Notwithstanding the requirements in section 17.4985, saltwater aquatic life transportation and importation requirements are governed by this section. A transportation permit is required prior to any importation or intrastate transportation of saltwater aquatic life not exempted under subdivision 3. A transportation permit may be used for multiple shipments within the 30-day term of the permit if the source and the destination remain the same. Transportation permits must be obtained from the commissioner prior to shipment of saltwater aquatic life.

(b) An application for a transportation permit must be made in the form required by the commissioner. The commissioner may reject an incomplete application.

(c) An application for a transportation permit must be accompanied by satisfactory evidence, as determined by the commissioner, that the shipment is free of any nonindigenous species of animal other than the saltwater aquatic species and either:

(1) the facility from which the saltwater aquatic life originated has provided documentation of 36 or more consecutive months of negative testing by an approved laboratory as free of any disease listed by OIE - the World Organisation for Animal Health for that species following the testing guidelines outlined in the OIE Aquatic Animal Health Code for crustaceans or the AFS Fish Health Blue Book for other species, as appropriate; or

(2) the saltwater aquatic life to be imported or transported includes documentation of negative testing for that specific lot by an approved laboratory as free of any disease listed by OIE - the World Organisation for Animal Health for crustaceans or in the AFS Fish Health Blue Book for other species, as appropriate.

If a shipment authorized by the commissioner under clause (1) includes saltwater aquatic life that originated in a foreign country, the shipment must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner. A shipment authorized by the commissioner under clause (2) must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner.

(d) For purposes of this subdivision, "approved laboratory" means a laboratory approved by the commissioner or the United States Department of Agriculture, Animal and Plant Health Inspection Services.

(e) No later than 14 calendar days after a completed transportation permit application is received, the commissioner must approve or deny the transportation permit application.

(f) A copy of the transportation permit must accompany a shipment of saltwater aquatic life while in transit and must be available for inspection by the commissioner.

(g) A vehicle used by a licensee for transporting aquatic life must be identified with the license number and the licensee's name and town of residence as it appears on the license. A vehicle used by a licensee must have identification displayed so that it is readily visible from either side of the vehicle in letters and numbers not less than 2-1/2 inches high and three-eighths inch wide. Identification may be permanently affixed to vehicles or displayed on removable plates or placards placed on opposite doors of the vehicle or on the tanks carried on the vehicle.

(h) An application to license a vehicle for brood stock or larvae transport or for use as a saltwater aquatic life vendor that is received by the commissioner is a temporary license until approved or denied by the commissioner.

Subd. 3. **Exemptions.** (a) A transportation permit is not required to transport or import saltwater aquatic life:

(1) previously processed for use as food or other purposes unrelated to propagation;

(2) transported directly to an outlet for processing as food or for other food purposes if accompanied by shipping documents;

(3) that is being exported if accompanied by shipping documents;

(4) that is being transported through the state if accompanied by shipping documents; or

(5) transported intrastate within or between facilities licensed for saltwater aquaculture by the commissioner if accompanied by shipping documents.

(b) Shipping documents required under paragraph (a) must include the place of origin, owner or consignee, destination, number, species, and satisfactory evidence, as determined by the commissioner, of the disease-free certification required under subdivision 2, paragraph (c), clauses (1) and (2).

Sec. 7. Minnesota Statutes 2017 Supplement, section 84.01, subdivision 6, is amended to read:

Subd. 6. **Legal counsel.** The commissioner of natural resources 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 and in all proceedings relating to road vacations.

Sec. 8. Minnesota Statutes 2016, section 84.0895, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) Subdivision 1 does not apply to:

(1) plants on land classified for property tax purposes as class 2a or 2c agricultural land under section 273.13, ~~or~~ on ~~ditches and roadways~~ a ditch, or on an existing public road right-of-way as defined in section 84.92, subdivision 6a, except for ground not previously disturbed by construction or maintenance; and

(2) noxious weeds designated pursuant to sections 18.76 to 18.88 or to weeds otherwise designated as troublesome by the Department of Agriculture.

(b) If control of noxious weeds is necessary, it takes priority over the protection of endangered plant species, as long as a reasonable effort is taken to preserve the endangered plant species first.

(c) The taking or killing of an endangered plant species on land adjacent to class 3 or 3b agricultural land as a result of the application of pesticides or other agricultural chemical on the class 3 or 3b land is not a violation of subdivision 1, if reasonable care is taken in the application of the pesticide or other chemical to avoid impact on adjacent lands. For the purpose of this paragraph, class 3 or 3b agricultural land does not include timber land, waste land, or other land for which the owner receives a state paid wetlands or native prairie tax credit.

(d) The accidental taking of an endangered plant, where the existence of the plant is not known at the time of the taking, is not a violation of subdivision 1.

Sec. 9. Minnesota Statutes 2016, section 84.86, subdivision 1, is amended to read:

Subdivision 1. **Required rules.** With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

(1) Registration of snowmobiles and display of registration numbers.

(2) Use of snowmobiles insofar as game and fish resources are affected.

(3) Use of snowmobiles on public lands and waters, or on grant-in-aid trails.

(4) Uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles.

(5) Specifications relating to snowmobile mufflers.

(6) A comprehensive snowmobile information and safety education and training program, including but not limited to the preparation and dissemination of snowmobile information and safety advice to the public, the training of snowmobile operators, and the issuance of snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course. For the purpose of administering such program and to defray expenses of training and certifying snowmobile operators, the commissioner shall collect a fee from each person who receives the youth or adult training. The commissioner shall collect a fee, to include a $1 issuing fee for licensing agents, for issuing a duplicate snowmobile safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. The fees, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the snowmobile trails and enforcement account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of such programs. In addition to the fee established by the commissioner, instructors may charge each person <u>any fee paid by the instructor for the person's online training course and</u> up to the established fee amount for class materials and expenses. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this clause. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.

(7) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of $500 or more, shall forward a written report of the accident to the commissioner on such form as the commissioner

shall prescribe. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days.

Sec. 10. Minnesota Statutes 2017 Supplement, section 84.925, subdivision 1, is amended to read:

Subdivision 1. **~~Program~~ Training and certification programs established.** (a) The commissioner shall establish:

(1) a comprehensive all-terrain vehicle environmental and safety education and training certification program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of all-terrain vehicle operators, and the issuance of all-terrain vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the all-terrain vehicle environmental and safety education and training course~~.~~; and

(2) a voluntary all-terrain vehicle online training program for youth and a parent or guardian, offered at no charge for operators at least six years of age but younger than ten years of age.

(b) A parent or guardian must be present at ~~the hands-on~~ a training ~~portion of the~~ program ~~for~~ when the youth ~~who are six through ten~~ is under ten years of age.

~~(b)~~ (c) For the purpose of administering the program and to defray the expenses of training and certifying vehicle operators, the commissioner shall collect a fee from each person who receives the training for certification under paragraph (a), clause (1). The commissioner shall collect a fee, to include a $1 issuing fee for licensing agents, for issuing a duplicate all-terrain vehicle safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. Fee proceeds, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the all-terrain vehicle account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of the programs. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses.

~~(c)~~ (d) The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the ~~program~~ programs established under this section. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to ~~training program~~ the subject matter of the training programs and performance testing that leads to the certification of vehicle operators. The commissioner shall incorporate a riding component in the ~~safety education and~~ training ~~program~~ certification programs established under this section, and may incorporate a riding component in the training program as established in paragraph (a), clause (2).

Sec. 11. Minnesota Statutes 2017 Supplement, section 84.9256, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) Except for operation on public road rights-of-way that is permitted under section 84.928 and as provided under paragraph (j), a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

(1) make a direct crossing of a public road right-of-way;

(2) operate an all-terrain vehicle on a public road right-of-way in the state; or

(3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (f).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters or state or grant-in-aid trails, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied by a person 18 years of age or older who holds a valid driver's license.

(d) To be issued an all-terrain vehicle safety certificate, a person at least 12 years old, but less than 16 years old, must:

(1) successfully complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least ~~six~~ ten years of age may take the safety education and training program and may receive an all-terrain vehicle safety certificate under paragraph (d), but the certificate is not valid until the person reaches age 12.

(f) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to 110cc if the vehicle is a class 1 all-terrain vehicle with straddle-style seating or up to 170cc if the vehicle is a class 1 all-terrain vehicle with side-by-side-style seating on public lands or waters if accompanied by a parent or legal guardian.

(g) A person under 15 years of age shall not operate a class 2 all-terrain vehicle.

(h) A person under the age of 16 may not operate an all-terrain vehicle on public lands or waters or on state or grant-in-aid trails if the person cannot properly reach and control:

(1) the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle with straddle-style seating; or

(2) the steering wheel and foot controls of a class 1 all-terrain vehicle with side-by-side-style seating while sitting upright in the seat with the seat belt fully engaged.

(i) Notwithstanding paragraph (c), a nonresident at least 12 years old, but less than 16 years old, may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate an all-terrain vehicle on public lands and waters or state or grant-in-aid trails if:

(1) the nonresident youth has in possession evidence of completing an all-terrain safety course offered by the ATV Safety Institute or another state as provided in section 84.925, subdivision 3; and

(2) the nonresident youth is accompanied by a person 18 years of age or older who holds a valid driver's license.

(j) A person 12 years of age but less than 16 years of age may operate an all-terrain vehicle on the roadway, bank, slope, or ditch of a public road right-of-way as permitted under section 84.928 if the person:

(1) possesses a valid all-terrain vehicle safety certificate issued by the commissioner; and

(2) is accompanied by a parent or legal guardian on a separate all-terrain vehicle.

Sec. 12. Minnesota Statutes 2017 Supplement, 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 Minnesota River downstream of Granite Falls, 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. 13. Minnesota Statutes 2017 Supplement, section 84D.03, subdivision 4, is amended to read:

Subd. 4. **Restrictions in infested and noninfested waters; commercial fishing and turtle, frog, and crayfish harvesting.** (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, aquatic plants or aquatic macrophytes other than Eurasian watermilfoil, 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 water bodies other than those specified in the license or permit. The license or permit may authorize department staff to remove tags ~~after the~~ from gear ~~is~~ that has been decontaminated according to a protocol specified by the commissioner if the use of the decontaminated gear in other water bodies would not pose an unreasonable risk of harm to natural resources or the use of natural resources in the state. 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. 14. Minnesota Statutes 2017 Supplement, section 84D.108, subdivision 2b, is amended 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~~ sites on Gull Lake (DNR Division of Waters number 11-0305) in Cass and Crow Wing Counties using the same authorities, general procedures, and requirements provided for the Lake Minnetonka pilot project in subdivision 2a. Lake service providers participating in the Gull Lake targeted pilot study place of business must be located in 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, must also include the Gull Lake targeted pilot study recommendations and assessments.

(c) This subdivision expires December 1, 2019.

Sec. 15. Minnesota Statutes 2017 Supplement, section 84D.108, subdivision 2c, is amended to read:

Subd. 2c. **Cross Lake pilot study.** (a) The commissioner may include an additional targeted pilot study to include water-related equipment with zebra mussels attached for ~~the Cross Lake #1~~

~~State~~ water access ~~Site~~ sites on Cross Lake (DNR Division of Waters number 18-0312) in Crow Wing County using the same authorities, general procedures, and requirements provided for the Lake Minnetonka pilot project in subdivision 2a. The place of business of lake service providers participating in the Cross Lake targeted pilot study must be located in Cass or Crow Wing County.

(b) If an additional targeted pilot project for Cross 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, must also include the Cross Lake targeted pilot study recommendations and assessments.

(c) This subdivision expires December 1, 2019.

Sec. 16. Minnesota Statutes 2017 Supplement, section 85.0146, subdivision 1, is amended to read:

Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area Citizens Advisory Council is established. Membership on the advisory council shall include:

(1) a representative of ~~the Cuyuna Range Mineland Recreation Area Joint Powers Board~~ Cuyuna Range Economic Development, Inc.;

(2) a representative ~~of~~ for the Croft Mine Historical Park ~~Joint Powers Board~~ appointed by the members of the Cuyuna Country State Recreation Area Citizens Advisory Council who are appointed under clauses (1) and (4) to (13);

(3) a ~~designee of the Cuyuna Range Mineland Reclamation Committee who has worked as a miner in the local area~~ member at large appointed by the members of the Cuyuna Country State Recreation Area Citizens Advisory Council who are appointed under clauses (1) and (4) to (13);

(4) a representative of the Crow Wing County Board;

(5) ~~an elected state official~~ the state senator representing the state recreation area;

(6) the member from the state house of representatives representing the state recreation area;

(7) a representative of the Grand Rapids regional office of the Department of Natural Resources;

~~(7)~~ (8) a designee of the commissioner of Iron Range resources and rehabilitation;

~~(8)~~ (9) a designee of the local business community selected by the area chambers of commerce;

~~(9)~~ (10) a designee of the local environmental community selected by the Crow Wing County District 5 commissioner;

~~(10)~~ (11) a designee of a local education organization selected by the Crosby-Ironton School Board;

~~(11)~~ (12) a designee of one of the recreation area user groups selected by the Cuyuna Range Chamber of Commerce; and

~~(12)~~ (13) a member of the Cuyuna Country Heritage Preservation Society.

Sec. 17. Minnesota Statutes 2016, section 86B.005, subdivision 8a, is amended to read:

Subd. 8a. **Marine carbon monoxide detection system.** "Marine carbon monoxide detection system" means a device or system ~~that meets the requirements of the American Boat and Yacht Council Standard A-24, July, 2015, for carbon monoxide detection systems.~~ for detecting carbon monoxide that is certified by a nationally recognized testing laboratory to conform to current UL Standards for use on recreational boats.

Sec. 18. Minnesota Statutes 2016, section 86B.532, subdivision 1, is amended to read:

Subdivision 1. **Requirements; installation.** (a) No motorboat used for recreational purposes that has an enclosed accommodation compartment may be operated on any waters of the state unless the motorboat is equipped with a functioning marine carbon monoxide detection system installed according to the manufacturer's instructions and this subdivision.

(b) ~~After May 1, 2017,~~ No new motorboat used for recreational purposes that has an enclosed accommodation compartment may be sold or offered for sale in Minnesota unless the motorboat is equipped with a new functioning marine carbon monoxide detection system installed according to the manufacturer's instructions and this subdivision.

(c) A marine carbon monoxide detection system must be located:

(1) to monitor the atmosphere of the enclosed accommodation compartment; and

(2) within ten feet or 3.048 meters of any designated sleeping accommodations.

(d) A marine carbon monoxide detection system, including a sensor, must not be located within five feet or 1.52 meters of any cooking appliance.

Sec. 19. Minnesota Statutes 2016, section 88.10, is amended by adding a subdivision to read:

Subd. 3. **Wildland firefighters; training and licensing.** Forest officers and all individuals employed as wildland firefighters under this chapter are not subject to the requirements of chapter 299N.

Sec. 20. Minnesota Statutes 2016, section 88.75, subdivision 1, is amended to read:

Subdivision 1. **Misdemeanor offenses; damages; injunctive relief.** (a) Any person who violates any of the provisions of sections 88.03 to 88.22 for which no specific penalty is therein prescribed shall be guilty of a misdemeanor and be punished accordingly.

(b) Failure by any person to comply with any provision or requirement of sections 88.03 to 88.22 to which such person is subject shall be deemed a violation thereof.

(c) Any person who violates ~~any provisions of~~ sections 88.03 to 88.22, in addition to any penalties therein prescribed, or hereinbefore in this section prescribed, for such violation, shall also be liable in full damages to any and every person suffering loss or injury by reason of such violation, including

liability to the state, and any of its political subdivisions, for all expenses incurred in fighting or preventing the spread of, or extinguishing, any fire caused by, or resulting from, any violation of these sections. Notwithstanding any statute to the contrary, an attorney who is licensed to practice law in Minnesota and is an employee of the Department of Natural Resources may represent the commissioner in proceedings under this subdivision that are removed to district court from conciliation court. All expenses so collected by the state shall be deposited in the general fund. When a fire set by any person spreads to and damages or destroys property belonging to another, the setting of the fire shall be prima facie evidence of negligence in setting and allowing the same to spread.

(d) At any time the state, or any political subdivision thereof, either of its own motion, or at the suggestion or request of the director, may bring an action in any court of competent jurisdiction to restrain, enjoin, or otherwise prohibit any violation of sections 88.03 to 88.22, whether therein described as a crime or not, and likewise to restrain, enjoin, or prohibit any person from proceeding further in, with, or at any timber cutting or other operations without complying with the provisions of those sections, or the requirements of the director pursuant thereto; and the court may grant such relief, or any other appropriate relief, whenever it shall appear that the same may prevent loss of life or property by fire, or may otherwise aid in accomplishing the purposes of sections 88.03 to 88.22.

Sec. 21. Minnesota Statutes 2017 Supplement, section 89.17, is amended to read:

89.17 LEASES AND PERMITS.

(a) Notwithstanding the permit procedures of chapter 90, the commissioner may grant and execute, in the name of the state, leases and permits for the use of any forest lands under the authority of the commissioner for any purpose that in the commissioner's opinion is not inconsistent with the maintenance and management of the forest lands, on forestry principles for timber production. Every such lease or permit is revocable at the discretion of the commissioner at any time subject to such conditions as may be agreed on in the lease. The approval of the commissioner of administration is not required upon any such lease or permit. No such lease or permit for a period exceeding 21 years shall be granted except with the approval of the Executive Council.

(b) Public access to the leased land for outdoor recreation is the same as access would be under state management.

(c) Notwithstanding section 16A.125, subdivision 5, after deducting the reasonable costs incurred for preparing and issuing the lease, all remaining proceeds from leasing school trust land and university land for roads on forest lands must be deposited into the respective permanent fund for the lands.

(d) The commissioner may require a performance bond, security deposit, or other form of security for removing any improvements or personal property left on the leased premises by the lessee upon termination or cancellation of the lease.

Sec. 22. Minnesota Statutes 2016, section 89.551, is amended to read:

89.551 APPROVED FIREWOOD REQUIRED.

(a) After the commissioner issues an order under paragraph (b), a person may not possess firewood on land administered by the commissioner of natural resources unless the firewood:

(1) was obtained from a firewood distribution facility located on land administered by the commissioner;

(2) was obtained from a firewood dealer who is selling firewood that is approved by the commissioner under paragraph (b); or

(3) has been approved by the commissioner of natural resources under paragraph (b).

(b) The commissioner of natural resources shall, by written order published in the State Register, approve firewood for possession on lands administered by the commissioner. The order is not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply.

(c) A violation under this section is subject to confiscation of firewood ~~and after May 1, 2008, confiscation~~ and a $100 penalty. ~~A firewood dealer shall be subject to confiscation and assessed a $100 penalty for each sale of firewood not approved under the provisions of this section and sold for use on land administered by the commissioner.~~

(d) For the purposes of this section, "firewood" means any wood that is intended for use in a campfire, as defined in section 88.01, subdivision 25.

Sec. 23. Minnesota Statutes 2016, section 92.50, is amended by adding a subdivision to read:

Subd. 3. **Security requirement.** The commissioner may require a performance bond, security deposit, or other form of security for removing any improvements or personal property left on the leased premises by the lessee upon termination or cancellation of the lease.

Sec. 24. Minnesota Statutes 2016, section 94.10, subdivision 2, is amended to read:

Subd. 2. **Public sale requirements.** (a) After complying with subdivision 1 and before any public sale of surplus state-owned land is made and at least 30 days before the sale, the commissioner of natural resources shall publish a notice of the sale in a newspaper of general distribution in the county in which the real property to be sold is situated. The notice shall specify the time and place at which the sale will commence, a general description of the lots or tracts to be offered, and a general statement of the terms of sale. The commissioner shall also provide electronic notice of sale.

(b) The minimum bid for a parcel of land must include the estimated value or appraised value of the land and any improvements and, if any of the land is valuable for merchantable timber, the value of the merchantable timber. The minimum bid may include expenses incurred by the commissioner in rendering the property salable, including survey, appraisal, legal, advertising, and other expenses.

(c) The purchaser of state land must pay recording fees and the state deed tax.

(d) Except as provided under paragraph (e), parcels remaining unsold after the offering may be sold to anyone agreeing to pay at least 75 percent of the appraised value. The sale shall continue

until all parcels are sold or until the commissioner orders a reappraisal or withdraws the remaining parcels from sale.

(e) The commissioner may retain the services of a licensed real estate broker to find a buyer for parcels remaining unsold after the offering. The sale price may be negotiated by the broker, but must not be less than 90 percent of the appraised value as determined by the commissioner. The broker's fee must be established by prior agreement between the commissioner and the broker and must not exceed ten percent of the sale price for sales of $10,000 or more. The broker's fee must be paid to the broker from the proceeds of the sale.

(f) Public sales of surplus state-owned land may be conducted through online auctions.

Sec. 25. Minnesota Statutes 2016, section 97A.051, subdivision 2, is amended to read:

Subd. 2. **Summary of fish and game laws.** (a) The commissioner shall prepare a summary of the hunting and fishing laws and rules and deliver a sufficient supply to license vendors ~~to furnish one copy to each person obtaining a hunting, fishing, or trapping license~~.

(b) At the beginning of the summary, under the heading "Trespass," the commissioner shall summarize the trespass provisions under sections 97B.001 to 97B.945, state that conservation officers and peace officers must enforce the trespass laws, and state the penalties for trespassing.

(c) In the summary the commissioner shall, under the heading "Duty to Render Aid," summarize the requirements under section 609.662 and state the penalties for failure to render aid to a person injured by gunshot.

Sec. 26. Minnesota Statutes 2017 Supplement, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15); 3, paragraph (a), clauses (2), (3), (4), (10), (11), and (12); and 8, paragraph (b), and licenses issued under section 97B.301, subdivision 4.

(b) $16 from each annual deer license issued under section 97A.475, subdivisions 2, clauses (5), (6), and (7); 3, paragraph (a), clauses (2), (3), and (4); and 8, paragraph (b); $2 from each annual deer license ~~and $2~~ issued under sections 97A.475, subdivisions 2, clauses (13), (14), and (15); and 3, paragraph (a), clauses (10), (11), and (12); and 97B.301, subdivision 4; $16 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued to a person 18 years of age or older under section 97A.473, subdivision 4~~,~~; and $2 annually from the lifetime fish and wildlife trust fund for each license issued to a person under 18 years of age shall be credited to the deer management account ~~and is appropriated to the commissioner for deer habitat improvement or deer management programs~~.

(c) $1 from each annual deer license and each bear license and $1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and is appropriated

to the commissioner for deer- and bear-management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild Cervidae health-management account and is appropriated for emergency deer feeding and wild Cervidae health management. Money appropriated for emergency deer feeding and wild Cervidae health management is available until expended.

When the unencumbered balance in the appropriation for emergency deer feeding and wild Cervidae health management exceeds $2,500,000 at the end of a fiscal year, the unencumbered balance in excess of $2,500,000 is canceled and available for deer- and bear-management programs and computerized licensing.

Sec. 27. **[97A.409] VOTER REGISTRATION INFORMATION.**

(a) On the Department of Natural Resources online license sales Web site for purchasing a resident license to hunt or fish that is required under the game and fish laws, the commissioner must include the voter registration eligibility requirements and a description of how to register to vote before or on election day. On the Web page where an individual has the option to print a license to hunt or fish, the commissioner must include a direct link to the secretary of state's online voter registration Web page.

(b) In the printed and digital versions of fishing regulations and hunting and trapping regulations, the commissioner must include the voter registration eligibility requirements, a description of how to register to vote before or on election day, and a link to the secretary of state's online voter registration Web page. In addition, the commissioner must include a voter registration application in the printed and digital versions of fishing regulations and hunting and trapping regulations.

(c) The secretary of state must provide the required voter registration information to the commissioner. The secretary of state must prepare and approve an alternate form of the voter registration application to be used in the regulations.

EFFECTIVE DATE. Paragraph (a) is effective on August 1, 2018, and applies to licenses issued on or after March 1, 2019. Paragraph (b) is effective on August 1, 2018, and applies to printed and digital versions of regulations updated on or after that date.

Sec. 28. Minnesota Statutes 2016, section 97A.433, subdivision 4, is amended to read:

Subd. 4. **Discretionary separate selection; eligibility.** (a) The commissioner may conduct a separate selection for up to 20 percent of the elk licenses to be issued for an area. Only owners of, and tenants living on, at least 160 acres of agricultural or grazing land in the area, and their family members, are eligible for the separate selection. Persons that are unsuccessful in a separate selection must be included in the selection for the remaining licenses. Persons who obtain an elk license in a separate selection ~~must allow public elk hunting on their land during the elk season for which the license is valid~~ may sell the license to any Minnesota resident eligible to hunt big game for no more than the original cost of the license.

(b) The commissioner may by rule establish criteria for determining eligible family members under this subdivision.

Sec. 29. Minnesota Statutes 2016, section 97A.433, subdivision 5, is amended to read:

Subd. 5. **Mandatory separate selection.** The commissioner must conduct a separate selection for 20 percent of the elk licenses to be issued each year. Only individuals who have applied at least ten times for an elk license and who have never received a license are eligible for this separate selection. A person who is unsuccessful in a separate selection under this subdivision must be included in the selection for the remaining licenses.

Sec. 30. Minnesota Statutes 2016, section 97B.015, subdivision 6, is amended to read:

Subd. 6. **Provisional certificate for persons with permanent physical or developmental disability.** Upon the recommendation of a course instructor, the commissioner may issue a provisional firearms safety certificate to a person who satisfactorily completes the classroom portion of the firearms safety course but is unable to pass the written or an alternate format exam portion of the course because of a permanent physical disability or developmental disability as defined in section 97B.1055, subdivision 1. The certificate is valid only when used according to section 97B.1055.

Sec. 31. Minnesota Statutes 2016, section 97B.1055, is amended to read:

97B.1055 HUNTING BY PERSONS WITH A PERMANENT PHYSICAL OR DEVELOPMENTAL DISABILITY.

Subdivision 1. **Definitions.** For purposes of this section and section 97B.015, subdivision 6~~,~~:

(a) A "person with developmental disability" means a person who has been diagnosed as having substantial limitations in present functioning, manifested as significantly subaverage intellectual functioning, existing concurrently with demonstrated deficits in adaptive behavior, and who manifests these conditions before the person's 22nd birthday.

(b) A "person with a related condition" means a person who meets the diagnostic definition under section 252.27, subdivision 1a.

(c) A "person with a permanent physical disability" means a person who has a physical disability that prevents them from being able to navigate natural terrain or hold a firearm for the purpose of a required field component for the firearm safety training program under section 97B.020.

Subd. 2. **Obtaining a license.** (a) Notwithstanding section 97B.020, a person with a permanent physical disability or developmental disability may obtain a firearms hunting license with a provisional firearms safety certificate issued under section 97B.015, subdivision 6.

(b) Any person accompanying or assisting a person with a permanent physical disability or developmental disability under this section must possess a valid firearms safety certificate issued by the commissioner.

Subd. 3. **Assistance required.** A person who obtains a firearms hunting license under subdivision 2 must be accompanied and assisted by a parent, guardian, or other adult person designated by a parent or guardian when hunting. A person who is not hunting but is solely accompanying and assisting a person with a permanent physical disability or developmental disability need not obtain a hunting license.

Subd. 4. **Prohibited activities.** (a) This section does not entitle a person to possess a firearm if the person is otherwise prohibited from possessing a firearm under state or federal law or a court order.

(b) No person shall knowingly authorize or permit a person, who by reason of a permanent physical disability or developmental disability is incapable of safely possessing a firearm, to possess a firearm to hunt in the state or on any boundary water of the state.

Sec. 32. Minnesota Statutes 2016, section 97C.345, subdivision 3a, is amended to read:

Subd. 3a. **Cast nets for gizzard shad.** (a) Cast nets may be used only to take gizzard shad for use as bait for angling:

(1) from July 1 to November 30; and

(2) from the Minnesota River downstream of Granite Falls, Mississippi River downstream of St. Anthony Falls, and the St. Croix River downstream of the dam at Taylors Falls, including portions described as Minnesota-Wisconsin boundary waters in Minnesota Rules, part 6266.0500, subpart 1, items A and B, that are listed as infested waters as allowed under section 84D.03, subdivision 3.

(b) Cast nets used under this subdivision must be monofilament and may not exceed ~~seven~~ five feet in ~~diameter~~ radius, and mesh size must be from three-eighths to five-eighths inch bar measure. No more than two cast nets may be used at one time.

~~(c) This subdivision expires December 1, 2017. The commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources by March 1, 2018, on the number of permits issued, conservation impacts from the use of cast nets, and recommendations for any necessary changes in statutes or rules.~~

Sec. 33. Minnesota Statutes 2016, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. **Financial assistance.** A base grant, contract, or payment may be awarded to a county or other local unit of government that provides a match utilizing a water implementation tax or other local source. A water implementation tax that a county or other local unit of government intends to use as a match to the base grant must be levied at a rate sufficient to generate a minimum amount determined by the board. The board may award performance-based or watershed-based grants, contracts, or payments to local units of government that are responsible for implementing elements of applicable portions of watershed management plans, comprehensive plans, local water management plans, or comprehensive watershed management plans, developed or amended, adopted and approved, according to chapter 103B, 103C, or 103D. Upon request by a local government unit, the board may also award performance-based grants to local units of government to carry out TMDL implementation

plans as provided in chapter 114D, if the TMDL implementation plan has been incorporated into the local water management plan according to the procedures for approving comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under chapter 103B, 103C, or 103D, or if the TMDL implementation plan has undergone a public review process. Notwithstanding section 16A.41, the board may award ~~performance-based~~ grants, contracts, or payments on an advanced basis. The fee authorized in section 40A.152 may be used as a local match or as a supplement to state funding to accomplish implementation of comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under this chapter and chapter 103C or 103D.

Sec. 34. Minnesota Statutes 2016, section 103B.3369, subdivision 9, is amended to read:

Subd. 9. **Performance-based criteria.** The board shall develop and utilize performance-based or eligibility criteria for local water resources restoration, protection, and management programs and projects. The criteria may include but are not limited to science-based assessments, organizational capacity, priority resource issues, community outreach and support, partnership potential, potential for multiple benefits, and program and project delivery efficiency and effectiveness.

Sec. 35. **[103B.461] RED RIVER BASIN COMMISSION.**

Subdivision 1. **Purposes.** The Red River Basin Commission was created to:

(1) facilitate transboundary and basin-wide dialogue and consultation with citizens, land users, organizations, and governments; and

(2) coordinate basin-wide interstate and international efforts on water management, including but not limited to flood mitigation, water quality, water supply, drainage, aquatic health, and recreation.

Subd. 2. **Membership.** The Red River Basin Commission must have basin-wide representation of members and alternates to serve on the commission consistent with the adopted bylaws of the commission. Selection and terms of members are as defined in the commission's bylaws.

Subd. 3. **Duties.** The Red River Basin Commission must:

(1) develop and coordinate comprehensive water management goals for the Red River basin by aligning the work plans in the major watersheds in the states of Minnesota, North Dakota, and South Dakota and the Canadian province of Manitoba;

(2) advise on developing and using systems to monitor and evaluate the Red River basin and incorporating the data obtained from these systems into planning and implementation processes;

(3) conduct public meetings at locations in the Red River basin regarding the public's perspective on water resource issues, needs, and priorities in the basin;

(4) conduct an ongoing information and education program on water management in the Red River basin, including an annual conference;

(5) advise on developing projects in the major watersheds that are scientifically sound, have landowner and local government support, and reduce potential flood damages and inputs of pollutants into the Red River;

(6) develop and implement a framework plan for natural resources and provide periodic budget requests and reports to the governors of Minnesota, North Dakota, and South Dakota, to the premier of Manitoba, and to the respective legislatures, provincial members, and congressional representatives of the respective states and province regarding progress on meeting water management goals and funding or policy recommendations;

(7) administer funds for implementing projects and track and report the results achieved for each project; and

(8) assess the collective work in the Red River basin and make recommendations to the states of Minnesota, North Dakota, and South Dakota, to the Canadian province of Manitoba, and to their respective legislatures, provincial members, and congressional representatives on the actions needed to sustain or accelerate components of the framework plan for natural resources in the Red River basin and the major watersheds of the Red River basin.

Sec. 36. Minnesota Statutes 2016, section 103B.801, subdivision 2, is amended to read:

Subd. 2. **Program purposes.** The purposes of the comprehensive watershed management plan program under section 103B.101, subdivision 14, paragraph (a), are to:

(1) align local water planning purposes and procedures under this chapter and chapters 103C and 103D on watershed boundaries to create a systematic, watershed-wide, science-based approach to watershed management;

(2) acknowledge and build off existing local government structure, water plan services, and local capacity;

(3) incorporate and make use of data and information, including watershed restoration and protection strategies under section 114D.26, which may serve to fulfill all or some of the requirements under chapter 114D;

(4) solicit input and engage experts from agencies, citizens, and stakeholder groups;

(5) focus on implementation of prioritized and targeted actions capable of achieving measurable progress; and

(6) serve as a substitute for a comprehensive plan, local water management plan, or watershed management plan developed or amended, approved, and adopted, according to this chapter or chapter 103C or 103D.

Sec. 37. Minnesota Statutes 2016, section 103B.801, subdivision 5, is amended to read:

Subd. 5. **Timelines; administration.** (a) The board shall develop and adopt, by June 30, 2016, a transition plan for development, approval, adoption, and coordination of plans consistent with

section 103A.212. The transition plan must include a goal of completing statewide transition to comprehensive watershed management plans by 2025. The metropolitan area may be considered for inclusion in the transition plan. The board may amend the transition plan no more often than once every two years.

(b) The board may use the authority under section 103B.3369, subdivision 9, to support development or implementation of a comprehensive watershed management plan under this section.

Sec. 38. Minnesota Statutes 2016, section 103F.361, subdivision 2, is amended to read:

Subd. 2. **Legislative intent.** It is the intent of sections 103F.361 to 103F.377 to authorize and direct the board and ~~the counties~~ zoning authorities to implement the plan for the Mississippi headwaters area.

Sec. 39. Minnesota Statutes 2016, section 103F.363, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Sections 103F.361 to 103F.377 apply to the counties of Clearwater, Hubbard, Beltrami, Cass, Itasca, Aitkin, Crow Wing, and Morrison and all other zoning authorities.

Sec. 40. Minnesota Statutes 2016, section 103F.365, is amended by adding a subdivision to read:

Subd. 5. **Zoning authority.** "Zoning authority" means counties, organized townships, local and special governmental units, joint powers boards, councils, commissions, boards, districts, and all state agencies and departments within the corridor defined by the plan, excluding statutory or home rule charter cities.

Sec. 41. Minnesota Statutes 2016, section 103F.371, is amended to read:

103F.371 RESPONSIBILITIES OF OTHER GOVERNMENTAL UNITS.

(a) All local and special governmental units, councils, commissions, boards and districts and all state agencies and departments must exercise their powers so as to further the purposes of sections 103F.361 to 103F.377 and the plan. Land owned by the state, its agencies, and political subdivisions shall be administered in accordance with the plan. The certification procedure under section 103F.373 applies to all zoning authorities in the corridor defined by the plan.

(b) Actions that comply with the land use ordinance are consistent with the plan. Actions that do not comply with the ordinance may not be started until the board has been notified and given an opportunity to review and comment on the consistency of the action with this section.

Sec. 42. Minnesota Statutes 2016, section 103F.373, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** To ~~assure~~ ensure that the plan is not nullified by unjustified exceptions in particular cases and to promote uniformity in the treatment of applications for exceptions, a review and certification procedure is established for the following categories of land use actions taken by ~~the counties and~~ zoning authorities directly or indirectly affecting land use within the area covered by the plan:

(1) the adoption or amendment of an ordinance regulating the use of land, including rezoning of particular tracts of land;

(2) the granting of a variance from provisions of the land use ordinance; and

(3) the approval of a plat which is inconsistent with the land use ordinance.

Sec. 43. Minnesota Statutes 2016, section 103F.373, subdivision 3, is amended to read:

Subd. 3. **Procedure for certification.** A copy of the notices of public hearings or, when a hearing is not required, a copy of the application to consider an action of a type specified in subdivision 1, clauses (1) to (3), must be forwarded to the board by the ~~county~~ zoning authority at least 15 days before the hearing or meetings to consider the actions. The ~~county~~ zoning authority shall notify the board of its final decision on the proposed action within ten days of the decision. By 30 days after the board receives the notice, the board shall notify the ~~county~~ zoning authority and the applicant of ~~its~~ the board's approval or disapproval of the proposed action.

Sec. 44. Minnesota Statutes 2016, section 103F.373, subdivision 4, is amended to read:

Subd. 4. **Disapproval of actions.** (a) If a notice of disapproval is issued by the board, the ~~county~~ zoning authority or the applicant may, within 30 days of the notice, file with the board a demand for a hearing. If a demand is not filed within the 30-day period, the disapproval becomes final.

(b) If a demand is filed within the 30-day period, a hearing must be held within 60 days of demand. The hearing must be preceded by two weeks' published notice. Within 30 days after the hearing, the board must:

(1) affirm its disapproval of the proposed action; or

(2) certify approval of the proposed action.

Sec. 45. **[103F.452] APPLICABILITY.**

The provisions of sections 103F.415 to 103F.455 are not applicable without the adoption of an ordinance by the county or local government unit.

Sec. 46. Minnesota Statutes 2017 Supplement, section 103G.222, subdivision 3, is amended to read:

Subd. 3. **Wetland replacement siting.** (a) Impacted wetlands outside of a greater than 80 percent area must not be replaced in a greater than 80 percent area. All wetland replacement must follow this priority order:

(1) in the same minor watershed as the impacted wetland;

(2) in the same watershed as the impacted wetland;

(3) in the same 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.

(h) Wetland replacement sites identified in accordance with the priority order for replacement siting in paragraph (a) as part of the completion of an adequate environmental impact statement may be approved for a replacement plan under section 93.481, 103G.2242, or 103G.2243 without further modification related to the priority order, notwithstanding availability of new mitigation sites or availability of credits after completion of an adequate environmental impact statement. Wetland replacement plan applications must be submitted within one year of the adequacy determination of the environmental impact statement to be eligible for approval under this paragraph.

(i) The wetland replacement priority order under paragraph (a), clauses (1) to (4), does not apply to project-specific replacement sites intended to bank credits for single-user banks before January 1, 2009.

Sec. 47. Minnesota Statutes 2017 Supplement, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public-waters-work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values and may address the state establishment and administration of a wetland banking program for public and private projects, including provisions for an in-lieu fee program; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon. Any in-lieu fee program established by the board must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

(b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243.

(c) If the local government unit fails to apply the rules, or fails to implement a local comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board.

(d) When making a determination under rules adopted pursuant to this subdivision on whether a rare natural community will be permanently adversely affected, consideration of measures to mitigate any adverse effect on the community must be considered. Wetland banking credits shall be an acceptable mitigation measure for any adverse effects on a rare natural community. The Department of Natural Resources may approve a wetland replacement plan that includes restoration or credits from rare natural communities of substantially comparable character and public value as mitigation for any rare natural community adversely affected by a project.

Sec. 48. Minnesota Statutes 2016, section 103G.2242, subdivision 14, is amended to read:

Subd. 14. **Fees established.** (a) Fees must be assessed for managing wetland bank accounts and transactions as follows:

(1) account maintenance annual fee: one percent of the value of credits not to exceed $500;

(2) account establishment, deposit, or transfer: 6.5 percent of the value of credits not to exceed $1,000 per establishment, deposit, or transfer; and

(3) withdrawal fee: 6.5 percent of the value of credits withdrawn.

(b) The board ~~may~~ must establish fees ~~at or~~ based on costs to the agency below the amounts in paragraph (a) for single-user or other dedicated wetland banking accounts.

(c) Fees for single-user or other dedicated wetland banking accounts established pursuant to section 103G.005, subdivision 10i, clause (4), are limited to establishment of a wetland banking account and are assessed at the rate of 6.5 percent of the value of the credits not to exceed $1,000.

(d) The board may assess a fee to pay the costs associated with establishing conservation easements, or other long-term protection mechanisms prescribed in the rules adopted under subdivision 1, on property used for wetland replacement.

Sec. 49. Minnesota Statutes 2016, section 114D.15, is amended by adding a subdivision to read:

Subd. 3a. **Comprehensive local water management plan.** "Comprehensive local water management plan" has the meaning given under section 103B.3363, subdivision 3.

Sec. 50. Minnesota Statutes 2016, section 114D.15, is amended by adding a subdivision to read:

Subd. 3b. **Comprehensive watershed management plan.** "Comprehensive watershed management plan" has the meaning given under section 103B.3363, subdivision 3a.

Sec. 51. Minnesota Statutes 2016, section 114D.15, subdivision 7, is amended to read:

Subd. 7. **Restoration.** "Restoration" means actions~~, including effectiveness monitoring, that are~~ taken to pursue, achieve, and maintain water quality standards for impaired waters ~~in accordance with a TMDL that has been approved by the United States Environmental Protection Agency under federal TMDL requirements~~.

Sec. 52. Minnesota Statutes 2016, section 114D.15, subdivision 11, is amended to read:

Subd. 11. **TMDL implementation plan.** "TMDL implementation plan" means:

(1) a document detailing restoration activities needed to meet the approved TMDL's pollutant load allocations for point and nonpoint sources~~.~~; or

(2) one of the following that the commissioner of the Pollution Control Agency determines to be, in whole or part, sufficient to meet applicable water quality standards:

(i) a comprehensive watershed management plan;

(ii) a comprehensive local water management plan; or

(iii) an existing statewide or regional strategy published by the Pollution Control Agency.

Sec. 53. Minnesota Statutes 2016, section 114D.15, subdivision 13, is amended to read:

Subd. 13. **Watershed restoration and protection strategy or WRAPS.** "Watershed restoration and protection strategy" or "WRAPS" means a document summarizing scientific studies of a major watershed ~~no larger than~~ at approximately a hydrologic unit code 8 scale including the physical, chemical, and biological assessment of the water quality of the watershed; identification of impairments and water bodies in need of protection; identification of biotic stressors and sources of pollution, both point and nonpoint; TMDL's for the impairments; and ~~an implementation table containing~~ information to support strategies ~~and actions~~ designed to achieve and maintain water quality standards and goals.

Sec. 54. Minnesota Statutes 2016, section 114D.20, subdivision 2, is amended to read:

Subd. 2. **Goals for implementation.** The following goals must guide the implementation of this chapter:

(1) to identify impaired waters in accordance with federal TMDL requirements ~~within ten years after May 23, 2006,~~ and ~~thereafter~~ to ensure continuing evaluation of surface waters for impairments;

(2) to submit TMDL's to the United States Environmental Protection Agency ~~for all impaired waters~~ in a timely manner in accordance with federal TMDL requirements;

(3) to ~~set a reasonable time~~ inform and support strategies for implementing restoration ~~of each identified impaired water~~ and protection activities in a reasonable time period;

(4) to systematically evaluate waters, to provide assistance and incentives to prevent waters from becoming impaired, and to improve the quality of waters that are listed as impaired ~~but do not have an approved TMDL addressing the impairment~~;

(5) to promptly seek the delisting of waters from the impaired waters list when those waters are shown to achieve the designated uses applicable to the waters;

(6) to achieve compliance with federal Clean Water Act requirements in Minnesota;

(7) to support effective measures to prevent the degradation of groundwater according to the groundwater degradation prevention goal under section 103H.001; and

(8) to support effective measures to restore degraded groundwater.

Sec. 55. Minnesota Statutes 2016, section 114D.20, subdivision 3, is amended to read:

Subd. 3. **Implementation policies.** The following policies must guide the implementation of this chapter:

(1) develop regional ~~and~~, multiple pollutant, or watershed TMDL's ~~and TMDL implementation plans, and TMDL's and TMDL implementation plans for multiple pollutants~~ or WRAPSs, where reasonable and feasible;

(2) maximize use of available organizational, technical, and financial resources to perform sampling, monitoring, and other activities to identify degraded groundwater and impaired waters, including use of citizen monitoring and citizen monitoring data used by the Pollution Control Agency in assessing water quality that meets the requirements ~~in Appendix D of the Volunteer Surface Water Monitoring Guide, Minnesota~~ established by the commissioner of the Pollution Control Agency ~~(2003)~~;

(3) maximize opportunities for restoration of degraded groundwater and impaired waters, by prioritizing and targeting of available programmatic, financial, and technical resources and by providing additional state resources to complement and leverage available resources;

(4) use existing regulatory authorities to achieve restoration for point and nonpoint sources of pollution where applicable, and promote the development and use of effective nonregulatory measures to address pollution sources for which regulations are not applicable;

(5) use restoration methods that have a demonstrated effectiveness in reducing impairments and provide the greatest long-term positive impact on water quality protection and improvement and related conservation benefits while incorporating innovative approaches on a case-by-case basis;

(6) identify for the legislature any innovative approaches that may strengthen or complement existing programs;

(7) identify and encourage implementation of measures to prevent surface waters from becoming impaired and to improve the quality of waters that are listed as impaired but have no approved TMDL addressing the impairment using the best available data and technology, and establish and report outcome-based performance measures that monitor the progress and effectiveness of protection and restoration measures;

(8) monitor and enforce cost-sharing contracts and impose monetary damages in an amount up to 150 percent of the financial assistance received for failure to comply; and

(9) identify and encourage implementation of measures to prevent groundwater from becoming degraded and measures that restore groundwater resources.

Sec. 56. Minnesota Statutes 2016, section 114D.20, subdivision 5, is amended to read:

Subd. 5. **Priorities for preparing WRAPSs AND TMDL's.** In consultation with the Clean Water Council ~~shall recommend~~, the commissioner of the Pollution Control Agency must coordinate with the commissioners of natural resources, health, and agriculture and with the Board of Water and Soil Resources to establish priorities for scheduling and preparing WRAPSs and TMDL's ~~and TMDL implementation plans, taking into account~~, considering the severity and causes of ~~the impairment~~ impairments, the designated uses of ~~those~~ the waters, ~~and other~~ applicable federal TMDL requirements~~. In recommending priorities, the council shall also give Consideration to~~, groundwater and high-quality waters and ~~watersheds~~ watershed protection, waters and watersheds with declining water quality trends, and waters and watersheds:

(1) with impairments that pose the greatest potential risk to human health;

(2) with impairments that pose the greatest potential risk to threatened or endangered species;

(3) with impairments that pose the greatest potential risk to aquatic health;

(4) where other public agencies and participating organizations and individuals, especially local, ~~basinwide~~ basin-wide, watershed, or regional agencies or organizations, have demonstrated readiness to assist in carrying out the responsibilities, including availability and organization of human, technical, and financial resources necessary to undertake the work; and

(5) where there is demonstrated coordination and cooperation among cities, counties, watershed districts, and soil and water conservation districts in planning and implementation of activities that will assist in carrying out the responsibilities.

Sec. 57. Minnesota Statutes 2016, section 114D.20, subdivision 7, is amended to read:

Subd. 7. **Priorities for funding prevention actions.** The Clean Water Council shall apply the priorities applicable under subdivision 6, as far as practicable, when recommending priorities for funding actions to prevent groundwater and surface waters from becoming degraded or impaired and to improve the quality of surface waters that are listed as impaired ~~but do not have an approved TMDL~~.

Sec. 58. Minnesota Statutes 2016, section 114D.20, is amended by adding a subdivision to read:

Subd. 8. **Alternatives; TMDL, TMDL implementation plan, or WRAPS.** (a) If the commissioner of the Pollution Control Agency determines that a comprehensive watershed management plan or comprehensive local water management plan contains information that is sufficient and consistent with guidance from the United States Environmental Protection Agency, including the recommended structure for category 4b demonstrations or its replacement under section 303(d) of the federal Clean Water Act, the commissioner may submit the plan to the Environmental Protection Agency according to federal TMDL requirements as an alternative to developing a TMDL.

(b) A TMDL implementation plan or a WRAPS, or portions thereof, are not needed for waters or watersheds when the commissioner of the Pollution Control Agency determines that a comprehensive watershed management plan, a comprehensive local water management plan, or a statewide or regional strategy published by the Pollution Control Agency meets the definitions in section 114D.15, subdivisions 11 or 13.

(c) The commissioner of the Pollution Control Agency may request that the Board of Water and Soil Resources conduct an evaluation of the implementation efforts under a comprehensive watershed management plan or comprehensive local water management plan when the commissioner makes a determination under paragraph (b). The board must conduct the evaluation in accordance with section 103B.102.

(d) The commissioner of the Pollution Control Agency may amend or revoke a determination made under paragraph (a) or (b) after considering the evaluation conducted under paragraph (c).

Sec. 59. Minnesota Statutes 2016, section 114D.20, is amended by adding a subdivision to read:

Subd. 9. **Coordinating of municipal and local water quality activities.** A project, practice, or program for water quality improvement or protection that is conducted by a watershed management organization or a local government unit with a comprehensive watershed management plan or other water management plan approved according to chapter 103B, 103C, or 103D may be considered as contributing to the requirements of a storm water pollution prevention plan (SWPPP) for a municipal separate storm sewer systems (MS4) permit unless the project, practice, or program was previously documented as contributing to a different SWPPP for an MS4 permit.

Sec. 60. Minnesota Statutes 2016, section 114D.26, is amended to read:

114D.26 WATERSHED RESTORATION AND PROTECTION STRATEGIES.

Subdivision 1. **Contents.** (a) The commissioner of the Pollution Control Agency ~~shall~~ must develop watershed restoration and protection strategies~~.~~ for:

(1) quantifying impairments and risks to water quality;

(2) describing the causes of impairments and pollution sources;

(3) consolidating TMDLs in a major watershed; and

(4) informing comprehensive local water management plans and comprehensive watershed management plans.

(b) To ensure effectiveness, efficiency, and accountability in meeting the goals of this chapter, the commissioner of the Pollution Control Agency and the Board of Water and Soil Resources must coordinate the schedule, budget, scope, and use of a WRAPS and related documents and processes in consultation with local government units and in consideration of section 114D.20, subdivision 8. Each WRAPS ~~shall~~ must:

(1) identify impaired waters and waters in need of protection;

(2) identify biotic stressors causing impairments or threats to water quality;

(3) summarize watershed modeling outputs and resulting pollution load allocations~~,~~ and wasteload allocations~~, and priority areas for targeting actions to improve water quality~~ and identify areas with high pollutant-loading rates;

(4) identify point sources of pollution for which a national pollutant discharge elimination system permit is required under section 115.03;

(5) identify nonpoint sources of pollution for which a national pollutant discharge elimination system permit is not required under section 115.03, with sufficient specificity to ~~prioritize and~~ geographically ~~locate~~ inform watershed restoration and protection ~~actions~~ strategies;

(6) describe the current pollution loading and load reduction needed for each source or source category to meet water quality standards and goals, including wasteload and load allocations from TMDL's;

(7) ~~contain a plan for ongoing~~ identify water quality monitoring needed to fill data gaps, determine changing conditions, ~~and~~ or gauge implementation effectiveness; and

(8) contain ~~an implementation table of~~ strategies ~~and actions~~ that are capable of cumulatively achieving needed pollution load reductions for point and nonpoint sources, including identifying:

(i) water quality parameters of concern;

(ii) current water quality conditions;

(iii) water quality goals and targets by parameter of concern; and

(iv) strategies ~~and actions by parameter of concern~~ and an example of the scale of adoptions ~~needed for each;~~ with a timeline to meet the water quality restoration or protection goals of this chapter.

~~(v) a timeline for achievement of water quality targets;~~

~~(vi) the governmental units with primary responsibility for implementing each watershed restoration or protection strategy; and~~

~~(vii) a timeline and interim milestones for achievement of watershed restoration or protection implementation actions within ten years of strategy adoption.~~

Subd. 2. **Reporting.** ~~Beginning July 1, 2016, and every other year thereafter,~~ The commissioner of the Pollution Control Agency must periodically report on ~~its~~ the agency's Web site the progress toward implementation milestones and water quality goals ~~for all adopted TMDL's and, where available, WRAPS's~~.

Subd. 3. **Timelines; administration.** ~~Each year,~~ (a) The commissioner of the Pollution Control Agency must complete ~~WRAPS's for at least ten percent of~~ watershed restoration and protection strategies for the state's major watersheds~~. WRAPS shall be~~ by June 30, 2023, unless the commissioner determines that a comprehensive watershed management plan or comprehensive local water management plan, in whole or part, meets the definition in section 114D.15, subdivision 11 or 13. As needed, the commissioner must update the strategies, in whole or part, after consultation with the Board of Water and Soil Resources and local government units.

(b) Watershed restoration and protection strategies are governed by the procedures for approval and notice in section 114D.25, subdivisions 2 and 4, except that ~~WRAPS~~ the strategies need not be submitted to the United States Environmental Protection Agency.

Sec. 61. Minnesota Statutes 2016, section 114D.35, subdivision 1, is amended to read:

Subdivision 1. **Public and stakeholder participation.** (a) Public agencies and private entities involved in ~~the implementation of~~ implementing this chapter ~~shall~~ must encourage participation by the public and stakeholders, including local citizens, landowners ~~and~~, land managers, and public and private organizations~~, in identifying impaired waters, in developing TMDL's, in planning, priority setting, and implementing restoration of impaired waters, in identifying degraded groundwater, and in protecting and restoring groundwater resources~~.

(b) In particular, the commissioner of the Pollution Control Agency ~~shall~~ must make reasonable efforts to provide timely information to the public and to stakeholders about impaired waters that have been identified by the agency~~. The agency shall seek broad and early public and stakeholder participation in scoping the activities necessary to develop a TMDL, including the scientific models, methods, and approaches to be used in TMDL development, and to implement restoration pursuant to section 114D.15, subdivision 7.~~ and to inform and consult with the public and stakeholders in developing a WRAPS or TMDL.

(c) Public agencies and private entities involved in implementing restoration and protection identified in a comprehensive watershed management plan or comprehensive local water management plan must make efforts to inform, consult, and involve the public and stakeholders.

(d) The commissioner of the Pollution Control Agency and the Board of Water and Soil Resources must coordinate public and stakeholder participation in consultation with local government units.

To the extent practicable, implementation of this chapter shall be accomplished in cooperation with local, state, federal, and tribal governments and private sector organizations.

Sec. 62. Minnesota Statutes 2016, section 114D.35, subdivision 3, is amended to read:

Subd. 3. **Education.** The Clean Water Council shall develop strategies for informing, educating, and encouraging the participation of citizens, stakeholders, and others regarding ~~the identification of impaired waters, development of TMDL's, development of TMDL implementation plans, implementation of restoration for impaired waters, identification of degraded groundwater, and protection and restoration of groundwater resources~~ this chapter. Public agencies ~~shall be~~ are responsible for implementing the strategies.

Sec. 63. Minnesota Statutes 2016, section 115.03, subdivision 5, is amended to read:

Subd. 5. **Agency authority; national pollutant discharge elimination system.** (a) Notwithstanding any other provisions prescribed in or pursuant to this chapter and, with respect to the pollution of waters of the state, in chapter 116, or otherwise, the agency shall have the authority to perform any and all acts minimally necessary including, but not limited to, the establishment and application of standards, procedures, rules, orders, variances, stipulation agreements, schedules of compliance, and permit conditions, consistent with and, therefore not less stringent than the provisions of the Federal Water Pollution Control Act, as amended, applicable to the participation by the state of Minnesota in the national pollutant discharge elimination system (NPDES); provided that this provision shall not be construed as a limitation on any powers or duties otherwise residing with the agency pursuant to any provision of law.

(b) An activity that conveys or connects waters of the state without subjecting the transferred water to intervening industrial, municipal, or commercial use does not require a national pollutant discharge elimination system permit. This exemption does not apply to pollutants introduced by the activity itself to the water being transferred.

Sec. 64. Minnesota Statutes 2016, section 115.03, is amended by adding a subdivision to read:

Subd. 5d. **Sugar beet storage.** Notwithstanding any other law to the contrary, the commissioner shall not require a permittee who owns and operates a remote sugar beet storage facility to install sedimentation pond liners as part of a national pollutant discharge elimination system or state disposal system permit. For purposes of this subdivision, "remote sugar beet storage facility" means an area where sugar beets are temporarily stored prior to delivery to a sugar beet processing facility that is not located on land adjacent to the processing facility.

Sec. 65. Minnesota Statutes 2016, section 115.035, is amended to read:

115.035 EXTERNAL PEER REVIEW OF WATER QUALITY STANDARDS.

(a) ~~When the commissioner convenes an external peer review panel during the promulgation or amendment of water quality standards, the commissioner must provide notice and take public comment on the charge questions for the external peer review panel and must allow written and oral public comment as part of the external peer review panel process.~~ Every new or revised numeric water quality standard must be supported by a technical support document that provides the scientific

basis for the proposed standard and that has undergone external, scientific peer review. Numeric water quality standards in which the agency is adopting, without change, a United States Environmental Protection Agency criterion that has been through peer review are not subject to this paragraph. Documentation of the external peer review panel, including the name or names of the peer reviewer or reviewers, must be included in the statement of need and reasonableness for the water quality standard. ~~If the commissioner does not convene an external peer review panel during the promulgation or amendment of water quality standards, the commissioner must state the reason an external peer review panel will not be convened in the statement of need and reasonableness.~~

(b) Every technical support document developed by the agency must be released in draft form for public comment before peer review and before finalizing the technical support document.

(c) The commissioner must provide public notice and information about the external peer review through the request for comments published at the beginning of the rulemaking process for the numeric water quality standard, and:

(1) the request for comments must identify the draft technical support document and where the document can be found;

(2) the request for comments must include a proposed charge for the external peer review and request comments on the charge;

(3) all comments received during the public comment period must be made available to the external peer reviewers; and

(4) if the agency is not soliciting external peer review because the agency is adopting a United States Environmental Protection Agency criterion without change, that must be noted in the request for comments.

(d) The purpose of the external peer review is to evaluate whether the technical support document and proposed standard are based on sound scientific knowledge, methods, and practices. The external peer review must be conducted according to the guidance in the most recent edition of the United States Environmental Protection Agency's Peer Review Handbook. Peer reviewers must not have participated in developing the scientific basis of the standard. Peer reviewers must disclose any activities or circumstances that could pose a conflict of interest or create an appearance of a loss of impartiality that could interfere with an objective review.

(e) The type of review and the number of peer reviewers depends on the nature of the science underlying the standard. When the agency is developing significant new science or science that expands significantly beyond current documented scientific practices or principles, a panel review must be used.

(f) In response to the findings of the external peer review, the draft technical support document must be revised as appropriate. The findings of the external peer review must be documented and attached to the final technical support document, which must be an exhibit as part of the statement of need and reasonableness in the rulemaking to adopt the new or revised water quality standard.

The final technical support document must note changes made in response to the external peer review.

~~(b)~~ (g) By December 15 each year, the commissioner shall post on the agency's Web site a report identifying the water quality standards development work in progress or completed in the past year, the lead agency scientist for each development effort, and opportunities for public input.

Sec. 66. **[115.455] EFFLUENT LIMITATION COMPLIANCE.**

To the extent allowable under federal law, for a municipality that constructs a publicly owned treatment works facility or for an industrial national pollutant discharge elimination system and state disposal system permit holder that constructs a treatment works facility to comply with a new or modified effluent limitation, compliance with any new or modified effluent limitation adopted after construction begins that would require additional capital investment is required no sooner than 16 years after the date the facility begins operating.

Sec. 67. Minnesota Statutes 2016, section 115A.51, is amended to read:

115A.51 APPLICATION REQUIREMENTS.

(a) Applications for assistance under the program shall demonstrate:

~~(a)~~ (1) that the project is conceptually and technically feasible;

~~(b)~~ (2) that affected political subdivisions are committed to implement the project, to provide necessary local financing, and to accept and exercise the government powers necessary to the project;

~~(c)~~ (3) that operating revenues from the project, considering the availability and security of sources of solid waste and of markets for recovered resources, together with any proposed federal, state, or local financial assistance, will be sufficient to pay all costs over the projected life of the project;

~~(d)~~ (4) that the applicant has evaluated the feasible and prudent alternatives to disposal, including the use of existing solid waste management facilities with reasonably available capacity sufficient to accomplish the goals of the proposed project, and has compared and evaluated the costs of the alternatives, including capital and operating costs, and the effects of the alternatives on the cost to generators;

(5) that the applicant has identified waste management objectives in applicable county and regional solid waste management plans consistent with sections 115A.46, subdivision 2, and 473.149, subdivision 1, and other solid waste facilities identified in the county and regional plan; and

(6) that the applicant has conducted a comparative analysis of the project against existing public and private solid waste facilities, including an analysis of potential displacement of facilities to determine whether the project is the most appropriate alternative to achieve the identified waste management objectives, which considers:

(i) conformity with approved county or regional solid waste management plans;

(ii) consistency with the state's solid waste hierarchy and sections 115A.46, subdivision 2, paragraphs (e) and (f), and 473.149, subdivision 1; and

(iii) environmental standards related to public health, air, surface water, and groundwater.

(b) The commissioner may require completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, before accepting an application. Within five days of filing an application with the agency, the applicant must submit a copy of the application to each solid waste management facility mentioned in the portion of the application addressing the requirements of paragraph (a), clauses (5) and (6).

Sec. 68. Minnesota Statutes 2016, section 115A.94, subdivision 2, is amended to read:

Subd. 2. **Local authority.** A city or town may organize collection, after public notification and hearing as required in subdivisions 4a to ~~4d~~ 4f. A county may organize collection as provided in subdivision 5. A city or town that has organized collection as of May 1, 2013, is exempt from subdivisions 4a to ~~4d~~ 4f.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 69. Minnesota Statutes 2016, section 115A.94, subdivision 4a, is amended to read:

Subd. 4a. **Committee establishment.** (a) Before implementing an ordinance, franchise, license, contract, or other means of organizing collection, a city or town, by resolution of the governing body, must establish ~~an organized~~ a solid waste collection options committee to identify, examine, and evaluate various methods of ~~organized~~ solid waste collection. The governing body shall appoint the committee members.

(b) The ~~organized~~ solid waste collection options committee is subject to chapter 13D.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 70. Minnesota Statutes 2016, section 115A.94, subdivision 4b, is amended to read:

Subd. 4b. **Committee duties.** The committee established under subdivision 4a shall:

(1) determine which methods of ~~organized~~ solid waste collection to examine, which must include:

(i) the existing system of collection;

~~(i)~~ (ii) a system in which a single collector collects solid waste from all sections of a city or town; and

~~(ii)~~ (iii) a system in which multiple collectors, either singly or as members of an organization of collectors, collect solid waste from different sections of a city or town;

(2) establish a list of criteria on which the ~~organized~~ solid waste collection methods selected for examination will be evaluated, which may include: costs to residential subscribers, impacts on residential subscribers' ability to choose a provider of solid waste service based on the desired level of service, costs and other factors, the impact of miles driven ~~by collection vehicles~~ on city streets and alleys and the incremental impact of miles driven by collection vehicles, initial and operating costs to the city of implementing the ~~organized~~ solid waste collection system, providing incentives for waste reduction, impacts on solid waste collectors, and other physical, economic, fiscal, social, environmental, and aesthetic impacts;

(3) collect information regarding the operation and efficacy of existing methods of ~~organized~~ solid waste collection in other cities and towns;

(4) seek input from, at a minimum:

(i) the governing body of the city or town;

(ii) the local official of the city or town responsible for solid waste issues;

(iii) persons currently licensed to operate solid waste collection and recycling services in the city or town; and

(iv) residents of the city or town who currently pay for residential solid waste collection services; and

(5) issue a report on the committee's research, findings, and any recommendations to the governing body of the city or town.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 71. Minnesota Statutes 2016, section 115A.94, subdivision 4c, is amended to read:

Subd. 4c. **Governing body; implementation.** The governing body of the city or town shall consider the report and recommendations of the ~~organized~~ solid waste collection options committee. The governing body must provide public notice and hold at least one public hearing before deciding whether to implement organized collection. Organized collection may begin no sooner than six months after the effective date of the decision of the governing body of the city or town to implement organized collection.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 72. Minnesota Statutes 2016, section 115A.94, subdivision 4d, is amended to read:

Subd. 4d. **Participating collectors proposal requirement.** ~~Prior to~~ Before establishing a committee under subdivision 4a to consider organizing residential solid waste collection, a city or town with more than one licensed collector must notify the public and all licensed collectors in the community. The city or town must provide a ~~60-day~~ period of at least 60 days in which meetings

and negotiations shall occur exclusively between licensed collectors and the city or town to develop a proposal in which interested licensed collectors, as members of an organization of collectors, collect solid waste from designated sections of the city or town. The proposal shall include identified city or town priorities, including issues related to zone creation, traffic, safety, environmental performance, service provided, and price, and shall reflect existing haulers maintaining their respective market share of business as determined by each hauler's average customer count during the six months prior to the commencement of the ~~60-day~~ exclusive negotiation period. If an existing hauler opts to be excluded from the proposal, the city may allocate their customers proportionally based on market share to the participating collectors who choose to negotiate. The initial organized collection agreement executed under this subdivision must be for ~~a period of three to~~ seven years. Upon execution of an agreement between the participating licensed collectors and city or town, the city or town shall establish organized collection through appropriate local controls and is not required to fulfill the requirements of subdivisions 4a, 4b, and 4c, except that the governing body must provide the public notification and hearing required under subdivision 4c.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 73. Minnesota Statutes 2016, section 115A.94, is amended by adding a subdivision to read:

Subd. 4e. **Parties to meet and confer.** Before the exclusive meetings and negotiations under subdivision 4d, participating licensed collectors and elected officials of the city or town must meet and confer regarding waste collection issues, including but not limited to road deterioration, public safety, pricing mechanisms, and contractual considerations unique to organized collection.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 74. Minnesota Statutes 2016, section 115A.94, is amended by adding a subdivision to read:

Subd. 4f. **Joint liability limited.** Notwithstanding section 604.02, an organized collection agreement must not obligate a participating licensed collector for damages to third parties solely caused by another participating licensed collector. The organized collection agreement may include joint obligations for actions that are undertaken by all the participating licensed collectors under this section.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 75. Minnesota Statutes 2016, section 115A.94, subdivision 5, is amended to read:

Subd. 5. **County organized collection.** (a) A county may by ordinance require cities and towns within the county to organize collection. Organized collection ordinances of counties may:

(1) require cities and towns to require the separation and separate collection of recyclable materials;

(2) specify the material to be separated; and

(3) require cities and towns to meet any performance standards for source separation that are contained in the county solid waste plan.

(b) A county may itself organize collection under subdivisions 4a to ~~4d~~ 4f in any city or town that does not comply with a county organized collection ordinance adopted under this subdivision, and the county may implement, as part of its organized collection, the source separation program and performance standards required by its organized collection ordinance.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to organized collection noticed under Minnesota Statutes, section 115A.94, subdivision 2, on or after that date.

Sec. 76. **[115B.52] WATER QUALITY AND SUSTAINABILITY ACCOUNT.**

Subdivision 1. **Definition.** For purposes of this section and section 115B.53, the term "settlement" means the agreement and order entered on February 20, 2018, settling litigation commenced by the state against the 3M Company under section 115B.17, subdivision 7.

Subd. 2. **Establishment.** The water quality and sustainability account is established as an account in the remediation fund. The account consists of revenue deposited in the account under the terms of the settlement and earnings on the investment of money in the account.

Subd. 3. **Expenditures.** Money in the account is appropriated to the commissioner of the Pollution Control Agency and to the commissioner of natural resources for the purposes authorized under the settlement.

Subd. 4. **Reporting.** The commissioner of the Pollution Control Agency and the commissioner of natural resources must jointly submit:

(1) a biannual report to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over environment and natural resources on expenditures from the water quality and sustainability account during the previous six months; and

(2) by November 1 each year, a report to the legislature on expenditures from the water quality and sustainability account during the previous fiscal year and a spending plan for anticipated expenditures from the account during the current fiscal year.

Sec. 77. **[115B.53] WATER QUALITY AND SUSTAINABILITY STAKEHOLDERS.**

The commissioner of the Pollution Control Agency and the commissioner of natural resources must work with stakeholders to identify and recommend projects to receive funding from the water quality and sustainability account under the settlement. Stakeholders include, at a minimum, representatives of the agency, the Department of Natural Resources, east metropolitan area municipalities, and the 3M Company.

Sec. 78. Minnesota Statutes 2016, section 116.07, subdivision 2, is amended to read:

Subd. 2. **Adopting standards.** (a) The Pollution Control Agency shall improve air quality by promoting, in the most practicable way possible, the use of energy sources and waste disposal

methods which produce or emit the least air contaminants consistent with the agency's overall goal of reducing all forms of pollution. The agency shall also adopt standards of air quality, including maximum allowable standards of emission of air contaminants from motor vehicles, recognizing that due to variable factors, no single standard of purity of air is applicable to all areas of the state. In adopting standards the Pollution Control Agency shall give due recognition to the fact that the quantity or characteristics of air contaminants or the duration of their presence in the atmosphere, which may cause air pollution in one area of the state, may cause less or not cause any air pollution in another area of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, zoning classifications, topography, prevailing wind directions and velocities, and the fact that a standard of air quality which may be proper as to an essentially residential area of the state, may not be proper as to a highly developed industrial area of the state. Such standards of air quality shall be premised upon scientific knowledge of causes as well as effects based on technically substantiated criteria and commonly accepted practices. No local government unit shall set standards of air quality which are more stringent than those set by the Pollution Control Agency. Consistent with this recognition of the variability of air contamination levels and conditions across the state, the agency must not apply or enforce a national or state ambient air quality standard as an applicable standard for an individual source under an individual facility permit issued pursuant to Code of Federal Regulations, title 40, part 70, unless the permittee is a temporary source issued a permit under United States Code, title 42, section 7661c, paragraph (e).

(b) The Pollution Control Agency shall promote solid waste disposal control by encouraging the updating of collection systems, elimination of open dumps, and improvements in incinerator practices. The agency shall also adopt standards for the control of the collection, transportation, storage, processing, and disposal of solid waste and sewage sludge for the prevention and abatement of water, air, and land pollution, recognizing that due to variable factors, no single standard of control is applicable to all areas of the state. In adopting standards, the Pollution Control Agency shall give due recognition to the fact that elements of control which may be reasonable and proper in densely populated areas of the state may be unreasonable and improper in sparsely populated or remote areas of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, topography, soils and geology, climate, transportation, and land use. Such standards of control shall be premised on technical criteria and commonly accepted practices.

(c) The Pollution Control Agency shall also adopt standards describing the maximum levels of noise in terms of sound pressure level which may occur in the outdoor atmosphere, recognizing that due to variable factors no single standard of sound pressure is applicable to all areas of the state. Such standards shall give due consideration to such factors as the intensity of noises, the types of noises, the frequency with which noises recur, the time period for which noises continue, the times of day during which noises occur, and such other factors as could affect the extent to which noises may be injurious to human health or welfare, animal or plant life, or property, or could interfere unreasonably with the enjoyment of life or property. In adopting standards, the Pollution Control Agency shall give due recognition to the fact that the quantity or characteristics of noise or the duration of its presence in the outdoor atmosphere, which may cause noise pollution in one area of the state, may cause less or not cause any noise pollution in another area of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper,

as existing physical conditions, zoning classifications, topography, meteorological conditions and the fact that a standard which may be proper in an essentially residential area of the state, may not be proper as to a highly developed industrial area of the state. Such noise standards shall be premised upon scientific knowledge as well as effects based on technically substantiated criteria and commonly accepted practices. No local governing unit shall set standards describing the maximum levels of sound pressure which are more stringent than those set by the Pollution Control Agency.

(d) The Pollution Control Agency shall adopt standards for the identification of hazardous waste and for the management, identification, labeling, classification, storage, collection, transportation, processing, and disposal of hazardous waste, recognizing that due to variable factors, a single standard of hazardous waste control may not be applicable to all areas of the state. In adopting standards, the Pollution Control Agency shall recognize that elements of control which may be reasonable and proper in densely populated areas of the state may be unreasonable and improper in sparsely populated or remote areas of the state. The agency shall consider existing physical conditions, topography, soils, and geology, climate, transportation and land use. Standards of hazardous waste control shall be premised on technical knowledge, and commonly accepted practices. Hazardous waste generator licenses may be issued for a term not to exceed five years. No local government unit shall set standards of hazardous waste control which are in conflict or inconsistent with those set by the Pollution Control Agency.

(e) A person who generates less than 100 kilograms of hazardous waste per month is exempt from the following agency hazardous waste rules:

(1) rules relating to transportation, manifesting, storage, and labeling for photographic fixer and x-ray negative wastes that are hazardous solely because of silver content; and

(2) any rule requiring the generator to send to the agency or commissioner a copy of each manifest for the transportation of hazardous waste for off-site treatment, storage, or disposal, except that counties within the metropolitan area may require generators to provide manifests.

Nothing in this paragraph exempts the generator from the agency's rules relating to on-site accumulation or outdoor storage. A political subdivision or other local unit of government may not adopt management requirements that are more restrictive than this paragraph.

(f) In any rulemaking proceeding under chapter 14 to adopt standards for air quality, solid waste, or hazardous waste under this chapter, or standards for water quality under chapter 115, the statement of need and reasonableness must include:

(1) an assessment of any differences between the proposed rule and:

(i) existing federal standards adopted under the Clean Air Act, United States Code, title 42, section 7412(b)(2); the Clean Water Act, United States Code, title 33, sections 1312(a) and 1313(c)(4); and the Resource Conservation and Recovery Act, United States Code, title 42, section 6921(b)(1);

(ii) similar standards in states bordering Minnesota; and

(iii) similar standards in states within the Environmental Protection Agency Region 5; and

(2) a specific analysis of the need and reasonableness of each difference.

If the proposed standards in a rulemaking subject to this paragraph are more stringent than comparable federal standards, the statement of need and reasonableness must, in addition to the requirements of this paragraph, include documentation that the federal standard does not provide adequate protection for public health and the environment.

Sec. 79. Minnesota Statutes 2016, section 116.07, is amended by adding a subdivision to read:

Subd. 2c. **Exemption from standards for temporary storage facilities subject to control.** (a) A temporary storage facility located at a commodity facility that is required to be controlled under Minnesota Rules, part 7011.1005, subpart 3, is not subject to Minnesota Rules, parts 7011.1000 to 7011.1015. For all portable equipment and fugitive dust emissions directly associated with the temporary storage facility, it is determined that there is no applicable specific standard of performance.

(b) For the purposes of this subdivision, the following terms have the meanings given to them:

(1) "temporary storage facility" means a facility storing grain that:

(i) uses an asphalt, concrete, or comparable base material;

(ii) has rigid, self-supporting sidewalls;

(iii) provides adequate aeration; and

(iv) provides an acceptable covering; and

(2) "portable equipment" means equipment that is not fixed at any one spot and can be moved, including but not limited to portable receiving pits, portable augers and conveyors, and portable reclaim equipment directly associated with the temporary storage facility.

Sec. 80. Minnesota Statutes 2017 Supplement, section 116.0714, is amended to read:

116.0714 NEW OPEN-AIR SWINE BASINS.

(a) 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, 2022.

(b) This section does not apply to basins used solely for wastewater from truck-washing facilities.

Sec. 81. Minnesota Statutes 2016, section 116.155, subdivision 1, is amended to read:

Subdivision 1. **Creation.** The remediation fund is created as a special revenue fund in the state treasury to provide a reliable source of public money for response and corrective actions to address releases of hazardous substances, pollutants or contaminants, agricultural chemicals, and petroleum, and for environmental response actions at qualified landfill facilities for which the agency has

assumed such responsibility, including perpetual care of such facilities. The specific purposes for which the general portion of the fund may be spent are provided in subdivision 2. In addition to the general portion of the fund, the fund contains ~~two~~ three accounts described in subdivisions 4 ~~and 5~~ to 5a.

Sec. 82. Minnesota Statutes 2016, section 116.155, is amended by adding a subdivision to read:

Subd. 5a. **Water quality and sustainability account.** The water quality and sustainability account is as described in section 115B.52.

Sec. 83. Minnesota Statutes 2016, section 116.993, subdivision 2, is amended to read:

Subd. 2. **Eligible borrower.** To be eligible for a loan under this section, a borrower must:

(1) be a small business corporation, sole proprietorship, partnership, or association;

(2) be a potential emitter of pollutants to the air, ground, or water;

(3) need capital for equipment purchases that will meet or exceed environmental regulations or need capital for site investigation and cleanup;

(4) have ~~less~~ fewer than ~~50~~ 100 full-time equivalent employees; and

(5) have an ~~after tax~~ after-tax profit of less than $500,000~~; and~~.

~~(6) have a net worth of less than $1,000,000.~~

Sec. 84. Minnesota Statutes 2016, section 116.993, subdivision 6, is amended to read:

Subd. 6. **Loan conditions.** A loan made under this section must include:

(1) an interest rate that is ~~four percent or~~ at or below one-half the prime rate, ~~whichever is greater~~ not to exceed five percent;

(2) a term of payment of not more than seven years; and

(3) an amount not less than $1,000 or exceeding ~~$50,000~~ $75,000.

Sec. 85. Minnesota Statutes 2016, section 216G.01, subdivision 3, is amended to read:

Subd. 3. **Pipeline.** "Pipeline" means a pipeline owned or operated by a condemning authority, as defined in section 117.025, subdivision 4, located in this state which is used to transport natural or synthetic gas at a pressure of more than 90 pounds per square inch, or to transport crude petroleum or petroleum fuels or oil or their derivatives, coal, anhydrous ammonia or any mineral slurry to a distribution center or storage facility which is located within or outside of this state. "Pipeline" does not include a pipeline owned or operated by a natural gas public utility as defined in section 216B.02, subdivision 4.

Sec. 86. Minnesota Statutes 2016, section 349A.05, is amended to read:

349A.05 RULES.

The director may adopt rules under chapter 14 governing the following elements of the lottery:

(1) the number and types of lottery retailers' locations;

(2) qualifications of lottery retailers and application procedures for lottery retailer contracts;

(3) investigation of lottery retailer applicants;

(4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;

(5) compensation of lottery retailers consistent with section 349A.17;

(6) accounting for and deposit of lottery revenues by lottery retailers;

(7) procedures for issuing lottery procurement contracts and for the investigation of bidders on those contracts;

(8) payment of prizes;

(9) procedures needed to ensure the integrity and security of the lottery; and

(10) other rules the director considers necessary for the efficient operation and administration of the lottery.

EFFECTIVE DATE. This section is effective August 1, 2018.

Sec. 87. **[349A.17] LOTTERY RETAILER COMMISSIONS.**

(a) The director of the State Lottery shall pay a lottery retailer at least the following amounts:

(1) 5.5 percent on the price of a ticket sold by the retailer for a lottery game for which the winner is determined by a drawing;

(2) six percent on the price of a ticket sold by the retailer for a lottery game in which the winner is determined without a drawing; and

(3) 1.5 percent of the amount of a winning ticket cashed by the retailer.

(b) The director of the State Lottery may adopt rules for retailer compensation or commission that exceeds the amounts specified in this section. The director of the State Lottery shall periodically review lottery ticket sales and make adjustments to lottery retailer commission rates, consistent with this section, as deemed necessary to maintain appropriate return to the state.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to tickets sold on or after that date.

Sec. 88. **[383A.606] DISCONTINUANCE OF RAMSEY SOIL AND WATER CONSERVATION DISTRICT; TRANSFER OF DUTIES.**

Subdivision 1. **Discontinuance.** Notwithstanding section 103C.225, the Ramsey Soil and Water Conservation District is discontinued effective July 1, 2018, and its duties and authorities are transferred to the Ramsey County Board of Commissioners.

Subd. 2. **Transfer of duties and authorities.** The Ramsey County Board of Commissioners has the duties and authorities of a soil and water conservation district. All contracts in effect on the date of the discontinuance of the district to which Ramsey Soil and Water Conservation District is a party remain in force and effect for the period provided in the contracts. The Ramsey County Board of Commissioners shall be substituted for the Ramsey Soil and Water Conservation District as party to the contracts and succeed to the district's rights and duties.

Subd. 3. **Transfer of assets.** The Ramsey Soil and Water Conservation District Board of Supervisors shall transfer the assets of the district to the Ramsey County Board of Commissioners. The Ramsey County Board of Commissioners shall use the transferred assets for the purposes of implementing the transferred duties and authorities.

Subd. 4. **Reestablishment.** The Ramsey County Board of Commissioners may petition the Minnesota Board of Water and Soil Resources to reestablish the Ramsey Soil and Water Conservation District. Alternatively, the Minnesota Board of Water and Soil Resources under its authority in section 103C.201, and after giving notice of corrective actions and time to implement the corrective actions, may reestablish the Ramsey Soil and Water Conservation District if it determines the goals established in section 103C.005 are not being achieved. The Minnesota Board of Water and Soil Resources may reestablish the Ramsey Soil and Water Conservation District under this subdivision without a referendum.

EFFECTIVE DATE. This section is effective the day after the Ramsey County Board of Commissioners and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, but not before July 1, 2018.

Sec. 89. Minnesota Statutes 2016, section 473.8441, subdivision 4, is amended to read:

Subd. 4. **Grant conditions.** The commissioner shall administer grants so that the following conditions are met:

(a) A county must apply for a grant in the manner determined by the commissioner. The application must describe the activities for which the grant will be used.

(b) The activities funded must be consistent with the metropolitan policy plan and the county master plan.

(c) A grant must be matched by equal ~~county~~ local expenditures for the activities for which the grant is made. A local expenditure may include but is not limited to an expenditure by a local unit of government, tribal government, or private sector or nonprofit organization.

(d) All grant funds must be used for new activities or to enhance or increase the effectiveness of existing activities in the county. Grant funds shall not be used for research or development of a product that would be patented, copyrighted, or a subject of trade secrets.

(e) Counties shall provide support to maintain effective municipal recycling where it is already established.

Sec. 90. Laws 2015, First Special Session chapter 4, article 4, section 146, as amended by Laws 2017, chapter 93, article 2, section 150, is amended to read:

Sec. 146. **INITIAL IMPLEMENTATION; WAIVERS.**

A soil and water conservation district must grant a conditional compliance waiver under Minnesota Statutes, section 103F.48, to landowners or authorized agents who have applied for and maintained eligibility for financial or technical assistance within one year of the dates listed in Minnesota Statutes, section 103F.48, subdivision 3, paragraph (e), according to Minnesota Statutes, section 103F.48. A conditional compliance waiver also must be granted to landowners who are subject to a drainage proceeding commenced under Minnesota Statutes, sections 103E.011, subdivision 5; 103E.021, subdivision 6; and 103E.715. The conditional compliance waiver is valid until financial or technical assistance is available for buffer or alternative practices installation, but not later than November 1, 2018. A landowner or authorized agent that has filed a parcel-specific public water riparian protection compliance plan with the soil and water conservation district by November 1, 2017, shall be granted a conditional compliance waiver until July 1, ~~2018~~ 2019. A landowner or authorized agent that has filed a parcel-specific public drainage system riparian protection compliance plan with the soil and water conservation district by November 1, 2018, shall be granted a conditional compliance waiver until July 1, 2019.

Sec. 91. Laws 2016, chapter 189, article 3, section 48, is amended to read:

Sec. 48. **LAKE SERVICE PROVIDER FEASIBILITY REPORT.**

The commissioner of natural resources shall report to the chairs of the house of representatives and senate committees with jurisdiction over natural resources by January 15, ~~2019~~ 2020, regarding the feasibility of expanding permitting to service providers as described in Minnesota Statutes, section 84D.108, subdivision 2a, to other water bodies in the state. The report must:

(1) include recommendations for state and local resources needed to implement the program;

(2) assess local government inspection roles under Minnesota Statutes, section 84D.105, subdivision 2, paragraph (g); and

(3) assess whether mechanisms to ensure that water-related equipment placed back into the same body of water from which it was removed can adequately protect other water bodies.

Sec. 92. **ADDITIONS TO STATE PARKS.**

Subdivision 1. **[85.012] [Subd. 21.] Frontenac State Park, Goodhue County.** The following area is added to Frontenac State Park, Goodhue County:

That part of the Northeast Quarter of Section 10, that part of the Southeast Quarter of Section 10, that part of the Northwest Quarter of Section 11, and that part of the Southwest Quarter of Section 11, all in Township 112 North, Range 13 West, Goodhue County, Minnesota, described as follows:

Commencing at the east quarter corner of said Section 10; thence on an assumed bearing South 00 degrees 25 minutes 27 seconds East, along the east line of the Southeast Quarter of said Section 10, a distance of 1,654.63 feet; thence South 89 degrees 34 minutes 33 seconds West, a distance of 2,219.43 feet to the point of beginning of the land to be described; thence North 19 degrees 04 minutes 33 seconds East, a distance of 3,905.90 feet to the centerline of Hill Avenue; thence southeasterly, along said centerline, to the northwesterly right-of-way boundary of County Road Number 2, as designated on Goodhue County Highway Right-Of-Way Plat No. 25, as recorded in the Goodhue County Recorder's Office; thence southwesterly along said northwesterly right-of-way boundary and along the northwesterly right-of-way boundary of County Road Number 2, as designated in Goodhue County Highway Right-Of-Way Plat No. 24, and along the northwesterly right-of-way boundary of County Road Number 2, as designated in Goodhue County Highway Right-of-Way Plat No. 23, to the intersection with a line bearing South 76 degrees 25 minutes 27 seconds East from the point of beginning; thence North 76 degrees 25 minutes 27 seconds West, a distance of 907.89 feet to the point of beginning.

EXCEPT that part lying within the boundaries of the following described parcel:

That part of the Southeast Quarter of Section 10, Township 112 North, Range 13 West, and that part of the Southwest Quarter of Section 11, Township 112 North, Range 13 West, Goodhue County, Minnesota, described as follows:

Commencing at the northeast corner of the Southeast Quarter of said Section 10; thence southerly on an assumed azimuth from North of 179 degrees 34 minutes 33 seconds, along the east line of the Southeast Quarter of said Section 10, a distance of 1,100.31 feet; thence westerly 269 degrees 34 minutes 33 seconds azimuth, a distance of 80.53 feet to the point of beginning of the land to be described; thence northerly 340 degrees 42 minutes 19 seconds azimuth, a distance of 300.00 feet; thence easterly 100 degrees 22 minutes 46 seconds azimuth, a distance of 286.97 feet to the centerline of County Road Number 2, as now located and established; thence southerly and southwesterly, along said centerline, to the intersection with a line drawn southerly 160 degrees 42 minutes 19 seconds azimuth from the point of beginning; thence northerly 340 degrees 42 minutes 19 seconds azimuth, a distance of 51.66 feet to the point of beginning.

EXCEPT that part lying within the boundaries of the following described parcel:

That part of the Southeast Quarter of Section 10, Township 112, Range 13, Goodhue County, Minnesota, described as follows:

Commencing at the northeast corner of said Southeast Quarter; thence southerly, on an assumed azimuth from North of 179 degrees 34 minutes 33 seconds, along the east line of said Southeast Quarter; a distance of 1,491.88 feet; thence westerly 269 degrees 34 minutes 33 seconds azimuth, a distance of 870.79 feet to an iron pipe on the centerline of County Road Number 2, as now located and established, being the point of beginning of the land to be described; thence northerly 24 degrees 07 minutes 23 seconds azimuth, a distance of 132.28 feet to an iron pipe; thence northwesterly 301 degrees 14 minutes 43 seconds azimuth, a distance of 524.46 feet to an iron pipe; thence southerly 180 degrees 51 minutes 58 seconds azimuth a distance of 342.82 feet to an iron pipe; thence southeasterly 118 degrees 29 minutes 28 seconds azimuth, a distance of 273.01 feet to an iron pipe

on the centerline of said County Road Number 2, as now located and established; thence northeasterly along said centerline to the point of beginning.

EXCEPT that part described as follows:

That part of the Southeast Quarter of Section 10, Township 112 North, Range 13 West, Goodhue County, Minnesota, described as follows:

Commencing at the northeast corner of said Southeast Quarter of Section 10; thence southerly, on an assumed azimuth from North of 179 degrees 34 minutes 33 seconds, along the east line of said Southeast Quarter of Section 10, a distance of 1,100.31 feet; thence westerly 269 degrees 34 minutes 33 seconds azimuth, a distance of 80.53 feet to the point of beginning of the land to be described; thence northerly 340 degrees 42 minutes 19 seconds azimuth, a distance of 300.00 feet; thence westerly 250 degrees 42 minutes 19 seconds azimuth, a distance of 300.00 feet; thence southerly 160 degrees 42 minutes 19 seconds azimuth, a distance of 384.25 feet, to the northwesterly right-of-way boundary of County Road Number 2, as designated in Goodhue County Highway Right-of-Way Plat No. 23, as recorded in the Goodhue County Recorder's Office; thence northeasterly, along said northwesterly right-of-way boundary, to the intersection with a line drawn southerly 160 degrees 42 minutes 19 seconds azimuth from the point of beginning; thence northerly 340 degrees 42 minutes 19 seconds azimuth, a distance of 10.01 feet to the point of beginning.

Subd. 2. **[85.012] [Subd. 21.] Frontenac State Park, Goodhue County.** The following areas are added to the Frontenac State Park, Goodhue County:

(1) all that part of Sections 31 and 32, Township 113 North, Range 13 West, in the County of Goodhue and State of Minnesota, described as follows:

All of Block 7, Wacouta Beach, in said Section 32 lying on the south side of and adjoining Lake View Drive and adjoining the south and west lines of said Section 32. Also that part of said Section 31 described as follows:

Beginning at the southeast corner of said Section 31; thence run North along the east line of said Section 31 a distance of 961.0 feet more or less to the southerly right-of-way line of Lake View Drive; thence run North 61 degrees 30 minutes West along the southerly right-of-way of Lake View Drive a distance of 170.0 feet; thence run South 34 degrees West 320.0 feet; thence run North 77 degrees East 125.0 feet; thence run South 13 degrees West 610.0 feet; thence run South 76 degrees West 600.0 feet; thence run South 88 degrees 30 minutes West 1,100.0 feet; thence run North 54 degrees 45 minutes West 1,140.0 feet; thence run North 37 degrees 15 minutes West 400.0 feet; thence run North 72 degrees West 1,000.0 feet; thence run South 89 degrees 45 minutes West 200.0 feet; thence run North 70 degrees 45 minutes West 250.0 feet to a point on or near the east right-of-way line of public road; thence run South 15 degrees 45 minutes West 720.0 feet along or near said east right-of-way line of public road to a point at or near the northerly right-of-way line of State Trunk Highway 61; thence run easterly along said northerly right-of-way line of State Trunk Highway 61 a distance of 2,050.0 feet more or less to the south line of said Section 31; thence run East 2,925.0 feet more or less along said south line of Section 31 to the point of beginning;

(2) the West Half of the Northeast Quarter of Section 6, Township 112 North, Range 13 West, EXCEPT THE FOLLOWING:

All that part of the West Half of the Northeast Quarter of Section 6, Township 112 North, Range 13 West, in Goodhue County and State of Minnesota, described as follows:

Beginning at the center of said Section 6; thence North 1,970 feet to the centerline of State Trunk Highway 61; thence southeasterly along the centerline of said highway for 335 feet; thence North 66 degrees 31 minutes East 380 feet; thence deflect to the left on a six degree curve for 570 feet to the south line of Borrow Pit No. 225; (Borrow Pit No. 225 being described in that certain Notice of Lis Pendens dated May 19, 1952, and recorded May 20, 1952, in Book 115 of Mortgages, page 77); thence East 430 feet to the east line of the West Half of said Northeast Quarter; thence South 2,250 feet to the southeast corner of said West Half of the Northeast Quarter; thence West 1,320 feet to the place of beginning. EXCEPTING from the above all rights-of-way of state highway and excepting the right-of-way of the railroad company.

ALSO an easement for right-of way purposes on a strip of land 50 feet in width adjoining and northwesterly of the northwesterly line of the above conveyed tract;

(3) that part of the Northwest Quarter of Section 6, Township 112 North, Range 13 West, Goodhue County, Minnesota, lying northeasterly of the northeasterly right-of-way line of the Canadian Pacific Railroad (formerly the Chicago, Milwaukee and St. Paul Railway Co.); and

(4) Block 8 and Block 9, Wacouta Beach, according to the plat thereof, on file and of record in the Goodhue County Recorder's Office.

Subd. 3. **[85.012] [Subd. 43.] Minneopa State Park, Blue Earth County.** The following area is added to Minneopa State Park, Blue Earth County: the East Half of Government Lot 5, Section 2, Township 108 North, Range 28 West, together with an easement 33 feet in width for access to said property, as now located, extending from the southwest corner of the East Half of Government Lot 5 in said Section 2, Township 108, Range 28, to Minnesota Highway 68.

Subd. 4. **[85.012] [Subd. 49.] St. Croix State Park, Pine County.** The following area is added to the St. Croix State Park, Pine County: the Northwest Quarter of the Northwest Quarter, Section 30, Township 41 North, Range 17 West.

Sec. 93. **DELETION FROM STATE PARK.**

[85.012] [Subd. 49.] St. Croix State Park, Pine County. The following area is deleted from St. Croix State Park, Pine County: all that part of the Southeast Quarter of the Southeast Quarter, Section 21, and that part of the Southwest Quarter of the Southwest Quarter, Section 22, Township 41 North, Range 18 West, bounded by the following described lines: beginning at the southeast corner of Section 21; thence West 1,025 feet along the south section line; thence North 515 feet; thence East 350 feet; thence northeasterly 1,070 feet to a point on the centerline of County State-Aid Highway 22 a distance of 1,130 feet northerly of the southeast corner of Section 21 as measured along said County State-Aid Highway 22; thence southerly 1,130 feet along the centerline of County State-Aid Highway 22 to the point of beginning.

Sec. 94. **ADDITIONS TO STATE FORESTS.**

Subdivision 1. **[89.021] [Subd. 2.] Badoura State Forest.** The following areas are added to Badoura State Forest, Hubbard County:

(1) the Southwest Quarter, Section 35, Township 140 North, Range 32 West;

(2) the Northeast Quarter of the Northeast Quarter and the Northwest Quarter of the Northeast Quarter, Section 11, Township 139 North, Range 33 West;

(3) the South Half of the Northeast Quarter, the West Half, and the Southeast Quarter, Section 26, Township 140 North, Range 33 West; and

(4) the North Half, Section 26, Township 139 North, Range 33 West.

Subd. 2. **[89.021] [Subd. 48a.] Snake River State Forest.** The following areas are added to Snake River State Forest, Kanabec County:

(1) the Northwest Quarter and the Southwest Quarter of the Northeast Quarter, Section 8, Township 42 North, Range 22 West;

(2) Section 17, Township 42 North, Range 22 West;

(3) Section 20, Township 42 North, Range 22 West;

(4) the West Half of the Northwest Quarter and the West Half of the Southwest Quarter, Section 21, Township 42 North, Range 22 West;

(5) the Northeast Quarter and the East Half of the Southeast Quarter, Section 8, Township 42 North, Range 23 West;

(6) Section 9, Township 42 North, Range 23 West;

(7) the South Half of the Southwest Quarter, Section 10, Township 42 North, Range 23 West;

(8) the Northwest Quarter, the North Half of the Southwest Quarter, and the Southwest Quarter of the Southwest Quarter, Section 15, Township 42 North, Range 23 West;

(9) Section 16, Township 42 North, Range 23 West;

(10) the Northeast Quarter and the East Half of the Northwest Quarter, Section 17, Township 42 North, Range 23 West; and

(11) Section 23, Township 42 North, Range 23 West.

Sec. 95. **TEMPORARY ENFORCEMENT OF GROUNDWATER APPROPRIATION PERMIT REQUIREMENTS.**

(a) Until July 1, 2019, the commissioner of natural resources must not expend funds to suspend or revoke a water appropriation permit, issue an order requiring a violation to be corrected, assess

monetary penalties, or otherwise take enforcement action against a water appropriation permit holder if the suspension, revocation, order, penalty, or other enforcement action is based solely on a violation of a permit requirement added as a result of a court order issued in 2017.

(b) The commissioner of natural resources may continue to use all the authorities granted to the commissioner under Minnesota Statutes, section 103G.287, to manage groundwater resources within the north and east groundwater management area.

Sec. 96. **GROUNDWATER MANAGEMENT AREA PERMIT REQUIREMENTS.**

(a) Notwithstanding water appropriation permit requirements added by the commissioner of natural resources as a result of a court order issued in 2017, a public water supplier located in the seven-county metropolitan area within a designated groundwater management area:

(1) is not required to revise a water supply plan to include contingency plans to fully or partially convert its water supplies to surface water;

(2) may prepare, enact, and enforce commercial or residential irrigation bans or alternative measures that achieve similar water use reductions when notified by the commissioner of natural resources that lake levels have fallen below court-ordered levels; and

(3) is not required to use per capita residential water use as a measure for purposes of water use reduction goals, plans, and implementation and may submit water use plans and reports that use a measure other than per capita residential water use.

(b) This section expires July 1, 2019.

Sec. 97. **VOLKSWAGEN SETTLEMENT; LIMITATION ON ADMINISTRATIVE EXPENSES; PROHIBITION ON HIRING.**

Subdivision 1. **Definition.** For purposes of this section, "settlement money" means money awarded to the state under the Environmental Mitigation Trust Agreement for State Beneficiaries described in Attachment A to the United States' Notice of Filing of Trust Agreements in the case of United States v. Volkswagen AG et al., Case No. 16-cv-295 (N.D. Cal.).

Subd. 2. **Limitation on administrative expenses.** The commissioner of the Pollution Control Agency must use no more than three percent of any settlement money for administering grant programs, delivering technical services, providing fiscal oversight, and ensuring accountability.

Subd. 3. **Prohibition on hiring.** The commissioner of the Pollution Control Agency must not hire additional staff using settlement money or to administer settlement money.

Sec. 98. **RULEMAKING; DISPOSAL FACILITY CERTIFICATES.**

(a) The commissioner of the Pollution Control Agency must amend Minnesota Rules, part 7048.1000, subpart 4, item D, to require six contact hours of required training to renew a type IV disposal facility certificate, by April 30, 2019, or nine months after enactment of this section, whichever is earlier.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 99. **APPLICATION OF STORM WATER RULES TO TOWNSHIPS.**

Until the Pollution Control Agency amends rules for storm water, Minnesota Rules, part 7090.1010, subpart 1, item B, subitem (1), only applies to the portions of the city or township that are designated as urbanized under Code of Federal Regulations, title 40, section 122.26(a)(9)(i)(A) and other platted areas within that jurisdiction.

Sec. 100. **RULE CHANGE; TRANSITION.**

(a) The director of the State Lottery shall amend Minnesota Rules, part 7856.4030, so that the director compensates retailers consistent with Minnesota Statutes, section 349A.17.

(b) For tickets sold prior to August 1, 2018, the director of the State Lottery shall compensate lottery retailers as provided by law or rule in effect on the date the ticket was sold.

EFFECTIVE DATE. This section is effective August 1, 2018.

Sec. 101. **FOREST INVENTORY RECOMMENDATIONS.**

The Minnesota Forest Resources Council shall work in cooperation with the Interagency Information Cooperative and the University of Minnesota Department of Forest Resources to make recommendations for improving stand-level forest inventories. Recommendations shall include the frequency and scope of forest inventory and design and technological improvements and efficiencies that may be utilized in forest inventory data collection and analysis. The recommendations shall address forest inventories of state- and county-administered forest lands and other interested land managers. Recommendations shall be reported to the house of representatives Environment and Natural Resources Policy and Finance Committee, the senate Environment and Natural Resources Finance Committee, and the senate Environment and Natural Resources Policy and Legacy Finance Committee by February 1, 2019.

Sec. 102. **LAKE WINONA MANAGEMENT; USING OFFSET, ADAPTIVE PLANNING.**

(a) To facilitate implementation of the Lake Winona total maximum daily load, the Alexandria Lake Area Sanitary District may fund or perform lake management activities in Lake Winona and in Lake Agnes. Lake management activities may include but are not limited to carp removal and alum treatment. If the district agrees to fund or perform lake management activities in Lake Winona and in Lake Agnes, the commissioner of the Pollution Control Agency shall do one of the following unless the district chooses another path to compliance that conforms to state and federal law, such as facility construction:

(1) approve an offset of the phosphorous loading proportional to the reduction achievable through lake management activities in Lake Winona and Lake Agnes creditable to the Alexandria Lake Area Sanitary District's wastewater treatment facility and issue or amend the district's NPDES permit MN004738 to include the offset. The approved offset may be related to the lake eutrophication

response variable chlorophyll-a, but shall ensure the district can achieve compliance with phosphorus effluent limits through wastewater optimization techniques without performing capital upgrades to the wastewater treatment facility. The lake management activities contemplated under this paragraph need not be completed before the commissioner approves the offset and related discharge limits or issues the permit, but the permit may include a schedule of compliance outlining the required lake management activities and requiring that lake management activities in Lake Winona and Lake Agnes begin immediately upon permit issuance. The approved offset and related permit language must be consistent with Clean Water Act requirements and Minnesota Statutes, section 115.03, subdivision 10; or

(2) amend the district's NPDES permit MN004738 in a manner consistent with state and federal law to include an integrated and adaptive lake management plan and to extend the final compliance deadline for the final phosphorus concentration effluent limit related to the site specific standard for Lake Winona contained in the district's permit until such time that carp removal in Lake Winona can be completed and the lake can be reassessed. The permit may include a schedule of compliance outlining the required lake management activities and requiring that lake management activities in Lake Winona and Lake Agnes begin immediately upon permit issuance.

(b) If the district agrees to fund or perform the lake management activities identified in paragraph (a), the district may cooperate with the city of Alexandria in those efforts. The district's responsibility for lake management activities in Lake Winona and Lake Agnes terminates upon completion of the lake management activities identified in the schedule of compliance contemplated under paragraph (a).

EFFECTIVE DATE. This section is effective the day after the governing body of the Alexandria Lake Area Sanitary District and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, but not before July 1, 2018.

Sec. 103. **MORATORIUM ON MUSKELLUNGE STOCKING IN OTTER TAIL COUNTY.**

(a) Until August 1, 2023, the commissioner of natural resources must not stock muskellunge in waters wholly located in Otter Tail County. Any savings realized as a result must be used for walleye stocking.

(b) The commissioner of natural resources must convene a stakeholder group to examine the effect of muskellunge on the environment, waters, and native fish of Otter Tail County. The stakeholder group must include an Otter Tail County commissioner, a representative of the Minnesota Chamber of Commerce, and a representative of an Otter Tail County lake association. The stakeholder group must examine existing scientific research and must determine whether additional research is necessary. If the stakeholder group determines that muskellunge do not pose a threat to the environment, waters, or native fish of Otter Tail County, the stakeholder group may recommend that the legislature repeal or adjust the moratorium imposed under paragraph (a).

EFFECTIVE DATE. This section is effective the day after the Otter Tail County Board of Commissioners and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, but not before July 1, 2018.

Sec. 104. **NATURAL RESOURCES YOUTH SAFETY EDUCATION PROGRAMS DELIVERY.**

The commissioner of natural resources shall review and research options for delivering online safety training programs for youth and adult students, including off-highway vehicles and hunter education, that are maintained and delivered by the state that functions independently from an outside contract vendor. By March 1, 2019, the commissioner shall report to the chairs of the senate and house of representatives environment and natural resources policy and finance committees on options identified under this section.

Sec. 105. **NONPOINT PRIORITY FUNDING PLAN WORKGROUP.**

The Board of Water and Soil Resources must convene a workgroup consisting of representatives of state agencies, local governments, tribal governments, private and nonprofit organizations, and others to review the nonpoint priority funding plan under Minnesota Statutes, section 114D.50, subdivision 3a. By January 31, 2019, the board must submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources that contains recommendations to improve the effectiveness of nonpoint priority funding plans to meet the requirements in Minnesota Statutes, section 114D.50, subdivision 3a, the purposes in Minnesota Statutes, section 114D.50, subdivision 3, and the watershed and groundwater restoration and protection goals of Minnesota Statutes, chapters 103B and 114D.

Sec. 106. **REPEALER.**

(a) Minnesota Statutes 2016, section 349A.16, is repealed.

(b) Laws 2008, chapter 368, article 1, section 21, subdivision 2, is repealed.

ARTICLE 15

ACCELERATED BUFFER STRIP IMPLEMENTATION

Section 1. Minnesota Statutes 2016, section 17.117, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The purpose of the agriculture best management practices loan program is to provide low or no interest financing to farmers, agriculture supply businesses, rural landowners, and ~~water quality cooperatives~~ local units of government, including drainage authorities, watershed districts, and counties for the implementation of agriculture and other best management practices that reduce environmental pollution.

Sec. 2. Minnesota Statutes 2016, section 17.117, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agricultural and environmental revolving accounts" means accounts in the agricultural fund, controlled by the commissioner, which hold funds available to the program.

(c) "Agriculture supply business" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that provides materials, equipment, or services to farmers or agriculture-related enterprises.

(d) "Allocation" means the funds awarded to an applicant for implementation of best management practices through a competitive or noncompetitive application process.

(e) "Applicant" means a local unit of government eligible to participate in this program that requests an allocation of funds as provided in subdivision 6b.

(f) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2. Best management practices also means other practices, techniques, and measures that have been demonstrated to the satisfaction of the commissioner: (1) to prevent or reduce adverse environmental impacts by using the most effective and practicable means of achieving environmental goals; or (2) to achieve drinking water quality standards under chapter 103H or under Code of Federal Regulations, title 40, parts 141 and 143, as amended.

(g) "Borrower" means a farmer, an agriculture supply business, or a rural landowner applying for a low-interest loan.

(h) "Commissioner" means the commissioner of agriculture, including when the commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee of the commissioner.

(i) "Committed project" means an eligible project scheduled to be implemented at a future date~~:~~

~~(1)~~ that has been approved and certified by the local government unit~~; and~~

~~(2) for which a local lender has obligated itself to offer a loan~~.

(j) "Comprehensive water management plan" means a state-approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(k) "Cost incurred" means expenses for implementation of a project accrued because the borrower has agreed to purchase equipment or is obligated to pay for services or materials already provided as a result of implementing an approved eligible project.

(l) "Farmer" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that regularly participates in physical labor or operations management of farming and files a Schedule F as part of filing United States Internal Revenue Service Form 1040 or indicates farming as the primary business activity under Schedule C, K, or S, or any other applicable report to the United States Internal Revenue Service.

(m) "Landowner" means the owner of record of Minnesota real estate on which the project is located.

~~(m)~~ (n) "Lender agreement" means an agreement entered into between the commissioner and a local lender which contains terms and conditions of participation in the program.

~~(n)~~ (o) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59 with the authority to participate in the program.

~~(o)~~ (p) "Local lender" means a local government unit as defined in paragraph ~~(n)~~ (o), a local municipality or county with taxing or special assessment authority, a watershed district, a drainage authority, a township, a state or federally chartered bank, a savings association, a state or federal credit union, Agribank and its affiliated organizations, or a nonprofit economic development organization or other financial lending institution approved by the commissioner.

~~(p)~~ (q) "Local revolving loan account" means the account held by a local government unit and a local lender into which principal repayments from borrowers are deposited and new loans are issued in accordance with the requirements of the program and lender agreements.

~~(q)~~ (r) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

~~(r)~~ (s) "Program" means the agriculture best management practices loan program in this section.

~~(s)~~ (t) "Project" means one or more components or activities located within Minnesota that are required by the local government unit to be implemented for satisfactory completion of an eligible best management practice.

~~(t)~~ (u) "Rural landowner" means the owner of record of Minnesota real estate located in an area determined by the local government unit to be rural after consideration of local land use patterns, zoning regulations, jurisdictional boundaries, local community definitions, historical uses, and other pertinent local factors.

~~(u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d), except as expressly limited in this section.~~

Sec. 3. Minnesota Statutes 2016, section 103E.021, subdivision 6, is amended to read:

Subd. 6. **Incremental ~~implementation~~ establishment of vegetated ditch buffer strips and side inlet controls.** (a) Notwithstanding other provisions of this chapter requiring appointment of viewers and redetermination of benefits and damages, a drainage authority may ~~implement~~ make findings and recommend the establishment of permanent buffer strips of perennial vegetation approved by the drainage authority or side inlet controls, or both, adjacent to a public drainage ditch, where necessary to control erosion and sedimentation, improve water quality, or maintain the efficiency of the drainage system. The drainage authority's finding that the establishment of permanent buffer strips of perennial vegetation or side inlet controls is necessary to control erosion and sedimentation, improve water quality, or maintain the efficiency of the drainage system is sufficient to order the measures be installed. Preference should be given to planting native species of a local ecotype. The approved perennial vegetation shall not impede future maintenance of the ditch. The permanent strips of perennial vegetation shall be 16-1/2 feet in width measured outward from the top edge of the existing constructed channel. Drainage system rights-of-way for the acreage and additional property required for the permanent strips must be acquired by the authority having jurisdiction.

(b) A project under this subdivision shall be implemented as a repair according to section 103E.705, except that the drainage authority may appoint an engineer to examine the drainage system and prepare an engineer's repair report for the project.

(c) Damages shall be determined by the drainage authority, or viewers, appointed by the drainage authority, according to section 103E.315, subdivision 8. A damages statement shall be prepared, including an explanation of how the damages were determined for each property affected by the project, and filed with the auditor or watershed district. Within 30 days after the damages statement is filed, the auditor or watershed district shall prepare property owners' reports according to section 103E.323, subdivision 1, clauses (1), (2), (6), (7), and (8), and mail a copy of the property owner's report and damages statement to each owner of property affected by the proposed project.

(d) After a damages statement is filed, the drainage authority shall set a time, by order, not more than 30 days after the date of the order, for a hearing on the project. At least ten days before the hearing, the auditor or watershed district shall give notice by mail of the time and location of the hearing to the owners of property and political subdivisions likely to be affected by the project.

(e) The drainage authority shall make findings and order the repairs to be made if the drainage authority determines from the evidence presented at the hearing and by the viewers and engineer, if appointed, that the repairs are necessary for the drainage system and the costs of the repairs are within the limitations of section 103E.705.

Sec. 4. Minnesota Statutes 2016, section 103E.071, is amended to read:

103E.071 COUNTY ATTORNEY.

The county attorney shall represent the county in all drainage proceedings and related matters without special compensation, except as provided in section 388.10. A county attorney, the county attorney's assistant, or any attorney associated with the county attorney in business, may not otherwise appear in any drainage proceeding for any interested person.

Sec. 5. Minnesota Statutes 2016, section 103E.351, subdivision 1, is amended to read:

Subdivision 1. **Conditions to redetermine benefits and damages; appointment of viewers.** If the drainage authority determines that the ~~original~~ benefits or damages of record determined in a drainage proceeding do not reflect reasonable present day land values or that the benefited or damaged areas have changed, or if more than 50 percent of the owners of property, or more than 50 percent of the owners of property benefited or damaged by a drainage system petition for correction of an error that was made at the time of the proceedings that established the drainage system or a redetermination of benefits and damages, the drainage authority may appoint three viewers to redetermine and report the benefits and damages and the benefited and damaged areas.

Sec. 6. **PUBLIC DRAINAGE DITCH BUFFER STRIP; PLANTING AND MAINTENANCE.**

With the consent of the property owner where the drainage ditch buffer will be located, a drainage authority, as defined in Minnesota Statutes, section 103E.005, subdivision 9, may plant and maintain 16-1/2-foot ditch buffer strips that meet the width and vegetation requirements of Minnesota Statutes,

section 103E.021, after acquiring and compensating for the buffer strip land rights according to Minnesota Statutes, chapter 103E. Planting and maintenance costs may be paid in accordance with Minnesota Statutes, chapter 103E. This section expires June 30, 2019.

EFFECTIVE DATE. This section is effective June 1, 2018.

ARTICLE 16

HIGHER EDUCATION

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2017, chapter 89, article 1, unless otherwise specified, to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **MINNESOTA OFFICE OF HIGHER EDUCATION**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 500,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **State Grants**	-0-	300,000
This is a onetime appropriation.		
Subd. 3. **Agricultural Educators Loan Forgiveness**	-0-	100,000
For transfer to the agricultural education loan forgiveness account in the special revenue fund under Minnesota Statutes, section 136A.1794, subdivision 2. This is a onetime appropriation.		

Subd. 4. **Student Loan Debt Counseling**	-0-	50,000
For a student loan debt counseling grant under Minnesota Statutes, section 136A.1705. This is a onetime appropriation.		
Subd. 5. **Teacher Preparation Program Design Grant**	-0-	50,000
For a teacher preparation program design grant under section 36. This is a onetime appropriation.		

Sec. 3. **BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Subdivision 1. **Total Appropriation**	**-0-**	**$ 1,500,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Operations and Maintenance**	-0-	1,500,000
(a) $500,000 is for renewal of workforce development scholarships first awarded in academic year 2018-2019 under Minnesota Statutes, section 136F.38. This is a onetime appropriation and is available until June 30, 2020.		
(b) $1,000,000 is for upgrading the Integrated Statewide Record System. This is a onetime appropriation.		

Sec. 4. Minnesota Statutes 2016, section 127A.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and transitions to, postsecondary education and work;

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers; and

(4) realigning the governance and administrative structures of early education, kindergarten through grade 12, and postsecondary systems in Minnesota.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education and the Departments of Education and Employment and Economic Development shall improve and expand the Statewide Longitudinal Education Data System (SLEDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

(1) expand reporting on students' educational outcomes for diverse student populations including at-risk students, children with disabilities, English learners, and gifted students, among others, and include formative and summative evaluations based on multiple measures of child well-being, early childhood development, and student progress toward career and college readiness;

(2) evaluate the effectiveness of (i) investments in young children and families, and (ii) educational and workforce programs; and

(3) evaluate the relationship between (i) investments in young children and families, and (ii) education and workforce outcomes, consistent with section 124D.49.

To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the Statewide Longitudinal Education Data System inform public policy and decision-making. The SLEDS governance committee, with assistance from staff of the Office of Higher Education, the Department of Education, and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the Statewide Longitudinal Education Data System as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Sec. 5. Minnesota Statutes 2016, section 135A.15, subdivision 2, is amended to read:

Subd. 2. **Victims' rights.** The policy required under subdivision 1 shall, at a minimum, require that students and employees be informed of the policy, and shall include provisions for:

(1) filing criminal charges with local law enforcement officials in sexual assault cases;

(2) the prompt assistance of campus authorities, at the request of the victim, in notifying the appropriate law enforcement officials and disciplinary authorities of a sexual assault incident;

(3) allowing sexual assault victims to decide whether to report a case to law enforcement;

(4) requiring campus authorities to treat sexual assault victims with dignity;

(5) requiring campus authorities to offer sexual assault victims fair and respectful health care, counseling services, or referrals to such services;

(6) preventing campus authorities from suggesting to a victim of sexual assault that the victim is at fault for the crimes or violations that occurred;

(7) preventing campus authorities from suggesting to a victim of sexual assault that the victim should have acted in a different manner to avoid such a crime;

(8) subject to subdivision 10, protecting the privacy of sexual assault victims by only disclosing data collected under this section to the victim, persons whose work assignments reasonably require access, and, at a sexual assault victim's request, police conducting a criminal investigation;

(9) an investigation and resolution of a sexual assault complaint by campus disciplinary authorities;

(10) a sexual assault victim's participation in and the presence of the victim's attorney or other support person who is not a fact witness to the sexual assault at any meeting with campus officials concerning the victim's sexual assault complaint or campus disciplinary proceeding concerning a sexual assault complaint;

(11) ensuring that a sexual assault victim may decide when to repeat a description of the incident of sexual assault;

(12) notice to a sexual assault victim of the availability of a campus or local program providing sexual assault advocacy services and information on legal resources;

(13) notice to a sexual assault victim of the outcome of any campus disciplinary proceeding concerning a sexual assault complaint, consistent with laws relating to data practices;

(14) the complete and prompt assistance of campus authorities, at the direction of law enforcement authorities, in obtaining, securing, and maintaining evidence in connection with a sexual assault incident;

(15) the assistance of campus authorities in preserving for a sexual assault complainant or victim materials relevant to a campus disciplinary proceeding;

(16) during and after the process of investigating a complaint and conducting a campus disciplinary procedure, the assistance of campus personnel, in cooperation with the appropriate law enforcement authorities, at a sexual assault victim's request, in shielding the victim from unwanted contact with the alleged assailant, including transfer of the victim to alternative classes or to alternative college-owned housing, if alternative classes or housing are available and feasible;

(17) forbidding retaliation, and establishing a process for investigating complaints of retaliation, against sexual assault victims by campus authorities, the accused, organizations affiliated with the accused, other students, and other employees;

(18) at the request of the victim, providing students who reported sexual assaults to the institution and subsequently choose to transfer to another postsecondary institution with information about resources for victims of sexual assault at the institution to which the victim is transferring; and

(19) consistent with laws governing access to student records, providing a student who reported an incident of sexual assault with access to the student's description of the incident as it was reported to the institution, including if that student transfers to another postsecondary institution.

Sec. 6. Minnesota Statutes 2017 Supplement, section 136A.1275, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a teacher candidate must:

(1) be enrolled in a Professional Educator Licensing and Standards Board-approved teacher preparation program that requires at least 12 weeks of student teaching in order to be recommended for a full professional teaching license;

(2) demonstrate financial need based on criteria established by the commissioner under subdivision 3;

(3) ~~intend to teach in a shortage area or belong to an underrepresented racial or ethnic group~~ be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10; and

(4) ~~be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10.~~ intend to teach in a shortage area or belong to an underrepresented racial or ethnic group. Intent can be documented based on the teacher license field the student is pursuing or a statement of intent to teach in an economic development region defined as a shortage area in the year the student receives a grant.

Sec. 7. Minnesota Statutes 2017 Supplement, section 136A.1275, subdivision 3, is amended to read:

Subd. 3. **Administration; repayment.** (a) The commissioner must establish an application process and other guidelines for implementing this program~~, including repayment responsibilities for stipend recipients who do not complete student teaching or who leave Minnesota to teach in another state during the first year after student teaching~~.

(b) The commissioner must determine each academic year the stipend amount up to $7,500 based on the amount of available funding, the number of eligible applicants, and the financial need of the applicants.

(c) The percentage of the total award funds available at the beginning of the fiscal year reserved for teacher candidates who identify as belonging to ~~an underrepresented~~ a racial or ethnic group underrepresented in the Minnesota teacher workforce must be equal to or greater than the total

percentage of students of ~~underrepresented~~ racial or ethnic groups underrepresented in the Minnesota teacher workforce as measured under section 120B.35, subdivision 3. If this percentage cannot be met because of a lack of qualifying candidates, the remaining amount may be awarded to teacher candidates who intend to teach in a shortage area.

Sec. 8. Minnesota Statutes 2016, section 136A.15, subdivision 8, is amended to read:

Subd. 8. **Eligible student.** "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state ~~or province~~. Non-Minnesota residents are eligible students if they are enrolled or accepted for enrollment in a minimum of one course of at least 30 days in length during the academic year that requires physical attendance at an eligible institution located in Minnesota. Non-Minnesota resident students enrolled exclusively during the academic year in correspondence courses or courses offered over the Internet are not eligible students. Non-Minnesota resident students not physically attending classes in Minnesota due to enrollment in a study abroad program for 12 months or less are eligible students. Non-Minnesota residents enrolled in study abroad programs exceeding 12 months are not eligible students. An eligible student, for section 136A.1701, means a student who gives informed consent authorizing the disclosure of data specified in section 136A.162, paragraph (c), to a consumer credit reporting agency.

Sec. 9. Minnesota Statutes 2016, section 136A.16, subdivision 1, is amended to read:

Subdivision 1. **Designation.** Notwithstanding chapter 16C, the office is designated as the administrative agency for carrying out the purposes and terms of sections 136A.15 to ~~136A.1702~~ 136A.1704. The office may establish one or more loan programs.

Sec. 10. Minnesota Statutes 2016, section 136A.16, subdivision 2, is amended to read:

Subd. 2. **Rules, policies, and conditions.** The office shall adopt policies and may prescribe appropriate rules and conditions to carry out the purposes of sections 136A.15 to 136A.1702. ~~The policies and rules except as they relate to loans under section 136A.1701 must be compatible with the provisions of the National Vocational Student Loan Insurance Act of 1965 and the provisions of title IV of the Higher Education Act of 1965, and any amendments thereof.~~

Sec. 11. Minnesota Statutes 2016, section 136A.16, subdivision 5, is amended to read:

Subd. 5. **Agencies.** The office may contract with loan servicers, collection agencies, credit bureaus, or any other person, to carry out the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704.

Sec. 12. Minnesota Statutes 2016, section 136A.16, subdivision 8, is amended to read:

Subd. 8. **Investment.** Money made available to the office that is not immediately needed for the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704 may be invested by the office. The money must be invested in bonds, certificates of indebtedness, and other fixed income securities, except preferred stocks, which are legal investments for the permanent school fund. The money may also be invested in prime quality commercial paper that is eligible for investment in the state

employees retirement fund. All interest and profits from such investments inure to the benefit of the office or may be pledged for security of bonds issued by the office or its predecessors.

Sec. 13. Minnesota Statutes 2016, section 136A.16, subdivision 9, is amended to read:

Subd. 9. **Staff.** The office may employ the professional and clerical staff the commissioner deems necessary for the proper administration of the loan programs established and defined by sections 136A.15 to ~~136A.1702~~ 136A.1704.

Sec. 14. Minnesota Statutes 2016, section 136A.162, is amended to read:

136A.162 CLASSIFICATION OF DATA.

(a) Except as provided in paragraphs (b) and (c), data on applicants for financial assistance collected and used by the office for student financial aid programs administered by that office are private data on individuals as defined in section 13.02, subdivision 12.

(b) Data on applicants may be disclosed to the commissioner of human services to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5).

(c) The following data collected in the Minnesota supplemental loan program under ~~section~~ sections 136A.1701 and 136A.1704 may be disclosed to a consumer credit reporting agency only if the borrower and the cosigner give informed consent, according to section 13.05, subdivision 4, at the time of application for a loan:

(1) the lender-assigned borrower identification number;

(2) the name and address of borrower;

(3) the name and address of cosigner;

(4) the date the account is opened;

(5) the outstanding account balance;

(6) the dollar amount past due;

(7) the number of payments past due;

(8) the number of late payments in previous 12 months;

(9) the type of account;

(10) the responsibility for the account; and

(11) the status or remarks code.

Sec. 15. Minnesota Statutes 2016, section 136A.1701, subdivision 7, is amended to read:

Subd. 7. **Repayment of loans.** ~~(a)~~ The office shall establish repayment procedures for loans made under this section~~, but in no event shall the period of permitted repayment for SELF II or SELF III loans exceed ten years from the eligible student's termination of the student's postsecondary academic or vocational program, or 15 years from the date of the student's first loan under this section, whichever is less.~~ in accordance with the policies, rules, and conditions authorized under section 136A.16, subdivision 2. The office will take into consideration the loan limits and current financial market conditions when establishing repayment terms.

~~(b) For SELF IV loans, eligible students with aggregate principal loan balances from all SELF phases that are less than $18,750 shall have a repayment period not exceeding ten years from the eligible student's graduation or termination date. For SELF IV loans, eligible students with aggregate principal loan balances from all SELF phases of $18,750 or greater shall have a repayment period not exceeding 15 years from the eligible student's graduation or termination date. For SELF IV loans, the loans shall enter repayment no later than seven years after the first disbursement date on the loan.~~

~~(c) For SELF loans from phases after SELF IV, eligible students with aggregate principal loan balances from all SELF phases that are:~~

~~(1) less than $20,000, must have a repayment period not exceeding ten years from the eligible student's graduation or termination date;~~

~~(2) $20,000 up to $40,000, must have a repayment period not exceeding 15 years from the eligible student's graduation or termination date; and~~

~~(3) $40,000 or greater, must have a repayment period not exceeding 20 years from the eligible student's graduation or termination date. For SELF loans from phases after SELF IV, the loans must enter repayment no later than nine years after the first disbursement date of the loan.~~

Sec. 16. **[136A.1705] STUDENT LOAN DEBT COUNSELING.**

Subdivision 1. **Grant.** (a) A program is established under the Office of Higher Education to provide a grant to a Minnesota-based nonprofit qualified debt counseling organization to provide individual student loan debt repayment counseling to borrowers who are Minnesota residents concerning loans obtained to attend a Minnesota postsecondary institution. The number of individuals receiving counseling may be limited to those capable of being served with available appropriations for that purpose. A goal of the counseling program is to provide two counseling sessions to at least 75 percent of borrowers receiving counseling.

(b) The purpose of the counseling is to assist borrowers to:

(1) understand their loan and repayment options;

(2) manage loan repayment; and

(3) develop a workable budget based on the borrower's full financial situation regarding income, expenses, and other debt.

Subd. 2. **Qualified debt counseling organization.** A qualified debt counseling organization is an organization that:

(1) has experience in providing individualized student loan counseling;

(2) employs certified financial loan counselors; and

(3) is based in Minnesota and has offices at multiple rural and metropolitan area locations in the state to provide in-person counseling.

Subd. 3. **Grant application and award.** (a) Applications for a grant shall be on a form created by the commissioner and on a schedule set by the commissioner. Among other provisions, the application must include a description of:

(1) the characteristics of borrowers to be served;

(2) the services to be provided and a timeline for implementation of the services;

(3) how the services provided will help borrowers manage loan repayment;

(4) specific program outcome goals and performance measures for each goal; and

(5) how the services will be evaluated to determine whether the program goals were met.

(b) The commissioner shall select one grant recipient for a two-year award every two years. A grant may be renewed biennially.

Subd. 4. **Program evaluation.** (a) The grant recipient must submit a report to the commissioner by January 15 of the second year of the grant award. The report must evaluate and measure the extent to which program outcome goals have been met.

(b) The grant recipient must collect, analyze, and report on participation and outcome data that enable the office to verify the outcomes.

(c) The evaluation must include information on the number of borrowers served with on-time student loan payments, the numbers who brought their loans into good standing, the number of student loan defaults, the number who developed a monthly budget plan, and other information required by the commissioner. Recipients of the counseling must be surveyed on their opinions about the usefulness of the counseling and the survey results must be included in the report.

Subd. 5. **Report to legislature.** By February 1 of the second year of each grant award, the commissioner must submit a report to the committees in the legislature with jurisdiction over higher education finance regarding grant program outcomes.

Sec. 17. Minnesota Statutes 2017 Supplement, section 136A.1789, subdivision 2, is amended to read:

Subd. 2. **Creation of account.** (a) An aviation degree loan forgiveness program account is established in the special revenue fund to provide qualified pilots and qualified aircraft technicians

with financial assistance in repaying qualified education loans. The commissioner must use money from the account to establish and administer the aviation degree loan forgiveness program.

(b) Appropriations made to the aviation degree loan forgiveness program account do not cancel and are available until expended.

Sec. 18. Minnesota Statutes 2016, section 136A.1791, subdivision 8, is amended to read:

Subd. 8. **~~Fund~~ Account established.** A teacher shortage loan forgiveness repayment ~~fund~~ account is created in the special revenue fund for depositing money appropriated to or received by the commissioner for the program. Money deposited in the fund shall not revert to any state fund at the end of any fiscal year but remains in the loan forgiveness repayment fund and is continuously available for loan forgiveness under this section.

Sec. 19. Minnesota Statutes 2016, section 136A.1795, subdivision 2, is amended to read:

Subd. 2. **Establishment; administration.** (a) The commissioner shall establish and administer a loan forgiveness program for large animal veterinarians who:

(1) agree to practice in designated rural areas that are considered underserved; and

(2) work full time in a practice that is at least 50 percent involved with the care of food animals.

(b) A large animal veterinarian loan forgiveness program account is established in the special revenue fund. The commissioner must use money from the account to establish and administer the program under this section. Appropriations to the commissioner for the program are for transfer to the fund. Appropriations made to the program do not cancel and are available until expended.

Sec. 20. Minnesota Statutes 2016, section 136A.64, subdivision 1, is amended to read:

Subdivision 1. **Schools to provide information.** As a basis for registration, schools shall provide the office with such information as the office needs to determine the nature and activities of the school, including but not limited to the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness:

(1) articles of incorporation, constitution, bylaws, or other operating documents;

(2) a duly adopted statement of the school's mission and goals;

(3) evidence of current school or program licenses granted by departments or agencies of any state;

(4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor or, if the school is a public institution outside Minnesota, an income statement for the immediate past fiscal year;

(5) all current promotional and recruitment materials and advertisements; and

(6) the current school catalog and, if not contained in the catalog:

(i) the members of the board of trustees or directors, if any;

(ii) the current institutional officers;

(iii) current full-time and part-time faculty with degrees held or applicable experience;

(iv) a description of all school facilities;

(v) a description of all current course offerings;

(vi) all requirements for satisfactory completion of courses, programs, and degrees;

(vii) the school's policy about freedom or limitation of expression and inquiry;

(viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(ix) the school's policy about refunds and adjustments;

(x) the school's policy about granting credit for prior education, training, and experience; ~~and~~

(xi) the school's policies about student admission, evaluation, suspension, and dismissal~~.~~; and

(xii) the school's disclosure to students on the student complaint process under section 136A.672.

Sec. 21. Minnesota Statutes 2017 Supplement, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) New schools that have been granted conditional approval for degrees or names to allow them the opportunity to apply for and receive accreditation under section 136A.65, subdivision 7, ~~or~~ shall provide a surety bond in a sum equal to ten percent of the net revenue from tuition and fees in the registered institution's prior fiscal year, but in no case shall the bond be less than $10,000.

(b) Any registered institution that is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), shall provide a surety bond in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than $10,000 nor more than $250,000. In the event the letter of credit required by the United States Department of Education is higher than ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, the office shall reduce the office's surety requirement to represent ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, subject to the minimum and maximum in this paragraph.

~~(b)~~ (c) In lieu of a bond, the applicant may deposit with the commissioner of management and budget:

(1) a sum equal to the amount of the required surety bond in cash;

(2) securities, as may be legally purchased by savings banks or for trust funds, in an aggregate market value equal to the amount of the required surety bond; or

(3) an irrevocable letter of credit issued by a financial institution to the amount of the required surety bond.

~~(c)~~ (d) The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

~~(d)~~ (e) In the event of a school closure, the additional security must first be used to destroy any private educational data under section 13.32 left at a physical campus in Minnesota after all other governmental agencies have recovered or retrieved records under their record retention policies. Any remaining funds must then be used to reimburse tuition and fee costs to students that were enrolled at the time of the closure or had withdrawn in the previous 120 calendar days but did not graduate. Priority for refunds will be given to students in the following order:

(1) cash payments made by the student or on behalf of a student;

(2) private student loans; and

(3) Veteran Administration education benefits that are not restored by the Veteran Administration. If there are additional security funds remaining, the additional security funds may be used to cover any administrative costs incurred by the office related to the closure of the school.

Sec. 22. Minnesota Statutes 2017 Supplement, section 136A.672, is amended by adding a subdivision to read:

Subd. 6. **Disclosure.** Schools must disclose on their Web site, student handbook, and student catalog the student complaint process under this section to students.

Sec. 23. Minnesota Statutes 2017 Supplement, section 136A.822, subdivision 6, is amended to read:

Subd. 6. **Bond.** (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b)(1) The amount of the surety bond shall be ten percent of the preceding year's net ~~income~~ revenue from student tuition, fees, and other required institutional charges collected, but in no event less than $10,000, except that a private career school may deposit a greater amount at its own discretion. A private career school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision. A private career school that operates at two or more locations may combine net ~~income~~ revenue from

student tuition, fees, and other required institutional charges collected for all locations for the purpose of determining the annual surety bond requirement. The net revenue from tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota.

(2) A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board, except not including those schools licensed exclusively in order to participate in state grants or SELF loan financial aid programs, shall be required to provide a school bond of $10,000.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the private career school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a private career school to post and maintain the required surety bond or deposit under paragraph (d) may result in denial, suspension, or revocation of the school's license.

Sec. 24. Minnesota Statutes 2016, section 136A.822, subdivision 10, is amended to read:

Subd. 10. **Catalog, brochure, or electronic display.** Before a license is issued to a private career school, the private career school shall furnish to the office a catalog, brochure, or electronic display including:

(1) identifying data, such as volume number and date of publication;

(2) name and address of the private career school and its governing body and officials;

(3) a calendar of the private career school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

(4) the private career school policy and regulations on enrollment including dates and specific entrance requirements for each program;

(5) the private career school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(6) the private career school policy and regulations about standards of progress for the student including the grading system of the private career school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the private career school, and conditions of reentrance for those dismissed for unsatisfactory progress;

(7) the private career school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;

(8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) the private career school policy and regulations, including an explanation of section 136A.827, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;

(10) a description of the available facilities and equipment;

(11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;

(12) the private career school policy and regulations about granting credit for previous education and preparation;

(13) a notice to students relating to the transferability of any credits earned at the private career school to other institutions;

(14) a procedure for investigating and resolving student complaints; ~~and~~

(15) the name and address of the office~~.~~; and

(16) the student complaint process and rights under section 136A.8295.

A private career school that is exclusively a distance education school is exempt from clauses (3) and (5).

Sec. 25. Minnesota Statutes 2017 Supplement, section 136A.8295, is amended by adding a subdivision to read:

Subd. 6. **Disclosure.** Schools must disclose on their Web site, student handbook, and student catalog the student complaint process under this section to students.

Sec. 26. Minnesota Statutes 2016, section 136A.901, subdivision 1, is amended to read:

Subdivision 1. **Grant program.** (a) The commissioner shall establish a grant program to award grants to institutions in Minnesota for research into spinal cord injuries and traumatic brain injuries. Grants shall be awarded to conduct research into new and innovative treatments and rehabilitative efforts for the functional improvement of people with spinal cord and traumatic brain injuries.

Research topics may include, but are not limited to, pharmaceutical, medical device, brain stimulus, and rehabilitative approaches and techniques. The commissioner, in consultation with the advisory council established under section 136A.902, shall award 50 percent of the grant funds for research involving spinal cord injuries and 50 percent to research involving traumatic brain injuries. In addition to the amounts appropriated by law, the commissioner may accept additional funds from private and public sources. Amounts received from these sources are appropriated to the commissioner for the purposes of issuing grants under this section.

(b) A spinal cord and traumatic brain injury grant account is established in the special revenue fund. The commissioner must use money from the account to administer the grant program under this section. Appropriations to the commissioner for the program are for transfer to the fund, do not cancel, and are available until expended.

Sec. 27. Laws 2017, chapter 89, article 1, section 2, subdivision 18, is amended to read:

Subd. 18. **MNSCU Two-Year Public College Program**	~~3,481,000~~ 2,481,000	-0-

(a) ~~$2,780,000~~ $1,780,000 in fiscal year 2018 is for two-year public college program grants under Laws 2015, chapter 69, article 3, section 20.

(b) $545,000 in fiscal year 2018 is to provide mentoring and outreach as specified under Laws 2015, chapter 69, article 3, section 20.

(c) $156,000 in fiscal year 2018 is for information technology and administrative costs associated with implementation of the grant program.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 28. Laws 2017, chapter 89, article 1, section 2, subdivision 20, is amended to read:

Subd. 20. **Spinal Cord Injury and Traumatic Brain Injury Research Grant Program**	3,000,000	3,000,000

~~For spinal cord injury and traumatic brain injury research grants authorized under Minnesota Statutes, section 136A.901.~~

For transfer to the spinal cord and traumatic brain injury grant account in the special revenue fund under Minnesota Statutes, section 136A.901, subdivision 1.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

Sec. 29. Laws 2017, chapter 89, article 1, section 2, subdivision 29, is amended to read:

Subd. 29. **Emergency Assistance for Postsecondary Students**	175,000	175,000

(a) This appropriation is for the Office of Higher Education to allocate grant funds on a matching basis to ~~schools~~ eligible institutions as defined under Minnesota Statutes, section 136A.103, located in Minnesota with a demonstrable homeless student population.

(b) This appropriation shall be used to meet immediate student needs that could result in a student not completing the term or their program including, but not limited to, emergency housing, food, and transportation. Emergency assistance does not impact the amount of state financial aid received.

(c) The commissioner shall determine the application process and the grant amounts. Any balance in the first year does not cancel but shall be available in the second year. The Office of Higher Education shall partner with interested postsecondary institutions, other state agencies, and student groups to establish the programs.

Sec. 30. Laws 2017, chapter 89, article 1, section 2, subdivision 31, is amended to read:

Subd. 31. **Teacher Shortage Loan Forgiveness**	200,000	200,000

For transfer to the teacher shortage loan forgiveness ~~program~~ repayment account in the special revenue fund under Minnesota Statutes, section 136A.1791, subdivision 8.

The commissioner may use no more than three percent of ~~this appropriation~~ the amount transferred under this subdivision to

administer the program ~~under this subdivision~~.

Sec. 31. Laws 2017, chapter 89, article 1, section 2, subdivision 32, is amended to read:

Subd. 32. **Large Animal Veterinarian Loan Forgiveness Program**	375,000	375,000

For transfer to the large animal veterinarian loan forgiveness program account in the special revenue fund under Minnesota Statutes, section 136A.1795, subdivision 2.

Sec. 32. Laws 2017, chapter 89, article 1, section 2, subdivision 33, is amended to read:

Subd. 33. **Agricultural Educators Loan Forgiveness**	50,000	50,000

For ~~deposit in~~ transfer to the agricultural education loan forgiveness account in the special revenue fund under Minnesota Statutes, section 136A.1794, subdivision 2.

Sec. 33. Laws 2017, chapter 89, article 1, section 2, subdivision 34, is amended to read:

Subd. 34. **Aviation Degree Loan Forgiveness Program**	25,000	25,000

For transfer to the aviation degree loan forgiveness program account in the special revenue fund under Minnesota Statutes, section 136A.1789, subdivision 2.

Sec. 34. Laws 2017, chapter 89, article 1, section 2, subdivision 40, is amended to read:

Subd. 40. **Transfers**

The commissioner of the Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, intervention for college attendance program grants appropriation, summer academic enrichment program appropriation, student-parent information appropriation, the state work-study appropriation, the get ready appropriation, and the public safety officers' survivors appropriation. Transfers from the child care or state work-study appropriations

may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance.

Sec. 35. **AFFORDABLE TEXTBOOK PLAN AND REPORT.**

The Board of Trustees of the Minnesota State Colleges and Universities shall develop a plan to increase the use of affordable textbooks and instructional materials. The board must explore and study registration software or other systems and methods to disclose or display the cost of all textbooks and instructional materials required for a course at or prior to course registration. The plan must describe the systems or methods examined and the results of the study. The plan must establish a goal for the percentage of all courses offered at state colleges and universities that will use affordable textbooks and instructional materials. The plan must identify and describe key terms, including "affordable textbook," "instructional material," and "course." The board must submit the plan to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education by January 15, 2020.

Sec. 36. **TEACHER PREPARATION PROGRAM DESIGN GRANT.**

The commissioner of the Office of Higher Education shall make a grant to an institution of higher education, defined under Minnesota Statutes, section 135A.51, subdivision 5, to explore, design, and plan for a teacher preparation program leading to licensure as a teacher of the blind or visually impaired, consistent with Minnesota Rules, part 8710.5100. The commissioner may develop an application process and guidelines, as necessary, and may use up to two percent of the appropriation for administrative costs. The grant recipient shall submit a report describing the plan and identifying potential ongoing costs for the program to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy no later than January 15, 2020.

Sec. 37. **REPEALER.**

Minnesota Statutes 2016, sections 136A.15, subdivisions 2 and 7; and 136A.1701, subdivision 12, are repealed.

ARTICLE 17

TRANSPORTATION

Section 1. Minnesota Statutes 2017 Supplement, section 3.972, subdivision 4, is amended to read:

Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must perform a transit financial activity review of financial information for the Metropolitan Council's

Transportation Division ~~and the joint powers board under section 297A.992. Within 14 days of the end of each fiscal quarter,~~ two times each year. The first report, due April 1, must include the quarters ending on September 30 and December 31 of the previous calendar year. The second report, due October 1, must include the quarters ending on March 31 and June 30 of the current year. The legislative auditor must submit the review to the Legislative Audit Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance, finance, and ways and means.

(b) At a minimum, each transit financial activity review must include:

(1) a summary of monthly financial statements, including balance sheets and operating statements, that shows income, expenditures, and fund balance;

(2) a list of any obligations and agreements entered into related to transit purposes, whether for capital or operating, including but not limited to bonds, notes, grants, and future funding commitments;

(3) the amount of funds in clause (2) that has been committed;

(4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues and fund balance compared to expenditures, taking into account:

(i) all expenditure commitments;

(ii) cash flow;

(iii) sufficiency of estimated funds; and

(iv) financial solvency of anticipated transit projects; and

(5) a notification concerning whether the requirements under paragraph (c) have been met.

(c) The Metropolitan Council ~~and the joint powers board under section 297A.992~~ must produce monthly financial statements as necessary for the review under paragraph (b), clause (1), and provide timely information as requested by the legislative auditor.

(d) This subdivision expires on April 15, 2023.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 2. Minnesota Statutes 2016, section 16A.88, subdivision 2, is amended to read:

Subd. 2. **Metropolitan area transit account.** The metropolitan area transit account is established within the transit assistance fund in the state treasury. All money in the account is annually appropriated to the Metropolitan Council for ~~the funding of~~ transit ~~systems~~ system operating expenditures within the metropolitan area under sections 473.384, 473.386, 473.387, 473.388, and 473.405 to 473.449.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 3. 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 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.

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 reasonable under this subdivision;

(p) unreasonably reduce a dealer's area of sales effectiveness without giving at least 90 days' notice of the proposed reduction. The change may not take effect if the dealer commences a civil action to determine whether there is good cause for the change within the 90 days' notice period. The burden of proof in such an action shall be on the manufacturer or distributor; ~~or~~

(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 implement a charge back or withhold payment to a dealer that is solely due to an unreasonable delay by the registrar, as defined in section 168.002, subdivision 29, in the transfer or registration of a new motor vehicle. The dealer must give the manufacturer notice of the state's delay in writing. Within 30 days of any notice of a charge back, withholding of payments, or denial of a claim, the dealer must transmit to the manufacturer (1) documentation to demonstrate the vehicle sale and delivery as reported; and (2) a written attestation signed by the dealer operator or general manager stating that the delay is attributable to the state. This clause expires on June 30, 2021.

Sec. 4. Minnesota Statutes 2016, section 161.088, subdivision 2, is amended to read:

Subd. 2. **Program authority; funding.** (a) As provided in this section, the commissioner shall establish a corridors of commerce program for trunk highway construction, reconstruction, and improvement, including maintenance operations, that improves commerce in the state.

(b) The commissioner may expend funds under the program from appropriations to the commissioner that are:

(1) made specifically by law for use under this section;

(2) at the discretion of the commissioner, made for the budget activities in the state roads program of operations and maintenance, program planning and delivery, or state road construction; and

(3) made for the corridor investment management strategy program, unless specified otherwise.

(c) The commissioner shall include in the program the cost participation policy for local units of government.

(d) Program funds must be allocated so that no less than 49 percent are for projects within the metropolitan area, as defined in section 473.121, subdivision 2, and no less than 49 percent are for projects outside the metropolitan area, as defined in section 473.121, subdivision 2. Up to two percent of program funds may be allocated without regard to the project's geographic location.

Sec. 5. Minnesota Statutes 2017 Supplement, section 161.088, subdivision 5, is amended to read:

Subd. 5. **Project selection process; criteria.** (a) The commissioner must establish a process to identify, evaluate, and select projects under the program. The process must be consistent with the requirements of this subdivision and must not include any additional evaluation criteria.

(b) As part of the project selection process, the commissioner must annually accept recommendations on candidate projects from area transportation partnerships and other interested stakeholders in each Department of Transportation district. The commissioner must determine the eligibility for each candidate project identified under this paragraph. For each eligible project, the commissioner must classify and evaluate the project for the program, using all of the criteria established under paragraph (c).

(c) Projects must be evaluated using all of the following criteria:

(1) a return on investment measure that provides for comparison across eligible projects;

(2) measurable impacts on commerce and economic competitiveness;

(3) efficiency in the movement of freight, including but not limited to:

(i) measures of annual average daily traffic and commercial vehicle miles traveled, which may include data near the project location on that trunk highway or on connecting trunk and local highways; and

(ii) measures of congestion or travel time reliability, which may be within or near the project limits, or both;

(4) improvements to traffic safety;

(5) connections to regional trade centers, local highway systems, and other transportation modes;

(6) the extent to which the project addresses multiple transportation system policy objectives and principles;

(7) support and consensus for the project among members of the surrounding community; and

(8) regional balance throughout the state, subject to the funding allocation in subdivision 2, paragraph (d).

(d) The list of all projects evaluated must be made public and must include the score of each project.

(e) As part of the project selection process, the commissioner may divide funding to be separately available among projects within each classification under subdivision 3, and may apply separate or modified criteria among those projects falling within each classification.

Sec. 6. Minnesota Statutes 2016, section 161.115, subdivision 111, is amended to read:

Subd. 111. **Route No. 180.** Beginning at a point on Route No. ~~392 southwest or west of Ashby~~ 3 at or near Erdahl, thence extending in a general northerly or northeasterly direction to a point on ~~Route No. 153 as herein established at or near Ashby, thence extending in a northeasterly direction to a point on~~ Route No. 181 as herein established at or near Ottertail.

Sec. 7. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 87. **Officer Bill Mathews Memorial Highway.** That segment of marked U.S. Highway 12 within the city limits of Wayzata is designated as "Officer Bill Mathews Memorial Highway." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs.

Sec. 8. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 88. **Trooper Ray Krueger Memorial Highway.** That segment of marked Trunk Highway 210 within Cass County is designated as "Trooper Ray Krueger Memorial Highway." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs in the vicinity of the location where Trooper Krueger died.

Sec. 9. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 89. **Trooper Dale G. Roehrich Memorial Highway.** That segment of marked U.S. Highway 61 from Lake City to Wabasha is designated as "Trooper Dale G. Roehrich Memorial Highway." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this highway and erect appropriate signs.

Sec. 10. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 90. **Warrant Officer Dennis A. Groth Memorial Bridge.** The bridge on marked U.S. Highway 52 over Dakota County State-Aid Highway 42, known as 145th Street within the city of Rosemount, is designated as "Warrant Officer Dennis A. Groth Memorial Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark the bridge and erect appropriate signs.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 11. Minnesota Statutes 2016, section 161.14, is amended by adding a subdivision to read:

Subd. 91. **Specialist Noah Pierce Bridge.** The bridge on marked U.S. Highway 53 over marked Trunk Highway 37 in the city of Eveleth is designated as "Specialist Noah Pierce Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this bridge and erect appropriate signs.

Sec. 12. Minnesota Statutes 2016, section 161.32, subdivision 2, is amended to read:

Subd. 2. **Direct negotiation.** In cases where the estimated cost of construction work or maintenance work does not exceed ~~$150,000~~ $250,000, the commissioner may enter into a contract for the work by direct negotiation, by obtaining two or more quotations for the work, and without advertising for bids or otherwise complying with the requirements of competitive bidding if the total contractual obligation of the state for the directly negotiated contract or contracts on any single project does not exceed ~~$150,000~~ $250,000. All quotations obtained shall be kept on file for a period of at least one year after receipt of the quotation.

Sec. 13. **[161.369] INDIAN EMPLOYMENT PREFERENCE.**

As authorized by United States Code, title 23, section 140(d), the commissioner of transportation may implement an Indian employment preference for members of federally recognized tribes on projects carried out under United States Code, title 23, on or near an Indian reservation. For purposes of this section, a project is on or near a reservation if: (1) the project is within the distance a person seeking employment could reasonably be expected to commute to and from each work day; or (2) the commissioner, in consultation with federally recognized Minnesota tribes, determines a project is near an Indian reservation.

Sec. 14. Minnesota Statutes 2017 Supplement, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax is $10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price. In the case of the first registration of a new vehicle sold or leased by a licensed dealer, the dealer may elect to individually determine the base value of the vehicle using suggested retail price information provided by the manufacturer. The registrar must use the base value determined by the dealer to properly classify the vehicle. A dealer that elects to make the determination must retain a copy of the suggested retail price label or other supporting documentation with the vehicle transaction records maintained under Minnesota Rules, part 7400.5200.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
$ 0	$ 199.99
$ 200	$ 399.99

and thereafter a series of classes successively set in brackets having a spread of $200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax must be computed upon a percentage of the base value as follows: during the first year of vehicle life, upon 100 percent of the base value; for the second year, 90 percent of such value; for the third year, 80 percent of such value; for the fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of $25.

(i) In no event shall the annual additional tax be less than $25.

(j) For any vehicle previously registered in Minnesota and regardless of prior ownership, the total amount due under this subdivision and subdivision 1m must not exceed the smallest total amount previously paid or due on the vehicle.

Sec. 15. Minnesota Statutes 2016, section 168.013, subdivision 6, is amended to read:

Subd. 6. **Listing by dealers.** The owner of every motor vehicle not exempted by section 168.012 or 168.28~~, shall~~ must, so long as it is subject to taxation within the state, annually list and register the same and pay the tax ~~herein provided annually~~ under this section; provided, however, that any dealer in motor vehicles, to whom dealer's plates have been issued as provided in this chapter, coming into the possession of ~~any such~~ a motor vehicle to be held solely for the purpose of sale or demonstration or both, ~~shall be~~ is entitled to withhold the tax due on the vehicle from the prior registration period or becoming due ~~on such vehicle~~ for the following year and no lien for registration tax as provided in section 168.31, subdivision 6, shall attach. When, thereafter, ~~such~~ the vehicle is otherwise used or is sold, leased, or rented to another person, firm, corporation, or association, the

tax for the remainder of the year, prorated on a monthly basis, ~~shall become~~ becomes payable immediately.

Sec. 16. Minnesota Statutes 2016, section 168.101, subdivision 2a, is amended to read:

Subd. 2a. **Failure to ~~send to registrar~~ submit within ten days.** Any person who fails to mail in the application for registration or transfer with appropriate taxes and fees to the commissioner or a deputy registrar ~~of motor vehicles~~, or otherwise fails to submit ~~said~~ the forms and remittance ~~to the registrar~~, within ten days following date of sale ~~shall be~~ is guilty of a misdemeanor.

Sec. 17. Minnesota Statutes 2016, section 168.127, subdivision 4, is amended to read:

Subd. 4. **Filing registration applications.** Initial fleet applications for registration and renewals must be filed with the registrar or ~~authorized~~ a deputy registrar.

Sec. 18. Minnesota Statutes 2016, section 168.127, subdivision 6, is amended to read:

Subd. 6. **Fee.** ~~Instead of the filing fee described in section 168.33, subdivision 7,~~ For each vehicle in the fleet, the applicant for fleet registration shall pay:

(1) the filing fee in section 168.33, subdivision 7, for transactions processed by a deputy registrar; or

(2) an equivalent administrative fee ~~to the~~ for transactions processed by the commissioner ~~for each vehicle in the fleet~~, which is imposed instead of the filing fee in section 168.33, subdivision 7.

Sec. 19. Minnesota Statutes 2016, section 168.27, is amended by adding a subdivision to read:

Subd. 32. **Multiple licenses.** If a single legal entity holds more than one new or used vehicle dealer license, new and used vehicles owned by the entity may be held and offered for sale at any of the licensed dealership locations without assigning vehicle ownership or title from one licensee to another. This subdivision does not authorize the sale or offering for sale of new vehicles by a licensee that is not authorized by the manufacturer to sell that make of new vehicles.

Sec. 20. Minnesota Statutes 2016, section 168.27, is amended by adding a subdivision to read:

Subd. 33. **Designated dealer title and registration liaison.** The registrar must designate by name and provide contact information for one or more registrar employees as needed to (1) promptly and effectively respond to questions from licensed dealers, and (2) troubleshoot dealer issues related to vehicle titling and registration.

Sec. 21. Minnesota Statutes 2016, section 168.301, subdivision 3, is amended to read:

Subd. 3. **Late fee.** In addition to any fee or tax otherwise authorized or imposed upon the transfer of title for a motor vehicle, the commissioner of public safety shall impose a $2 additional fee for failure to deliver a title transfer within ten business days. This subdivision does not apply to transfers from licensed vehicle dealers.

Sec. 22. Minnesota Statutes 2016, section 168.326, is amended to read:

168.326 EXPEDITED DRIVER AND VEHICLE SERVICES; FEE.

(a) When an applicant requests and pays an expedited service fee of $20, in addition to other specified and statutorily mandated fees and taxes, the commissioner or, if appropriate, a driver's license agent or deputy registrar, shall expedite the processing of an application for a driver's license, driving instruction permit, Minnesota identification card, or vehicle title transaction.

(b) A driver's license agent or deputy registrar may retain $10 of the expedited service fee for each expedited service request processed by the licensing agent or deputy registrar.

(c) When expedited service is requested, materials must be mailed or delivered to the requester within three days of receipt of the expedited service fee excluding Saturdays, Sundays, or the holidays listed in section 645.44, subdivision 5. The requester shall comply with all relevant requirements of the requested document.

(d) The commissioner may decline to accept an expedited service request if it is apparent at the time it is made that the request cannot be granted. The commissioner must not decline an expedited service request and must not prevent a driver's license agent or deputy from accepting an expedited service request solely on the basis of limitations of the driver and vehicle services information technology system.

(e) The expedited service fees collected under this section for an application for a driver's license, driving instruction permit, or Minnesota identification card minus any portion retained by a licensing agent or deputy registrar under paragraph (b) must be paid into the driver services operating account in the special revenue fund specified under section 299A.705.

(f) The expedited service fees collected under this section for a transaction for a vehicle service minus any portion retained by a licensing agent or deputy registrar under paragraph (b) must be paid into the vehicle services operating account in the special revenue fund specified under section 299A.705.

EFFECTIVE DATE. This section is effective November 1, 2018.

Sec. 23. Minnesota Statutes 2016, section 168.33, subdivision 8a, is amended to read:

Subd. 8a. **Electronic transmission.** (a) If the commissioner accepts electronic transmission of a motor vehicle transfer and registration by a new or used motor vehicle dealer, a deputy registrar who is equipped with electronic transmission technology and trained in its use shall receive the filing fee provided for in subdivision 7 and review the transfer of each new or used motor vehicle to determine its genuineness and regularity before issuance of a certificate of title, and shall receive and retain the filing fee under subdivision 7, paragraph (a), clause ~~(ii)~~ (2).

(b) The commissioner must establish reasonable performance, security, technical, and financial standards to approve and allow companies that provide computer software and services to motor vehicle dealers to electronically transmit vehicle title transfer and registration information. An

approved company must be offered access to department facilities, staff, and technology on a fair and reasonable basis.

Sec. 24. Minnesota Statutes 2016, section 168.33, is amended by adding a subdivision to read:

Subd. 8b. **Transactions by mail.** A deputy registrar may receive motor vehicle applications and submissions under this chapter and chapter 168A by mail and may process the transactions including retention of the appropriate filing fee under subdivision 7.

Sec. 25. Minnesota Statutes 2016, section 168.346, subdivision 1, is amended to read:

Subdivision 1. **Vehicle registration data; federal compliance.** (a) Data on an individual provided to register a vehicle shall be treated as provided by United States Code, title 18, section 2721, as in effect on May 23, 2005, and shall be disclosed as required or permitted by that section. The commissioner is prohibited from restricting the uses for which a licensed dealer may obtain data as permitted by United States Code, title 18, section 2721, subsections (b)(2), (3), (7), and (13). The commissioner shall disclose the data in bulk form to an authorized recipient upon request for any of the permissible uses described in United States Code, title 18, section 2721.

(b) The registered owner of a vehicle who is an individual may consent in writing to the commissioner to disclose the individual's personal information exempted by United States Code, title 18, section 2721, to any person who makes a written request for the personal information. If the registered owner is an individual and so authorizes disclosure, the commissioner shall implement the request.

(c) If authorized by the registered owner as indicated in paragraph (b), the registered owner's personal information may be used, rented, or sold solely for bulk distribution by organizations for business purposes including surveys, marketing, or solicitation.

Sec. 26. Minnesota Statutes 2016, section 168A.05, is amended by adding a subdivision to read:

Subd. 1d. **Issuance of certificate by deputy registrar.** (a) If an application for a vehicle's certificate of title is received by a deputy registrar and the deputy registrar is satisfied as to its genuineness and regularity and that the applicant is entitled to the issuance of a certificate of title, the deputy registrar may issue a certificate of title for the vehicle.

(b) On or before August 1, 2019, the commissioner must authorize a deputy registrar to issue a certificate of title, subject to procedures established by the commissioner.

Sec. 27. Minnesota Statutes 2016, section 168A.12, subdivision 2, is amended to read:

Subd. 2. **Owner's interest terminated or vehicle sold by secured party.** If the interest of the owner is terminated or the vehicle is sold under a security agreement by a secured party named in the certificate of title or an assignee of the secured party, the transferee shall promptly mail or deliver to the department the last certificate of title, if available, an application for a new certificate in the format the department prescribes, and an affidavit made by or on behalf of the secured party or assignee that the interest of the owner was lawfully terminated or the vehicle sold pursuant to the terms of the security agreement. If the secured party or assignee succeeds to the interest of the owner

and holds the vehicle for resale, the secured party or assignee need not secure a new certificate of title; provided that a notice thereof in a format designated by the department is mailed or delivered by the secured party or assignee to the department in duplicate within 48 hours, but upon transfer to another person the secured party or assignee shall promptly execute assignment and warranty of title and mail or deliver to the transferee or the department the certificate, if available, the affidavit, and other documents required to be sent to the department by the transferee.

Sec. 28. Minnesota Statutes 2016, section 168A.151, subdivision 1, is amended to read:

Subdivision 1. **Salvage titles.** (a) When an insurer, licensed to conduct business in Minnesota, acquires ownership of a ~~late-model or high-value~~ vehicle through payment of damages, the insurer shall immediately apply for a salvage certificate of title or shall stamp the existing certificate of title with the legend "SALVAGE CERTIFICATE OF TITLE" in a manner prescribed by the department. Within ten days of obtaining the title of a vehicle through payment of damages, an insurer must notify the department in a manner prescribed by the department.

(b) A person shall immediately apply for a salvage certificate of title if the person acquires a damaged ~~late-model or high-value~~ vehicle with an out-of-state title and the vehicle:

(1) is a vehicle that was acquired by an insurer through payment of damages;

(2) is a vehicle for which the cost of repairs exceeds the value of the damaged vehicle; or

(3) has an out-of-state salvage certificate of title as proof of ownership.

(c) A self-insured owner of a ~~late-model or high-value~~ vehicle that sustains damage by collision or other occurrence which exceeds 80 percent of its actual cash value shall immediately apply for a salvage certificate of title.

Sec. 29. Minnesota Statutes 2016, section 168A.17, is amended by adding a subdivision to read:

Subd. 4. **Notice of perfection by dealer.** When a security interest in a vehicle sold by a dealer licensed under section 168.27 is perfected under subdivision 2, the dealer may provide a statement of perfection to the secured party on a form provided by the department. The statement must certify compliance with subdivision 2 and contain the date of delivery to the department. The information provided in the dealer's statement is considered prima facie evidence of the facts contained in it.

Sec. 30. **[168A.241] MOTOR VEHICLE TITLE TRANSFER AND REGISTRATION ADVISORY COMMITTEE.**

Subdivision 1. **Members.** (a) The Motor Vehicle Title and Registration Advisory Committee consists of the following 13 members:

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

(2) two members of the senate, one appointed by the majority leader and one appointed by the minority leader;

(3) one representative from the Minnesota Deputy Registrar's Association;

(4) one representative from the Minnesota Automobile Dealers Association;

(5) one representative from the Northland Independent Automobile Dealers Association;

(6) one staff member from the Department of Public Safety Driver and Vehicle Services Division;

(7) two representatives from deputy registrars, appointed by the commissioner;

(8) two representatives from dealers licensed under section 168.27, appointed by the commissioner; and

(9) one representative who performs auctions exclusively for dealers licensed under section 168.27 and not for the general public, appointed by the commissioner following consultation with eligible auto auction businesses.

(b) Section 15.059 governs the Motor Vehicle Title and Registration Advisory Committee.

(c) Members of the advisory committee must be compensated and reimbursed for expenses as provided in section 15.059, subdivision 3.

Subd. 2. **Organization.** (a) The members of the advisory committee must annually elect a chair and other officers as the members deem necessary.

(b) The advisory committee must meet at least two times per year.

Subd. 3. **Open meetings.** The advisory committee is subject to chapter 13D. An advisory committee meeting occurs when a quorum is present and the members receive information, discuss, or take action on any matter relating to the advisory committee's duties . The advisory committee may conduct meetings as provided in section 13D.015 or 13D.02. The advisory committee may conduct meetings at any location in the state that is appropriate for the purposes of the advisory committee, provided the location is open and accessible to the public. For legislative members of the advisory committee, enforcement of this subdivision is governed by section 3.055, subdivision 2. For nonlegislative members of the advisory committee, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

Subd. 4. **Staff.** The commissioner must provide support staff, office space, and administrative services to the advisory committee.

Subd. 5. **Duties.** The advisory committee's duties include but are not limited to:

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

(i) effective and efficient systems relating to the ownership, transfer, and registration of motor vehicles; and

(ii) planning and implementing future changes and enhancements to vehicle registration systems; and

(2) reviewing and making recommendations with respect to work plans, policy initiatives, major activities, and strategic planning.

Subd. 6. **Report and recommendations.** Beginning February 15, 2019, and annually thereafter, the commissioner must prepare and submit to the chairs and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over motor vehicle title and registration a report that summarizes the advisory committee's activities, issues identified by the advisory committee, methods taken to address the issues, and recommendations for legislative action, if needed.

Subd. 7. **Expiration.** The advisory committee expires June 30, 2021.

Sec. 31. Minnesota Statutes 2016, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, ~~the sum of:~~

~~(i) until December 31, 2016, $6.25 of which $3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705, and from July 1, 2012, to June 30, 2016, a surcharge of $1 must be added to the fee and credited to the driver and vehicle services technology account; and~~

~~(ii) on and after January 1, 2017,~~ $8.25, of which $4.15 must be paid into the vehicle services operating account under section 299A.705;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, ~~the sum of~~ $2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

~~(3) until December 31, 2016, for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of $5.50 of which $2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705, and from July 1, 2012, to June 30, 2016, a surcharge of $1 must be added to the fee and credited to the driver and vehicle services technology account;~~

~~(4)~~ (3) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, ~~the sum of~~ $1; and

~~(5)~~ (4) for issuing a duplicate certificate of title, ~~the sum of~~ $7.25, of which $3.25 must be paid into the vehicle services operating account ~~of the special revenue fund~~ under section 299A.705~~; from July 1, 2012, to June 30, 2016, a surcharge of $1 must be added to the fee and credited to the driver and vehicle services technology account~~.

(b) In addition to the fee required under paragraph (a), clause (1), the department must be paid $3.50. The additional $3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

Sec. 32. Minnesota Statutes 2016, section 169.011, subdivision 60, is amended to read:

Subd. 60. **Railroad train.** "Railroad train" means a steam engine, electric or other motor, with or without cars coupled thereto, operated upon rails, except streetcars. Railroad train includes on-track equipment or other rolling stock operated upon rails, whether self-propelled or coupled to another device.

Sec. 33. Minnesota Statutes 2016, section 169.14, subdivision 5, is amended to read:

Subd. 5. **Zoning within local area.** (a) When local authorities believe that the existing speed limit upon any street or highway, or part thereof, within their respective jurisdictions and not a part of the trunk highway system is greater or less than is reasonable or safe under existing conditions, they may request the commissioner to authorize, upon the basis of an engineering and traffic investigation, the erection of appropriate signs designating what speed is reasonable and safe, and the commissioner may authorize the erection of appropriate signs designating a reasonable and safe speed limit thereat, which speed limit shall be effective when such signs are erected. Any speeds in excess of these speed limits shall be prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that any speed limit within any municipality shall be a maximum limit and any speed in excess thereof shall be unlawful. Alteration of speed limits on streets and highways shall be made only upon authority of the commissioner except as provided in subdivision 5a.

(b) At the request of a county board, the commissioner may establish a speed limit in excess of 55 miles per hour on a county road or county engineer state-aid highway upon the basis of an engineering and traffic investigation. The county engineer must erect appropriate signs and the increased speed limit is effective when the signs are erected.

(c) Notwithstanding paragraphs (a) and (b), a county board may by resolution increase or decrease the speed limit of any street or highway within the county's jurisdiction by five or ten miles per hour. The county engineer must erect appropriate signs to display the new speed limit.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 34. Minnesota Statutes 2017 Supplement, section 169.18, subdivision 7, is amended to read:

Subd. 7. **Laned highway.** When any roadway has been divided into two or more clearly marked lanes for traffic, the following rules, in addition to all others consistent ~~herewith~~ with this subdivision, ~~shall~~ apply:

~~(a)~~ (1) A vehicle shall be driven as nearly as practicable entirely within a single lane and shall not be moved from ~~such~~ the lane until the driver has first ascertained that ~~such~~ the movement can be made with safety~~.~~;

~~(b)~~ (2) Upon a roadway which is not a one-way roadway and which is divided into three lanes, a vehicle shall not be driven in the center lane except when overtaking and passing another vehicle where the roadway is clearly visible and ~~such~~ the center lane is clear of traffic within a safe distance, or in preparation for a left turn or where ~~such~~ the center lane is at the time allocated exclusively to traffic moving in the direction the vehicle is proceeding, and is signposted to give notice of ~~such~~ the allocation. The left lane of a three-lane roadway which is not a one-way roadway shall not be used for overtaking and passing another vehicle~~.~~;

~~(c)~~ (3) Official signs may be erected directing slow-moving traffic to use a designated lane or allocating specified lanes to traffic moving in the same direction, and drivers of vehicles shall obey the ~~directions of every such~~ sign~~.~~;

~~(d)~~ (4) Whenever a bicycle lane has been established on a roadway, any person operating a motor vehicle on ~~such~~ the roadway shall not drive in the bicycle lane except to perform parking maneuvers in order to park where parking is permitted, to enter or leave the highway, to prepare for a turn as provided in section 169.19, subdivision 1, or to stop a school bus for the purpose of receiving or discharging any person provided the school bus is equipped and identified as provided in sections 169.441 and 169.442, subdivision 1, and the flashing red signals are activated and stop-signal arm is extended~~.~~; and

(5) notwithstanding clause (1), the operator of a vehicle or combination of vehicles with a total length in excess of 40 feet or a total width exceeding ten feet may, with due regard for all other traffic, deviate from the lane in which the operator is driving to the extent necessary to approach and drive through a roundabout.

Sec. 35. Minnesota Statutes 2016, section 169.18, subdivision 10, is amended to read:

Subd. 10. **Slow-moving vehicle.** ~~Upon all roadways any~~ (a) A person operating a vehicle ~~proceeding~~ at less than the ~~normal~~ speed of traffic ~~at the time and place and~~ under the existing conditions ~~then existing shall be driven~~ must drive in the right-hand lane ~~then available for traffic,~~ or as close as practicable to the right-hand curb or edge of the roadway~~, except when~~. A person who violates this paragraph must pay a fine of not less than $100.

(b) Paragraph (a) does not apply if:

(1) the vehicle is overtaking and passing another vehicle proceeding in the same direction~~, or when~~;

(2) the vehicle is preparing ~~for a left~~ to turn left at an intersection or into a private road or driveway~~, or when~~;

(3) a specific lane is designated and posted for a specific type of traffic~~.~~; or

(4) the vehicle is preparing to exit a controlled access highway by using an exit on the left side of the road.

Sec. 36. Minnesota Statutes 2016, section 169.18, subdivision 11, is amended to read:

Subd. 11. **Passing parked emergency vehicle; citation; probable cause.** (a) When approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having two lanes in the same direction, the driver of a vehicle shall safely move the vehicle to the lane farthest away from the emergency vehicle, if it is possible to do so.

(b) When approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having more than two lanes in the same direction, the driver of a vehicle shall safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the emergency vehicle is completely or partially parked or otherwise stopped, if it is possible to do so.

(c) If a lane change under paragraph (a) or (b) is impossible, or when approaching and before passing an authorized emergency vehicle with its emergency lights activated that is parked or otherwise stopped on or next to a street or highway having only one lane in the same direction, the driver of a vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped emergency vehicle, if it is possible to do so.

~~(c)~~ (d) A peace officer may issue a citation to the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of this subdivision within the four-hour period following the termination of the incident or a receipt of a report under paragraph ~~(d)~~ (e). The citation may be issued even though the violation was not committed in the presence of the peace officer.

~~(d)~~ (e) Although probable cause may be otherwise satisfied by other evidentiary elements or factors, probable cause is sufficient for purposes of this subdivision when the person cited is operating the vehicle described by a member of the crew of an authorized emergency vehicle responding to an incident in a timely report of the violation of this subdivision, which includes a description of the vehicle used to commit the offense and the vehicle's license plate number. For the purposes of issuance of a citation under paragraph ~~(c)~~ (d), "timely" means that the report must be made within a four-hour period following the termination of the incident.

~~(e)~~ (f) For purposes of paragraphs (a) ~~and (b)~~ to (c) only, ~~the terms~~ "authorized emergency vehicle" and "emergency vehicle" include a towing vehicle defined in section 168B.011, subdivision 12a, that has activated flashing lights authorized under section 169.64, subdivision 3, in addition to the vehicles described in the definition for "authorized emergency vehicle" in section 169.011, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to offenses committed on or after that date.

Sec. 37. Minnesota Statutes 2016, section 169.18, subdivision 12, is amended to read:

Subd. 12. **Passing certain parked vehicles.** (a) When approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway

having two lanes in the same direction, the driver of a vehicle shall safely move the vehicle to the lane farthest away from the parked or stopped vehicle, if it is possible to do so.

(b) When approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway having more than two lanes in the same direction, the driver of a vehicle shall safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the vehicle is completely or partially parked or otherwise stopped, if it is possible to do so.

(c) If a lane change under paragraph (a) or (b) is impossible, or when approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway having only one lane in the same direction, the driver of a vehicle must reduce the speed of the motor vehicle to a speed that is reasonable and prudent under the conditions until the motor vehicle has completely passed the parked or stopped freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle, if it is possible to do so.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 38. Minnesota Statutes 2016, section 169.20, is amended by adding a subdivision to read:

Subd. 8. **Roundabouts.** If two vehicles or combinations of vehicles each having a total length in excess of 40 feet or a total width in excess of ten feet approach or drive through a roundabout at approximately the same time or so closely as to constitute a hazard of collision, the operator of the vehicle or combination of vehicles on the right must yield the right-of-way to the vehicle or combination of vehicles on the left and, if necessary, must reduce speed or stop in order to so yield.

Sec. 39. Minnesota Statutes 2016, section 169.26, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) Except as provided in section 169.28, subdivision 1, when any person driving a vehicle approaches a railroad grade crossing under any of the circumstances stated in this paragraph, the driver shall stop the vehicle not less than ten feet from the nearest railroad track and shall not proceed until safe to do so and until the roadway is clear of traffic so that the vehicle can proceed without stopping until the rear of the vehicle is at least ten feet past the farthest railroad track. These requirements apply when:

(1) a clearly visible electric or mechanical signal device warns of the immediate approach of a railroad train; or

(2) an approaching railroad train is plainly visible and is in hazardous proximity.

(b) The fact that a moving railroad train approaching a railroad grade crossing is visible from the crossing is prima facie evidence that it is not safe to proceed.

(c) The driver of a vehicle shall stop and remain stopped and not traverse the grade crossing when a human flagger signals the approach or passage of a railroad train or when a crossing gate is

lowered warning of the immediate approach or passage of a railroad train. No person may drive a vehicle past a flagger at a railroad crossing until the flagger signals that the way is clear to proceed or drive a vehicle past a lowered crossing gate.

Sec. 40. Minnesota Statutes 2016, section 169.28, is amended to read:

169.28 CERTAIN VEHICLES TO STOP AT RAILROAD CROSSING.

Subdivision 1. **Requirements.** (a) The driver of any motor vehicle carrying passengers for hire, or of any school bus whether carrying passengers or not, or of any Head Start bus whether carrying passengers or not, or of any vehicle that is required to stop at railroad grade crossings under Code of Federal Regulations, title 49, section 392.10, before crossing at grade any track or tracks of a railroad, shall stop the vehicle not less than 15 feet nor more than 50 feet from the nearest rail of the railroad and while so stopped shall listen and look in both directions along the track for any approaching railroad train, and for signals indicating the approach of a railroad train, except as ~~hereinafter~~ otherwise provided~~, and~~ in this section. The driver shall not proceed until safe to do so and until the roadway is clear of traffic so that the vehicle can proceed without stopping until the rear of the vehicle is at least ten feet past the farthest railroad track. The driver must not shift gears while crossing the railroad tracks.

(b) A school bus or Head Start bus shall not be flagged across railroad grade crossings except at those railroad grade crossings that the local school administrative officer may designate.

(c) A type III vehicle, as defined in section 169.011, is exempt from the requirement of school buses to stop at railroad grade crossings.

(d) The requirements of this subdivision do not apply to the crossing of light rail vehicle track or tracks that are located in a public street when:

(1) the crossing occurs within the intersection of two or more public streets;

(2) the intersection is controlled by a traffic-control signal; and

(3) the intersection is marked with signs indicating to drivers that the requirements of this subdivision do not apply. Notwithstanding any other provision of law, the owner or operator of the track or tracks is authorized to place, maintain, and display the signs upon and in the view of the public street or streets.

Subd. 2. **Exempt crossing.** (a) The commissioner may designate a crossing as an exempt crossing:

(1) if the crossing is on a rail line on which service has been abandoned;

(2) if the crossing is on a rail line that carries fewer than five trains each year, traveling at speeds of ten miles per hour or less; or

(3) as agreed to by the operating railroad and the Department of Transportation, following a diagnostic review of the crossing.

(b) The commissioner shall direct the railroad to erect at the crossing signs bearing the word "Exempt" that conform to section 169.06. The installation or presence of an exempt sign does not relieve a driver of the duty to use due care.

(c) A railroad train must not proceed across an exempt crossing unless a police officer is present to direct traffic or a railroad employee is on the ground to warn traffic until the railroad train enters the crossing.

~~(c)~~ (d) A vehicle that must stop at grade crossings under subdivision 1 is not required to stop at a marked exempt crossing unless directed otherwise by a police officer or a railroad employee.

Sec. 41. Minnesota Statutes 2016, section 169.29, is amended to read:

169.29 CROSSING RAILROAD TRACKS WITH CERTAIN EQUIPMENT.

(a) No person shall operate or move any caterpillar tractor, steam shovel, derrick, roller, or any equipment or structure having a normal operating speed of six or less miles per hour or a vertical body or load clearance of less than nine inches above the level surface of a roadway upon or across any tracks at a railroad grade crossing without first complying with this section.

(b) Before making any crossing, the person operating or moving any vehicle or equipment set forth in this section shall first stop the same not less than ten, nor more than 50, feet from the nearest rail of the railway, and while so stopped shall listen and look in both directions along the track for any approaching railroad train and for signals indicating the approach of a railroad train, and shall not proceed until the crossing can be made safely.

(c) No crossing shall be made when warning is given by automatic signal or crossing gates or a flagger or otherwise of the immediate approach of a railroad train or car.

(d) No stop need be made at a crossing on a rail line on which service has been abandoned and where a sign erected in conformance with section 169.06 and bearing the word "Exempt" has been installed, unless directed otherwise by a flagger. The installation or presence of an exempt sign shall not relieve any driver of the duty to use due care.

Sec. 42. Minnesota Statutes 2016, section 169.71, subdivision 4, is amended to read:

Subd. 4. **Glazing material; prohibitions and exceptions.** (a) No person shall drive or operate any motor vehicle required to be registered in the state of Minnesota upon any street or highway under the following conditions:

(1) when the windshield is composed of, covered by, or treated with any material which has the effect of making the windshield more reflective or in any other way reducing light transmittance through the windshield;

(2) when any window on the vehicle is composed of, covered by, or treated with any material that has a highly reflective or mirrored appearance;

(3) when any side window or rear window is composed of or treated with any material so as to obstruct or substantially reduce the driver's clear view through the window or has a light transmittance of less than 50 percent plus or minus three percent in the visible light range or a luminous reflectance of more than 20 percent plus or minus three percent; or

(4) when any material has been applied after August 1, 1985, to any motor vehicle window without an accompanying permanent marking which indicates the percent of transmittance and the percent of reflectance afforded by the material. The marking must be in a manner so as not to obscure vision and be readable when installed on the vehicle.

(b) This subdivision does not apply to glazing materials which:

(1) have not been modified since the original installation, nor to original replacement windows and windshields, that were originally installed or replaced in conformance with Federal Motor Vehicle Safety Standard 205;

(2) are required to satisfy prescription or medical needs of the driver of the vehicle or a passenger if:

(i) the driver or passenger is in possession of the prescription or a physician's statement of medical need;

(ii) the prescription or statement specifically states the minimum percentage that light transmittance may be reduced to satisfy the prescription or medical needs of the patient; and

(iii) the prescription or statement contains an expiration date, which must be no more than two years after the date the prescription or statement was issued; or

(3) are applied to:

(i) the rear windows of a pickup truck as defined in section 168.002, subdivision 26;

(ii) the rear windows or the side windows on either side behind the driver's seat of a van as defined in section 168.002, subdivision 40;

(iii) the side and rear windows of a vehicle used to transport human remains by a funeral establishment holding a license under section 149A.50;

(iv) the side and rear windows of a limousine as defined in section 168.002, subdivision 15, that is registered in compliance with the requirements of section 168.128; or

(v) the rear and side windows of a police vehicle.

Sec. 43. Minnesota Statutes 2016, section 169.81, subdivision 5, is amended to read:

Subd. 5. **Manner of loading.** ~~No~~ (a) A vehicle ~~shall~~ must not be driven or moved on any highway unless ~~such~~ the vehicle is so constructed, loaded, or the load securely covered as to prevent any of its load from dropping, sifting, leaking, blowing, or otherwise escaping ~~therefrom, except that~~.

(b) Notwithstanding paragraph (a), a vehicle or combination of vehicles may:

(1) drop sand ~~may be dropped for the purpose of securing~~ to secure traction~~, or~~;

(2) sprinkle water or other substances ~~may be sprinkled on a roadway in cleaning or maintaining such~~ to clean or maintain the roadway; or

(3) leak liquid if transporting sugar beets.

(c) This subdivision ~~shall~~ does not apply to motor vehicles operated by a farmer or the farmer's agent when transporting produce such as small grains, shelled corn, soybeans, or other farm produce of a size and density not likely to cause injury to persons or damage to property on escaping in small amounts from a vehicle.

(d) A violation of this subdivision by a vehicle that is carrying farm produce and that is not exempted ~~by the preceding sentence~~ under paragraph (c) is a petty misdemeanor.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 44. Minnesota Statutes 2016, section 169.81, is amended by adding a subdivision to read:

Subd. 11. **Automobile transporter.** (a) For purposes of this subdivision, the following terms have the meanings given them:

(1) "automobile transporter" means any vehicle combination designed and used to transport assembled highway vehicles, including truck camper units;

(2) "stinger-steered automobile transporter" means a truck tractor semitrailer having the fifth wheel located on a drop frame located behind and below the rear-most axle of the power unit; and

(3) "backhaul" means the return trip of a vehicle transporting cargo or general freight, especially when carrying goods back over all or part of the same route.

(b) Stinger-steered combination automobile transporters having a length of 80 feet or less may be operated on interstate highways and other highways designated in this section, and may carry a load that extends four feet or less in the front of the vehicle and six feet or less in the rear of the vehicle.

(c) An automobile transporter may transport cargo or general freight on a backhaul, provided it complies with weight limitations for a truck tractor and semitrailer combination under section 169.824.

Sec. 45. Minnesota Statutes 2016, section 169.8261, subdivision 2, is amended to read:

Subd. 2. **Conditions.** (a) A vehicle or combination of vehicles described in subdivision 1 must:

(1) comply with seasonal load restrictions in effect between the dates set by the commissioner under section 169.87, subdivision 2;

(2) comply with bridge load limits posted under section 169.84;

(3) be equipped and operated with six or more axles and brakes on all wheels;

(4) not exceed 90,000 pounds gross vehicle weight, or 99,000 pounds gross vehicle weight during the time when seasonal increases are authorized under section 169.826;

(5) not be operated on interstate highways;

(6) obtain an annual permit from the commissioner of transportation;

(7) obey all road postings; and

(8) not exceed 20,000 pounds gross weight on any single axle.

(b) A vehicle operated under this section may exceed the legal axle weight limits listed in section 169.824 by not more than 12.5 percent; except that, the weight limits may be exceeded by not more than 23.75 percent during the time when seasonal increases are authorized under section 169.826, subdivision 1.

(c) Notwithstanding paragraph (a), clause (5), a vehicle or combination of vehicles hauling raw or unfinished forest products may also operate on the segment of Interstate Route 35 provided under United States Code, title 23, section 127.

Sec. 46. Minnesota Statutes 2017 Supplement, section 169.829, subdivision 4, is amended to read:

Subd. 4. **Certain emergency vehicles.** (a) The provisions of sections 169.80 to 169.88 governing size, weight, and load do not apply to a fire apparatus, a law enforcement special response vehicle, or a licensed land emergency ambulance service vehicle.

(b) Emergency vehicles designed to transport personnel and equipment to support the suppression of fires and to mitigate other hazardous situations are subject to the following weight limitations when operated on an interstate highway: (1) 24,000 pounds on a single steering axle; (2) 33,500 pounds on a single drive axle; (3) 52,000 pounds on a tandem rear drive steer axle; and (4) 62,000 pounds on a tandem axle. The gross weight of an emergency vehicle operating on an interstate highway must not exceed 86,000 pounds.

Sec. 47. Minnesota Statutes 2016, section 169.974, subdivision 2, is amended to read:

Subd. 2. **License endorsement and permit requirements.** (a) No person shall operate a motorcycle on any street or highway without having a valid driver's license with a two-wheeled vehicle endorsement as provided by law. A person may operate an autocycle without a two-wheeled vehicle endorsement, provided the person has a valid driver's license issued under section 171.02.

(b) The commissioner of public safety shall issue a two-wheeled vehicle endorsement only if the applicant (1) has in possession a valid two-wheeled vehicle instruction permit as provided in paragraph (c), (2) has passed a written examination and road test administered by the Department of Public Safety for the endorsement, and (3) in the case of applicants under 18 years of age, presents

a certificate or other evidence of having successfully completed an approved two-wheeled vehicle driver's safety course in this or another state, in accordance with rules adopted by the commissioner of public safety for courses offered by a public, private, or commercial school or institute. The commissioner of public safety may waive the road test for any applicant on determining that the applicant possesses a valid license to operate a two-wheeled vehicle issued by a jurisdiction that requires a comparable road test for license issuance.

(c) The commissioner of public safety shall issue a two-wheeled vehicle instruction permit to any person over 16 years of age who (1) is in possession of a valid driver's license, (2) is enrolled in an approved two-wheeled vehicle driver's safety course, and (3) has passed a written examination for the permit and paid a fee prescribed by the commissioner of public safety. A two-wheeled vehicle instruction permit is effective for one year and may be renewed under rules prescribed by the commissioner of public safety.

(d) No person who is operating by virtue of a two-wheeled vehicle instruction permit shall:

(1) carry any passengers on the streets and highways of this state on the motorcycle while the person is operating the motorcycle;

(2) drive the motorcycle at night; or

~~(3) drive the motorcycle on any highway marked as an interstate highway pursuant to title 23 of the United States Code; or~~

~~(4)~~ (3) drive the motorcycle without wearing protective headgear that complies with standards established by the commissioner of public safety.

(e) Notwithstanding paragraphs (a) to (d), the commissioner of public safety may issue a special motorcycle permit, restricted or qualified as the commissioner of public safety deems proper, to any person demonstrating a need for the permit and unable to qualify for a driver's license.

Sec. 48. Minnesota Statutes 2016, section 174.12, subdivision 8, is amended to read:

Subd. 8. **Legislative report.** (a) By February 1 of each odd-numbered year, the commissioner of transportation, with assistance from the commissioner of employment and economic development, shall submit a report on the transportation economic development program to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance and economic development policy and finance.

(b) At a minimum, the report must:

(1) summarize the requirements and implementation of the transportation economic development program established in this section;

(2) review the criteria and economic impact performance measures used for evaluation, prioritization, and selection of projects;

(3) provide a brief overview of each project that received financial assistance under the program, which must at a minimum identify:

(i) basic project characteristics, such as funding recipient, geographic location, and type of transportation modes served;

(ii) sources and respective amounts of project funding; and

(iii) the degree of economic benefit anticipated or observed, following the economic impact performance measures established under subdivision 4;

(4) identify the allocation of funds, including but not limited to a breakdown of total project funds by transportation mode, the amount expended for administrative costs, and the amount transferred to the transportation economic development assistance account;

(5) evaluate the overall economic impact of the program; and

(6) provide recommendations for any legislative changes related to the program.

(c) Notwithstanding paragraph (a), a report is not required in an odd-numbered year if no project received financial assistance during the preceding 24 months.

Sec. 49. Minnesota Statutes 2016, section 174.37, subdivision 6, is amended to read:

Subd. 6. **Expiration.** The committee expires June 30, ~~2018~~ 2022.

Sec. 50. Minnesota Statutes 2016, section 174.66, is amended to read:

174.66 CONTINUATION OF CARRIER RULES.

(a) Orders and directives in force, issued, or promulgated under authority of chapters 174A, 216A, 218, 219, 221, and 222 remain and continue in force and effect until repealed, modified, or superseded by duly authorized orders or directives of the commissioner of transportation. To the extent allowed under federal law or regulation, rules adopted under authority of the following sections are transferred to the commissioner of transportation and continue in force and effect until repealed, modified, or superseded by duly authorized rules of the commissioner:

(1) section 218.041 except rules related to the form and manner of filing railroad rates, railroad accounting rules, and safety rules;

(2) section 219.40;

(3) rules relating to rates or tariffs, or the granting, limiting, or modifying of permits under section 221.031, subdivision 1; and

(4) ~~rules relating to rates, charges, and practices under section 221.161, subdivision 4; and~~

~~(5)~~ rules relating to rates, tariffs, or the granting, limiting, or modifying of permits under section 221.121.

(b) The commissioner shall review the transferred rules, orders, and directives and, when appropriate, develop and adopt new rules, orders, or directives.

Sec. 51. Minnesota Statutes 2016, section 221.031, subdivision 2d, is amended to read:

Subd. 2d. **Hours of service exemptions.** The federal regulations incorporated in section 221.0314, subdivision 9, for ~~maximum driving and on-duty time,~~ hours of service do not apply to drivers engaged in intrastate transportation within a 150-air-mile radius from the source of the commodities, or from the retail or wholesale distribution point of the farm supplies, for:

(1) agricultural commodities; or

(2) farm supplies for agricultural purposes ~~from March 15 to December 15 of each year; or~~.

~~(2) sugar beets from September 1 to May 15 of each year.~~

Sec. 52. Minnesota Statutes 2016, section 221.0314, subdivision 9, is amended to read:

Subd. 9. **Hours of service of driver.** (a) Code of Federal Regulations, title 49, part 395, is incorporated by reference, except that paragraphs (a), (c), (d), (f), (h), (i), ~~(k),~~ (m), and (n) of section 395.1 of that part are not incorporated. In addition, cross-references to sections or paragraphs not incorporated in this subdivision are not incorporated by reference.

(b) For purposes of Code of Federal Regulations, title 49, part 395.1, paragraph (k), the planting and harvest period for Minnesota is from January 1 through December 31 of each year.

(c) The requirements of Code of Federal Regulations, title 49, part 395, do not apply to drivers of lightweight vehicles.

Sec. 53. Minnesota Statutes 2016, section 221.036, subdivision 1, is amended to read:

Subdivision 1. **Order.** The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for a violation of (1) section 221.021; (2) section 221.033, subdivision 2b; (3) section 221.171; (4) section 221.141; (5) a federal, state, or local law, regulation, rule, or ordinance pertaining to railroad-highway grade crossings; or (6) rules of the commissioner relating to the transportation of hazardous waste, motor carrier operations, or insurance~~, or tariffs and accounting~~. An order must be issued as provided in this section.

Sec. 54. Minnesota Statutes 2016, section 221.036, subdivision 3, is amended to read:

Subd. 3. **Amount of penalty; considerations.** (a) The commissioner may issue an order assessing a penalty of up to $5,000 for all violations identified during a single audit or investigation of (1) section 221.021~~,~~, 221.141~~,~~, or 221.171, or (2) rules of the commissioner relating to motor carrier operations~~,~~ or insurance~~, or tariffs and accounting, identified during a single inspection, audit, or investigation~~.

(b) The commissioner may issue an order assessing a penalty up to a maximum of $10,000 for all violations of section 221.033, subdivision 2b, identified during a single inspection or audit.

(c) In determining the amount of a penalty, the commissioner shall consider:

(1) the willfulness of the violation;

(2) the gravity of the violation, including damage to humans, animals, air, water, land, or other natural resources of the state;

(3) the history of past violations, including the similarity of the most recent violation and the violation to be penalized, the time elapsed since the last violation, the number of previous violations, and the response of the person to the most recent violation identified;

(4) the economic benefit gained by the person by allowing or committing the violation; and

(5) other factors as justice may require, if the commissioner specifically identifies the additional factors in the commissioner's order.

(d) The commissioner shall assess a penalty in accordance with Code of Federal Regulations, title 49, section 383.53, against:

(1) a driver who is convicted of a violation of an out-of-service order;

(2) an employer who knowingly allows or requires an employee to operate a commercial motor vehicle in violation of an out-of-service order; or

(3) an employer who knowingly allows or requires an employee to operate a commercial motor vehicle in violation of a federal, state, or local law or regulation pertaining to railroad-highway grade crossings.

Sec. 55. Minnesota Statutes 2016, section 221.122, subdivision 1, is amended to read:

Subdivision 1. **Registration, insurance, and filing requirements.** (a) An order issued by the commissioner which grants a certificate or permit must contain a service date.

(b) The person to whom the order granting the certificate or permit is issued shall do the following within 45 days from the service date of the order:

(1) register vehicles which will be used to provide transportation under the permit or certificate with the commissioner and pay the vehicle registration fees required by law; and

(2) file and maintain insurance or bond as required by section 221.141 and rules of the commissioner~~; and~~.

~~(3) file rates and tariffs as required by section 221.161 and rules of the commissioner.~~

Sec. 56. Minnesota Statutes 2016, section 221.161, subdivision 1, is amended to read:

Subdivision 1. ~~**Filing; hearing upon commissioner initiative**~~ **Tariff maintenance and contents.** A household goods ~~carrier~~ mover shall ~~file and~~ maintain ~~with the commissioner~~ a tariff showing rates and charges for transporting household goods. ~~Tariffs must be prepared and filed in accordance~~

~~with the rules of the commissioner. When tariffs are filed in accordance with the rules and accepted by the commissioner, the filing constitutes notice to the public and interested parties of the contents of the tariffs. The commissioner shall not accept for filing tariffs that are unjust, unreasonable, unjustly discriminatory, unduly preferential or prejudicial, or otherwise in violation of this section or rules adopted under this section. If the tariffs appear to be unjust, unreasonable, unjustly discriminatory, unduly preferential or prejudicial, or otherwise in violation of this section or rules adopted under this section, after notification and investigation by the department, the commissioner may suspend and postpone the effective date of the tariffs and assign the tariffs for hearing upon notice to the household goods carrier filing the proposed tariffs and to other interested parties, including users of the service and competitive carriers by motor vehicle and rail. At the hearing, the burden of proof is on the household goods carrier filing the proposed tariff to sustain the validity of the proposed schedule of rates and charges. The tariffs and subsequent supplements to them or reissues of them must state the effective date, which may not be less than ten days following the date of filing, unless the period of time is reduced by special permission of the commissioner.~~ A household goods mover must prepare a tariff under this section in accordance with Code of Federal Regulations, title 49, part 1310.3, which is incorporated by reference.

Sec. 57. Minnesota Statutes 2016, section 221.161, is amended by adding a subdivision to read:

Subd. 5. **Tariff availability.** (a) A household goods mover subject to this section must maintain all of its effective tariffs at its principal place of business and at each of its terminal locations, and must make the tariffs available to the public for inspection at all times the household goods mover is open for business. Any publication referred to in a tariff must be maintained with that tariff.

(b) Upon request, a household goods mover must provide copies of tariffs, specific tariff provisions, or tariff subscriptions to the commissioner or any interested person.

Sec. 58. Minnesota Statutes 2016, section 221.171, subdivision 1, is amended to read:

Subdivision 1. **Compensation fixed by schedule on file.** ~~No~~ A household goods ~~carrier shall~~ mover must not charge or receive a greater, lesser, or different compensation for the transportation ~~of persons or property~~ or ~~for related~~ service~~,~~ provided than the rates and charges ~~named in the carrier's schedule on file and in effect with the commissioner including any rate fixed by the commissioner~~ specified in the tariff under section 221.161~~; nor shall~~. A household goods ~~carrier~~ mover must not refund or remit in any manner or by any device, directly or indirectly, the rates and charges required to be collected by the ~~carrier~~ mover under the ~~carrier's~~ mover's schedules ~~or under the rates, if any, fixed by the commissioner~~.

Sec. 59. Minnesota Statutes 2016, section 299A.01, is amended by adding a subdivision to read:

Subd. 8. **Highway user tax distribution fund use limitation.** The commissioner must not spend any money from the highway user tax distribution fund for employees working in the public information center or comparable customer service positions elsewhere in the department.

Sec. 60. **[299A.704] DRIVER AND VEHICLE SERVICES FUND.**

A driver and vehicle services fund is established within the state treasury. The fund consists of accounts and money as specified by law, and any other money otherwise donated, allotted, appropriated, or legislated to the fund.

Sec. 61. Minnesota Statutes 2016, section 299A.705, is amended to read:

299A.705 DRIVER AND VEHICLE SERVICES ACCOUNTS.

Subdivision 1. **Vehicle services operating account.** (a) The vehicle services operating account is created in the ~~special revenue~~ driver and vehicle services fund, consisting of all money from the vehicle services fees specified in chapters 168, 168A, and 168D, and any other money otherwise donated, allotted, appropriated, or legislated to ~~this~~ the account.

(b) Funds appropriated ~~are available~~ from this account must be used by the commissioner of public safety to administer the vehicle services ~~as~~ specified in chapters 168, 168A, and 168D, and section 169.345, including:

(1) designing, producing, issuing, and mailing vehicle registrations, plates, emblems, and titles;

(2) collecting title and registration taxes and fees;

(3) transferring vehicle registration plates and titles;

(4) maintaining vehicle records;

(5) issuing disability certificates and plates;

(6) licensing vehicle dealers;

(7) appointing, monitoring, and auditing deputy registrars; and

(8) inspecting vehicles when required by law.

Subd. 2. **Driver services operating account.** (a) The driver services operating account is created in the ~~special revenue~~ driver and vehicle services fund, consisting of all money collected under chapter 171 and any other money otherwise donated, allotted, appropriated, or legislated to the account.

(b) ~~Money in the~~ Funds appropriated from this account must be used by the commissioner of public safety to administer the driver services specified in chapters 169A and 171, including the activities associated with producing and mailing drivers' licenses and identification cards and notices relating to issuance, renewal, or withdrawal of driving and identification card privileges for any fiscal year or years and for the testing and examination of drivers.

Subd. 3. **Driver and vehicle services technology account.** (a) The driver and vehicle services technology account is created in the ~~special revenue~~ driver and vehicle services fund, consisting of the technology surcharge collected as specified in ~~chapters 168, 168A, and 171; the filing fee revenue collected under section 168.33, subdivision 7;~~ section 168.33 and any other money otherwise donated, allotted, appropriated, or legislated to this account.

(b) Money in the account is annually appropriated to the commissioner of public safety to support the research, development, deployment, and maintenance of a driver and vehicle services information system.

(c) ~~Following completion of the deposit of filing fee revenue into the driver and vehicle services technology account as provided under section 168.33, subdivision 7~~ Annually by February 1, the commissioner ~~shall~~ must submit a ~~notification~~ report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance ~~concerning driver and vehicle services information system implementation, which must include information~~ on (1) total revenue deposited in the driver and vehicle services technology account for the previous calendar year, with a breakdown by sources of funds; (2) total project costs incurred through December 31 of the previous calendar year, with a breakdown by key project components; and (3) an estimate of ongoing system maintenance costs.

Subd. 4. **Prohibited expenditures.** The commissioner is prohibited from expending money from driver and vehicle services accounts created in the ~~special revenue~~ driver and vehicle services fund for any purpose that is not specifically authorized in this section or in the chapters specified in this section.

Sec. 62. Minnesota Statutes 2016, section 360.013, is amended by adding a subdivision to read:

Subd. 46a. **Comprehensive plan.** "Comprehensive plan" has the meaning given in section 394.22, subdivision 9, or 462.352, subdivision 5.

Sec. 63. Minnesota Statutes 2016, section 360.017, subdivision 1, is amended to read:

Subdivision 1. **Creation; authorized disbursements.** (a) There is hereby created a fund to be known as the state airports fund. The fund shall consist of all money appropriated to it, or directed to be paid into it, by the legislature.

(b) The state airports fund shall be paid out on authorization of the commissioner and shall be used:

(1) to acquire, construct, improve, maintain, and operate airports and other air navigation facilities;

(2) to assist municipalities in the planning, acquisition, construction, improvement, and maintenance of airports and other air navigation facilities;

(3) to assist municipalities to initiate, enhance, and market scheduled air service at their airports;

(4) to promote interest and safety in aeronautics through education and information; and

(5) to pay the salaries and expenses of the Department of Transportation related to aeronautic planning, administration, and operation. All allotments of money from the state airports fund for salaries and expenses shall be approved by the commissioner of management and budget.

~~(c) A municipality that adopts a comprehensive plan that the commissioner finds is incompatible with the state aviation plan is not eligible for assistance from the state airports fund.~~

Sec. 64. Minnesota Statutes 2016, section 360.021, subdivision 1, is amended to read:

Subdivision 1. **Authority to establish.** The commissioner is authorized and empowered, on behalf of and in the name of this state, within the limitation of available appropriations, to acquire, by purchase, gift, devise, lease, condemnation proceedings, or otherwise, property, real or personal, for the purpose of establishing and constructing restricted landing areas and other air navigation facilities and to acquire in like manner, own, control, establish, construct, enlarge, improve, maintain, equip, operate, regulate, and police such restricted landing areas and other air navigation facilities, either within or without this state; and to make, prior to any such acquisition, investigations, surveys, and plans. The commissioner may maintain, equip, operate, regulate, and police airports, either within or without this state. The operation and maintenance of airports is an essential public service. The commissioner may maintain at such airports facilities for the servicing of aircraft and for the comfort and accommodation of air travelers. The commissioner may dispose of any such property, airport, restricted landing area, or any other air navigation facility, by sale, lease, or otherwise, in accordance with the laws of this state governing the disposition of other like property of the state. The commissioner may not acquire or take over any restricted landing area, or other air navigation facility without the consent of the owner. The commissioner shall not acquire any additional state airports nor establish any additional state-owned airports. The commissioner may erect, equip, operate, and maintain on any airport buildings and equipment necessary and proper to maintain, and conduct such airport and air navigation facilities connected therewith. The commissioner shall not expend money for land acquisition, or for the construction, improvement, or maintenance of airports, or for air navigation facilities for an airport, unless the ~~governmental unit~~ municipality, county, or joint airport zoning board involved has or is establishing a zoning authority for that airport, and the authority has made a good-faith showing that it is in the process of and will complete with due diligence, an airport zoning ordinance in accordance with sections 360.061 to 360.074. The commissioner may provide funds to support airport safety projects that maintain existing infrastructure, regardless of a zoning authority's efforts to complete a zoning regulation. The commissioner may withhold funding from only the airport subject to the proposed zoning ordinance. Notwithstanding the foregoing prohibition, the commissioner may continue to maintain the state-owned airport at Pine Creek.

Sec. 65. Minnesota Statutes 2016, section 360.062, is amended to read:

360.062 AIRPORT HAZARD PREVENTION; PROTECTING EXISTING ~~NEIGHBORHOOD~~ LAND USES.

(a) It is hereby found that an airport hazard endangers the lives and property of users of the airport and of occupants of land in its vicinity, and may reduce the size of the area available for the landing, takeoff, and maneuvering of aircraft, thereby impairing the utility of the airport and the public investment therein. It is also found that the social and financial costs of disrupting existing land uses around airports ~~in built up urban areas, particularly established residential neighborhoods,~~ often outweigh the benefits of a reduction in airport hazards that might result from the elimination or removal of those uses.

(b) Accordingly, it is hereby declared: (1) ~~that~~ the creation or establishment of an airport hazard is a public nuisance and an injury to the community served by the airport in question; (2) ~~that~~ it is ~~therefor~~ necessary in the interest of the public health, public safety, and general welfare that the creation or establishment of airport hazards be prevented and that this should be accomplished to the extent legally possible, by exercise of the police power, without compensation; and (3) ~~that~~ the elimination or removal of existing land uses~~, particularly established residential neighborhoods in built-up urban areas,~~ or their designation as nonconforming uses is not in the public interest and should be avoided whenever possible consistent with reasonable standards of safety.

(c) It is further declared that the prevention of the creation or establishment of airport hazards and the elimination, removal, alteration, mitigation, or marking and lighting of existing airport hazards are essential public ~~purposes~~ services for which political subdivisions may raise and expend public funds and acquire land or property interests therein.

Sec. 66. Minnesota Statutes 2016, section 360.063, subdivision 1, is amended to read:

Subdivision 1. **Enforcement under police power.** (a) In order to prevent the creation or establishment of airport hazards, every municipality having an airport hazard area within its territorial limits may, unless a joint airport zoning board is permitted under subdivision 3, adopt, amend from time to time, administer, and enforce, under the police power and in the manner and upon the conditions hereinafter prescribed, airport zoning regulations for such airport hazard area, which regulations may divide such area into zones, and, within such zones, specify the land uses permitted and regulate and restrict the height to which structures and trees may be erected or allowed to grow.

(b) ~~For the purpose of promoting~~ In order to promote health, safety, order, convenience, prosperity, general welfare and ~~for conserving~~ to conserve property values and ~~encouraging~~ encourage the most appropriate use of land, the municipality may regulate ~~the location, size and use of buildings and the density of population in that portion of an airport hazard area under approach zones for a distance not to exceed two miles from the airport boundary and in other portions of an~~ in airport hazard ~~area may regulate by land use zoning for a distance not to exceed one mile from the airport boundary, and by height restriction zoning for a distance not to exceed 1-1/2 miles from the airport boundary~~ areas: (1) land use; (2) height restrictions; (3) the location, size, and use of buildings; and (4) the density of population.

(c) The powers granted by this subdivision may be exercised by metropolitan airports commissions in contiguous cities of the first class in and for which they have been created.

(d) In the case of airports owned or operated by the state of Minnesota such powers shall be exercised by the state airport zoning boards or by the commissioner of transportation as authorized herein.

Sec. 67. Minnesota Statutes 2016, section 360.063, subdivision 3, is amended to read:

Subd. 3. **Joint airport zoning board.** (a) Where an airport is owned or controlled by a municipality and an airport hazard area appertaining to the airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport may request a county or municipality in which an airport hazard area is located:

(1) to adopt and enforce airport zoning regulations for the area in question ~~that conform to standards prescribed by the commissioner pursuant to subdivision 4~~ under sections 360.0655 and 360.0656; or

(2) to join in creating a joint airport zoning board pursuant to paragraph (b). The owning or controlling municipality shall determine which of these actions it shall request, except as provided in paragraph (e) for the Metropolitan Airports Commission. The request shall be made by certified mail to the governing body of each county and municipality in which an airport hazard area is located.

(b) Where an airport is owned or controlled by a municipality and an airport hazard area appertaining to the airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport and the county or other municipality within which the airport hazard area is located may, by ordinance or resolution duly adopted, create a joint airport zoning board, which board shall have the same power to adopt, administer, and enforce airport zoning regulations applicable to the airport hazard area in question as that vested by subdivision 1 in the municipality within which the area is located. A joint board shall have as members two representatives appointed by the municipality owning or controlling the airport and two from the county or municipality, or in case more than one county or municipality is involved two from each county or municipality, in which the airport hazard is located, and in addition a chair elected by a majority of the members so appointed. All members shall serve at the pleasure of their respective appointing authority. Notwithstanding any other provision of law to the contrary, if the owning and controlling municipality is a city of the first class it shall appoint four members to the board, and the chair of the board shall be elected from the membership of the board.

(c) If a county or municipality, within 60 days of receiving a request from an owning or controlling municipality pursuant to paragraph (a), fails to adopt, or thereafter fails to enforce, the zoning regulations or fails to join in creating a joint airport zoning board, the owning or controlling municipality, or a joint airport zoning board created without participation by the subdivisions which fail to join the board, may itself adopt, administer, and enforce airport zoning regulations for the airport hazard area in question. In the event of conflict between the regulations and airport zoning regulations adopted by the county or municipality within which the airport hazard area is located, section 360.064, subdivision 2, applies.

(d) "Owning or controlling municipality," as used in this subdivision, includes:

(1) a joint airport operating board created pursuant to section 360.042 that has been granted all the powers of a municipality in zoning matters under the agreement creating the board;

(2) a joint airport operating board created pursuant to section 360.042 that has not been granted zoning powers under the agreement creating the board; provided that the board shall not itself adopt zoning regulations nor shall a joint airport zoning board created at its request adopt zoning regulations unless all municipalities that created the joint operating board join to create the joint zoning board; and

(3) the Metropolitan Airports Commission established and operated pursuant to chapter 473.

(e) The Metropolitan Airports Commission shall request creation of one joint airport zoning board for each airport operated under its authority.

Sec. 68. Minnesota Statutes 2016, section 360.064, subdivision 1, is amended to read:

Subdivision 1. **Comprehensive regulations.** In the event that a municipality has adopted, or hereafter adopts, a comprehensive zoning ordinance regulating, among other things the height of buildings, any airport zoning regulations applicable to the same area or portion thereof ~~may~~ must be incorporated by reference or incorporated in and made a part of such comprehensive zoning regulations and be administered and enforced in connection therewith.

Sec. 69. Minnesota Statutes 2016, section 360.065, subdivision 1, is amended to read:

Subdivision 1. **Notice of proposed zoning regulations, hearing.** (a) No airport zoning regulations shall be adopted, amended, or changed under sections 360.011 to 360.076, except by action of the governing body of the municipality ~~or~~, county ~~in question~~, or joint airport zoning board under section 360.0655 or 360.0656, or the boards provided for in section 360.063, subdivisions 3 and 7, or by the commissioner as provided in subdivisions 6 and 8~~, after public hearings, at which parties in interest and citizens shall have an opportunity to be heard~~.

(b) A public hearing ~~shall~~ must be held on the ~~proposed~~ airport zoning regulations proposed by a municipality, county, or joint airport zoning board before they are submitted ~~for approval~~ to the commissioner ~~and after that approval but before final adoption by the local zoning authority~~ for approval. If any changes that alter the regulations placed on a parcel of land are made to the proposed airport zoning regulations after the initial public hearing, the municipality, county, or joint airport zoning board must hold a second public hearing before final adoption of the regulation. The commissioner may require a second hearing as determined necessary.

(c) Notice of a hearing ~~required pursuant to this subdivision shall~~ must be published by the ~~local zoning authority~~ municipality, county, or joint airport zoning board at least three times during the period between 15 days and five days before the hearing in an official newspaper and in a second newspaper designated by that authority which has a wide general circulation in the area affected by the proposed regulations and posted on the municipality's, county's, or joint airport zoning board's Web site. If there is not a second newspaper of wide general circulation in the area that the municipality, county, or joint airport zoning board can designate for the notice, the municipality, county, or joint airport zoning board is only required to publish the notice one in the official newspaper of the jurisdiction. The notice shall not be published in the legal notice section of a newspaper. The notice must specify the time, location, and purpose of the hearing, and must identify any additional location and time the proposed regulations will be available for public inspection. A copy of the published notice must be added to the record of the proceedings.

(d) Notice of a hearing ~~shall also be mailed to the governing body of each political subdivision in which property affected by the regulations is located. Notice shall~~ must be given by mail at least ~~15~~ ten days before each hearing to ~~any~~ persons ~~in municipalities that own land proposed to be included in safety zone A or B as provided in the rules of the Department of Transportation~~ and landowners where the location or size of a building, or the density of population, will be regulated. Mailed notice must also be provided at least ten days before each hearing to persons or municipalities

that have previously requested such notice from the ~~authority~~ municipality, county, or joint airport zoning board. The notice must specify the time, location, and purpose of the hearing, and must identify any additional location and time the proposed regulations will be made available for public inspection. Mailed notice must also identify the property affected by the regulations. For the purpose of ~~giving~~ providing mailed notice, the ~~authority~~ municipality, county, or joint airport zoning board may use any appropriate records to determine the names and addresses of owners. A copy of the notice and a list of the owners and addresses to which the notice was sent ~~shall be attested to by the responsible person and shall~~ must be ~~made a part of~~ added to the records of the proceedings. ~~The~~ Failure to ~~give~~ provide mailed notice to individual property owners~~,~~ or ~~defects~~ a defect in the notice~~,~~ ~~shall~~ does not invalidate the proceedings~~; provided~~ if a bona fide attempt to comply with this subdivision ~~has been~~ was made. ~~A notice shall describe the property affected by the proposed regulations and the restrictions to be imposed on the property by the regulations and shall state the place and time at which the proposed regulations are available for public inspection.~~

Sec. 70. **[360.0655] AIRPORT ZONING REGULATIONS BASED ON COMMISSIONER'S STANDARDS; SUBMISSION PROCESS.**

Subdivision 1. **Submission to commissioner; review.** (a) Except as provided in section 360.0656, prior to adopting zoning regulations, the municipality, county, or joint airport zoning board must submit the proposed regulations to the commissioner for the commissioner to determine whether the regulations conform to the standards prescribed by the commissioner. The municipality, county, or joint airport zoning board may elect to complete custom airport zoning under section 360.0656 instead of using the commissioner's standard, but only after providing written notice to the commissioner.

(b) Notwithstanding section 15.99, the commissioner must examine the proposed regulations within 90 days of receipt of the regulations and report to the municipality, county, or joint airport zoning board the commissioner's approval or objections, if any. Failure to respond within 90 days is deemed an approval. The commissioner may request additional information from the municipality, county, or joint airport zoning board within the 90-day review period. If the commissioner requests additional information, the 90-day review period is tolled until the commissioner receives information and deems the information satisfactory.

(c) If the commissioner objects on the grounds that the regulations do not conform to the standards prescribed by the commissioner, the municipality, county, or joint airport zoning board must make amendments necessary to resolve the objections or provide written notice to the commissioner that the municipality, county, or joint airport zoning board will proceed with zoning under section 360.0656.

(d) If the municipality, county, or joint airport zoning board makes revisions to the proposed regulations after its initial public hearing, the municipality, county, or joint airport zoning board must conduct a second public hearing on the revisions and resubmit the revised proposed regulations to the commissioner for review. The commissioner must examine the revised proposed regulations within 90 days of receipt to determine whether the revised proposed regulations conform to the standards prescribed by the commissioner.

(e) If, after a second review period, the commissioner determines that the municipality, county, or joint airport zoning board failed to submit proposed regulations that conform to the commissioner's standards, the commissioner must provide a final written decision to the municipality, county, or joint airport zoning board.

(f) The municipality, county, or joint airport zoning board must not adopt regulations or take other action until the proposed regulations are approved by the commissioner.

(g) The commissioner may approve local zoning ordinances that are more stringent than the commissioner's standards.

(h) If the commissioner approves the proposed regulations, the municipality, county, or joint airport zoning board may adopt the regulations.

(i) A copy of the adopted regulations must be filed with the county recorder in each county that contains a zoned area subject to the regulations.

(j) Substantive rights that existed and had been exercised prior to August 1, 2018, are not affected by the filing of the regulations.

Subd. 2. **Protection of existing land uses.** (a) In order to ensure minimum disruption of existing land uses, the commissioner's airport zoning standards and local airport zoning ordinances or regulations adopted under section 360.0655 must distinguish between the creation or establishment of a use and the elimination of an existing use, and must avoid the elimination, removal, or reclassification of existing uses to the extent consistent with reasonable safety standards. The commissioner's standards must include criteria for determining when an existing land use may constitute an airport hazard so severe that public safety considerations outweigh the public interest in preventing disruption to that land use.

(b) Airport zoning regulations that classify as a nonconforming use or require nonconforming use classification with respect to any existing low-density structure or existing isolated low-density building lots must be adopted under sections 360.061 to 360.074.

(c) A local airport zoning authority may classify a land use described in paragraph (b) as an airport hazard if the authority finds that the classification is justified by public safety considerations and is consistent with the commissioner's airport zoning standards. Any land use described in paragraph (b) that is classified as an airport hazard must be acquired, altered, or removed at public expense.

(d) This subdivision must not be construed to affect the classification of any land use under any zoning ordinances or regulations not adopted under sections 360.061 to 360.074.

Sec. 71. **[360.0656] CUSTOM AIRPORT ZONING STANDARDS.**

Subdivision 1. **Custom airport zoning standards; factors.** (a) Notwithstanding section 360.0655, a municipality, county, or joint airport zoning board must provide notice to the commissioner when the municipality, county, or joint airport zoning board intends to establish and adopt custom airport zoning regulations under this section.

(b) Airport zoning regulations submitted to the commissioner under this subdivision are not subject to the commissioner's zoning regulations under section 360.0655 or Minnesota Rules, part 8800.2400.

(c) When developing and adopting custom airport zoning regulations under this section, the municipality, county, or joint airport zoning board must include in the record a detailed analysis that explains how the proposed custom airport zoning regulations addressed the following factors to ensure a reasonable level of safety:

(1) the location of the airport, the surrounding land uses, and the character of neighborhoods in the vicinity of the airport, including:

(i) the location of vulnerable populations, including schools, hospitals, and nursing homes, in the airport hazard area;

(ii) the location of land uses that attract large assemblies of people in the airport hazard area;

(iii) the availability of contiguous open spaces in the airport hazard area;

(iv) the location of wildlife attractants in the airport hazard area;

(v) airport ownership or control of the federal Runway Protection Zone and the department's Clear Zone;

(vi) land uses that create or cause interference with the operation of radio or electronic facilities used by the airport or aircraft;

(vii) land uses that make it difficult for pilots to distinguish between airport lights and other lights, result in glare in the eyes of pilots using the airport, or impair visibility in the vicinity of the airport;

(viii) land uses that otherwise inhibit a pilot's ability to land, take off, or maneuver the aircraft;

(ix) airspace protection to prevent the creation of air navigation hazards in the airport hazard area; and

(x) the social and economic costs of restricting land uses;

(2) the airport's type of operations and how the operations affect safety surrounding the airport;

(3) the accident rate at the airport compared to a statistically significant sample, including an analysis of accident distribution based on the rate with a higher accident incidence;

(4) the planned land uses within an airport hazard area, including any applicable platting, zoning, comprehensive plan, or transportation plan; and

(5) any other information relevant to safety or the airport.

Subd. 2. **Submission to commissioner; review.** (a) Except as provided in section 360.0655, prior to adopting zoning regulations, the municipality, county, or joint airport zoning board must submit its proposed regulations and the supporting record to the commissioner for review. The commissioner must determine whether the proposed custom airport zoning regulations and supporting record (1) evaluate the criteria under subdivision 1, and (2) provide a reasonable level of safety.

(b) Notwithstanding section 15.99, the commissioner must examine the proposed regulations within 90 days of receipt of the regulations and report to the municipality, county, or joint airport zoning board the commissioner's approval or objections, if any. Failure to respond within 90 days is deemed an approval. The commissioner may request additional information from the municipality, county, or joint airport zoning board within the 90-day review period.

(c) If the commissioner objects on the grounds that the regulations do not provide a reasonable level of safety, the municipality, county, or joint airport zoning board must review, consider, and provide a detailed explanation demonstrating how it evaluated the objections and what action it took or did not take in response to the objections. If the municipality, county, or joint airport zoning board submits amended regulations after its initial public hearing, the municipality, county, or joint airport zoning board must conduct a second public hearing on the revisions and resubmit the revised proposed regulations to the commissioner for review. The commissioner must examine the revised proposed regulations within 90 days of receipt of the regulations. If the commissioner requests additional information, the 90-day review period is tolled until satisfactory information is received by the commissioner. Failure to respond within 90 days is deemed an approval.

(d) If, after the second review period, the commissioner determines that the municipality, county, or joint airport zoning board failed to submit proposed regulations that provide a reasonable safety level, the commissioner must provide a final written decision to the municipality, county, or joint airport zoning board.

(e) A municipality, county, or joint airport zoning board is prohibited from adopting custom regulations or taking other action until the proposed regulations are approved by the commissioner.

(f) If the commissioner approves the proposed regulations, the municipality, county, or joint airport zoning board may adopt the regulations.

(g) A copy of the adopted regulations must be filed with the county recorder in each county that contains a zoned area subject to the regulations.

(h) Substantive rights that existed and had been exercised prior to August 1, 2018, are not affected by the filing of the regulations.

Sec. 72. Minnesota Statutes 2016, section 360.066, subdivision 1, is amended to read:

Subdivision 1. **Reasonableness.** ~~Standards of the commissioner~~ Zoning standards defining airport hazard areas and the categories of uses permitted and airport zoning regulations adopted under sections 360.011 to 360.076, shall be reasonable, and none shall impose a requirement or restriction which is not reasonably necessary to effectuate the purposes of sections 360.011 to 360.076. ~~In determining what minimum airport zoning regulations may be adopted, the commissioner~~

~~and a local airport zoning authority shall consider, among other things, the character of the flying operations expected to be conducted at the airport, the location of the airport, the nature of the terrain within the airport hazard area, the existing land uses and character of the neighborhood around the airport, the uses to which the property to be zoned are planned and adaptable, and the social and economic costs of restricting land uses versus the benefits derived from a strict application of the standards of the commissioner.~~

Sec. 73. Minnesota Statutes 2016, section 360.067, is amended by adding a subdivision to read:

Subd. 5. **Federal no hazard determination.** (a) Notwithstanding subdivisions 1 and 2, a municipality, county, or joint airport zoning board may include in its custom airport zoning regulations adopted under section 360.0656 an option to permit construction of a structure, an increase or alteration of the height of a structure, or the growth of an existing tree without a variance from height restrictions if the Federal Aviation Administration has analyzed the proposed construction, alteration, or growth under Code of Federal Regulations, title 14, part 77, and has determined the proposed construction, alteration, or growth does not:

(1) pose a hazard to air navigation;

(2) require changes to airport or aircraft operations; or

(3) require any mitigation conditions by the Federal Aviation Administration that cannot be satisfied by the landowner.

(b) A municipality, county, or joint airport zoning board that permits an exception to height restrictions under this subdivision must require the applicant to file the Federal Aviation Administration's no hazard determination with the applicable zoning administrator. The applicant must obtain written approval of the zoning administrator before construction, alteration, or growth may occur. Failure of the administrator to respond within 60 days to a filing under this subdivision is deemed a denial. The Federal Aviation Administration's no hazard determination does not apply to requests for variation from land use, density, or any other requirement unrelated to the height of structures or the growth of trees.

Sec. 74. Minnesota Statutes 2016, section 360.071, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) Where a zoning board of appeals or adjustment already exists, it may be appointed as the board of adjustment. Otherwise, the board of adjustment shall consist of five members, each to be appointed for a term of three years by the authority adopting the regulations and to be removable by the appointing authority for cause, upon written charges and after public hearing. The length of initial appointments may be staggered.

(b) In the case of a Metropolitan Airports Commission, five members shall be appointed by the commission chair from the area in and for which the commission was created, any of whom may be members of the commission. In the case of an airport owned or operated by the state of Minnesota, the board of commissioners of the county, or counties, in which the airport hazard area is located shall constitute the airport board of adjustment and shall exercise the powers and duties of such board as provided herein.

Sec. 75. Minnesota Statutes 2016, section 360.305, subdivision 6, is amended to read:

Subd. 6. **Zoning required.** The commissioner ~~shall~~ must not expend money for planning or land acquisition, ~~or~~ for the construction, improvement, or maintenance of airports, or for air navigation facilities for an airport, unless the ~~governmental unit~~ municipality, county, or joint airport zoning board involved has or is establishing a zoning authority for that airport, and the authority has made a good-faith showing that it is in the process of and will complete with due diligence, an airport zoning ordinance in accordance with sections 360.061 to 360.074. The commissioner may provide funds to support airport safety projects that maintain existing infrastructure, regardless of a zoning authority's efforts to complete a zoning regulation. The commissioner ~~shall~~ must make maximum use of zoning and easements to eliminate runway and other potential airport hazards rather than land acquisition in fee.

Sec. 76. Minnesota Statutes 2016, section 394.22, is amended by adding a subdivision to read:

Subd. 1a. **Airport safety zone.** "Airport safety zone" means an area subject to land use zoning controls adopted under sections 360.061 to 360.074 if the zoning controls regulate (1) the size or location of buildings, or (2) the density of population.

Sec. 77. Minnesota Statutes 2016, section 394.23, is amended to read:

394.23 COMPREHENSIVE PLAN.

The board has the power and authority to prepare and adopt by ordinance, a comprehensive plan. A comprehensive plan or plans when adopted by ordinance must be the basis for official controls adopted under the provisions of sections 394.21 to 394.37. The commissioner of natural resources must provide the natural heritage data from the county biological survey, if available, to each county for use in the comprehensive plan. When adopting or updating the comprehensive plan, the board must, if the data is available to the county, consider natural heritage data resulting from the county biological survey. In a county that is not a greater than 80 percent area, as defined in section 103G.005, subdivision 10b, the board must consider adopting goals and objectives that will protect open space and the environment. The board must consider the location and dimensions of airport safety zones in any portion of the county, and of any airport improvements, identified in the airport's most recent approved airport layout plan.

Sec. 78. Minnesota Statutes 2016, section 394.231, is amended to read:

394.231 COMPREHENSIVE PLANS IN GREATER MINNESOTA; OPEN SPACE.

A county adopting or updating a comprehensive plan in a county outside the metropolitan area as defined by section 473.121, subdivision 2, and that is not a greater than 80 percent area, as defined in section 103G.005, subdivision 10b, shall consider adopting goals and objectives for the preservation of agricultural, forest, wildlife, and open space land, and minimizing development in sensitive shoreland areas. Within three years of updating the comprehensive plan, the county shall consider adopting ordinances as part of the county's official controls that encourage the implementation of the goals and objectives. The county shall consider the following goals and objectives:

(1) minimizing the fragmentation and development of agricultural, forest, wildlife, and open space lands, including consideration of appropriate minimum lot sizes;

(2) minimizing further development in sensitive shoreland areas;

(3) minimizing development near wildlife management areas, scientific and natural areas, and nature centers;

(4) encouraging land uses in airport safety zones that are compatible with the safe operation of the airport and the safety of people in the vicinity of the airport;

~~(4)~~ (5) identification of areas of preference for higher density, including consideration of existing and necessary water and wastewater services, infrastructure, other services, and to the extent feasible, encouraging full development of areas previously zoned for nonagricultural uses;

~~(5)~~ (6) encouraging development close to places of employment, shopping centers, schools, mass transit, and other public and private service centers;

~~(6)~~ (7) identification of areas where other developments are appropriate; and

~~(7)~~ (8) other goals and objectives a county may identify.

Sec. 79. Minnesota Statutes 2016, section 394.25, subdivision 3, is amended to read:

Subd. 3. **In district zoning, maps.** Within each such district zoning ordinances or maps may also be adopted designating or limiting the location, height, width, bulk, type of foundation, number of stories, size of, and the specific uses for which dwellings, buildings, and structures may be erected or altered; the minimum and maximum size of yards, courts, or other open spaces; setback from existing roads and highways and roads and highways designated on an official map; protective measures necessary to protect the public interest including but not limited to controls relating to appearance, signs, lighting, hours of operation and other aesthetic performance characteristics including but not limited to noise, heat, glare, vibrations and smoke; the area required to provide for off street loading and parking facilities; heights of trees and structures near airports; and to avoid too great concentration or scattering of the population. All such provisions shall be uniform for each class of land or building throughout each district, but the provisions in one district may differ from those in other districts. No provision may prohibit earth sheltered construction as defined in section 216C.06, subdivision 14, or manufactured homes built in conformance with sections 327.31 to 327.35 that comply with all other zoning ordinances promulgated pursuant to this section. Airport safety zones must be included on maps that illustrate boundaries of zoning districts and that are adopted as official controls.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to maps created or updated under this section on or after that date.

Sec. 80. Minnesota Statutes 2016, section 462.352, is amended by adding a subdivision to read:

Subd. 1a. **Airport safety zone.** "Airport safety zone" has the meaning given in section 394.22, subdivision 1a.

Sec. 81. Minnesota Statutes 2016, section 462.355, subdivision 1, is amended to read:

Subdivision 1. **Preparation and review.** The planning agency shall prepare the comprehensive municipal plan. In discharging this duty the planning agency shall consult with and coordinate the planning activities of other departments and agencies of the municipality to insure conformity with and to assist in the development of the comprehensive municipal plan. In its planning activities the planning agency shall take due cognizance of the planning activities of adjacent units of government and other affected public agencies. The planning agency shall periodically review the plan and recommend amendments whenever necessary. When preparing or recommending amendments to the comprehensive plan, the planning agency of a municipality located within a county that is not a greater than 80 percent area, as defined in section 103G.005, subdivision 10b, must consider adopting goals and objectives that will protect open space and the environment. When preparing or recommending amendments to the comprehensive plan, the planning agency must consider (1) the location and dimensions of airport safety zones in any portion of the municipality, and (2) any airport improvements identified in the airport's most recent approved airport layout plan.

Sec. 82. Minnesota Statutes 2016, section 462.357, is amended by adding a subdivision to read:

Subd. 1i. **Airport safety zones on zoning maps.** Airport safety zones must be included on maps that illustrate boundaries of zoning districts and that are adopted as official controls.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to maps created or updated under this section on or after that date.

Sec. 83. Minnesota Statutes 2016, section 462.357, subdivision 9, is amended to read:

Subd. 9. **Development goals and objectives.** In adopting official controls after July 1, 2008, in a municipality outside the metropolitan area, as defined by section 473.121, subdivision 2, the municipality shall consider restricting new residential, commercial, and industrial development so that the new development takes place in areas subject to the following goals and objectives:

(1) minimizing the fragmentation and development of agricultural, forest, wildlife, and open space lands, including consideration of appropriate minimum lot sizes;

(2) minimizing further development in sensitive shoreland areas;

(3) minimizing development near wildlife management areas, scientific and natural areas, and nature centers;

(4) encouraging land uses in airport safety zones that are compatible with the safe operation of the airport and the safety of people in the vicinity of the airport;

~~(4)~~ (5) identification of areas of preference for higher density, including consideration of existing and necessary water and wastewater services, infrastructure, other services, and to the extent feasible, encouraging full development of areas previously zoned for nonagricultural uses;

~~(5)~~ (6) encouraging development close to places of employment, shopping centers, schools, mass transit, and other public and private service centers;

~~(6)~~ (7) identification of areas where other developments are appropriate; and

~~(7)~~ (8) other goals and objectives a municipality may identify.

Sec. 84. Minnesota Statutes 2016, section 473.13, subdivision 1, is amended to read:

Subdivision 1. **Budget.** (a) Except as provided in paragraph (b), on or before December 20 of each year, the council shall adopt a final budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget ~~shall~~ must state in detail the expenditures for each program to be undertaken, including the expenses for salaries, consultant services, overhead, travel, ~~printing,~~ and other items. The budget ~~shall~~ must state in detail the council's nontransportation capital expenditures ~~of the council~~ for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget and no later than five working days after December 20, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, which must be an amount bearing the same proportion to the total levy agreed on by the council as the net tax capacity of the county bears to the net tax capacity of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by the statute authorizing the levy.

(b) For the transportation components of the council's budgeting, each fiscal year starts July 1 and ends the following June 30. On or before June 15 of each year, the council must adopt a final budget for the transportation components that identifies its anticipated receipts and disbursements for the next fiscal year. The budget must state in detail the expenditures to be undertaken for each program, including the expenses for salaries, consultant services, overhead, travel, and other items. The budget must state in detail the council's transportation capital expenditures for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature.

~~(b)~~ (c) As part of the budget under paragraph (b) in each even-numbered year, the council ~~shall~~ must prepare for its transit programs a financial plan for the succeeding three ~~calendar~~ fiscal years~~, in half-year segments~~. The financial plan must contain schedules of user charges and any changes in user charges planned or anticipated by the council during the period of the plan. The financial plan must contain a proposed request for state financial assistance for the succeeding biennium.

~~(c)~~ (d) In addition, ~~the~~ each budget under paragraphs (a) and (b) must show for each year:

(1) the estimated operating revenues from all sources including funds on hand at the beginning of the year, and estimated expenditures for costs of operation, administration, maintenance, and debt service;

(2) capital improvement funds estimated to be on hand at the beginning of the year and estimated to be received during the year from all sources and estimated cost of capital improvements to be paid out or expended during the year, all in such detail and form as the council may prescribe; and

(3) the estimated source and use of pass-through funds.

EFFECTIVE DATE; APPLICATION. This section is effective beginning with the transportation budget period under paragraph (b) that starts July 1, 2019, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 85. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to read:

Subd. 1d. **Budget changes or variances; reports.** At least quarterly by January 1, April 1, July 1, and October 1, the council must submit a summary to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation policy and finance and to the Legislative Commission on Metropolitan Government on any changes to or variances from the budget adopted under subdivision 1.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 86. Minnesota Statutes 2016, section 473.13, subdivision 4, is amended to read:

Subd. 4. **Accounts; accounting system; controls; audits.** (a) The council shall keep an accurate account of its receipts and disbursements. For the transportation and transit components of the council's financial activity, the council must use the state accounting system maintained by the commissioner of management and budget under sections 16A.14 and 16A.15.

(b) Disbursements of council money must be made by check or by electronic funds transfer, signed or authorized by the chair or vice-chair of the council, and countersigned or authorized by its regional administrator or designee after whatever auditing and approval of the expenditure may be required by the council.

(c) The state auditor shall audit the books and accounts of the council once each year, or as often as funds and personnel of the state auditor permit. The council shall pay to the state the total cost and expenses of the examination, including the salaries paid to the auditors while actually engaged in making the examination. The general fund must be credited with all collections made for any examination.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2019, for the transportation budget period that starts on that date and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 87. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to read:

Subd. 6. **Overview of revenues and expenditures; forecast.** (a) In cooperation with the commissioner of management and budget and as required by section 16A.103, the council must prepare in February and November of each year a financial overview and forecast of revenues and expenditures for the transportation components of the council's budget.

(b) At a minimum, the financial overview and forecast must identify:

(1) actual revenues, expenditures, transfers, reserves, and balances for each of the previous four budget years;

(2) budgeted and forecasted revenues, expenditures, transfers, reserves, and balances for each year within the state forecast period; and

(3) a comparison of the information under clause (2) to the prior forecast, including any changes made.

(c) The information under paragraph (b), clauses (1) and (2), must include:

(1) a breakdown for each transportation operating budget category established by the council, including but not limited to bus, light rail transit, commuter rail, planning, special transportation service under section 473.386, and assistance to replacement service providers under section 473.388;

(2) data for both transportation operating and capital expenditures; and

(3) fund balances for each replacement service provider under section 473.388.

(d) The financial overview and forecast must summarize reserve policies, identify the methodology for cost allocation, and review revenue assumptions and variables affecting the assumptions.

(e) The council must review the financial overview and forecast information with the chairs and legislative staff of the legislative committees with jurisdiction over finance, ways and means, and transportation finance no later than two weeks following the release of the forecast.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 88. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to read:

Subd. 7. **Budget assumptions.** (a) As part of the budget submission to the legislature under section 16A.11, the council must explicitly identify the assumptions used (1) to prepare the budget submission, and (2) for any underlying documentation or plans regarding transportation and transit.

(b) As part of the budget submission to the legislature under section 16A.11, the council must include copies of any report, application, or related document submitted to the Federal Transit Administration since the previous budget submission was provided to the legislature. In the budget submission, the council must explicitly identify the assumptions used to prepare each of the reports, applications, or related documents.

(c) In the budget submission to the legislature under section 16A.11, the council must include a section that provides a detailed explanation of the impact each assumption identified in paragraphs (a) and (b) has on the council's financial forecast.

Sec. 89. Minnesota Statutes 2016, section 473.146, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** The council ~~shall~~ must adopt ~~a~~ long-range comprehensive policy ~~plan~~ plans for transportation and wastewater treatment. ~~The plans~~ Each policy plan must substantially conform to all policy statements, purposes, goals, standards, and maps in the development guide

developed and adopted by the council under section 473.145 and this chapter. Each policy plan must include, to the extent appropriate to the functions, services, and systems covered, the following:

(1) forecasts of changes in the general levels and distribution of population, households, employment, land uses, and other relevant matters, for the metropolitan area and appropriate subareas;

(2) a statement of issues, problems, needs, and opportunities with respect to the functions, services, and systems covered;

(3) a statement of the council's goals, objectives, and priorities with respect to the functions, services, and systems covered, addressing areas and populations to be served, the levels, distribution, and staging of services; a general description of the facility systems required to support the services; the estimated cost of improvements required to achieve the council's goals for the regional systems, including an analysis of what portion of the funding for each improvement is proposed to come from the state, Metropolitan Council levies, and cities, counties, and towns in the metropolitan area, respectively, and other similar matters;

(4) a statement of policies to effectuate the council's goals, objectives, and priorities;

(5) a statement of the fiscal implications of the council's plan, including a statement of: (i) the resources available under existing fiscal policy; (ii) the adequacy of resources under existing fiscal policy and any shortfalls and unattended needs; (iii) additional resources, if any, that are or may be required to effectuate the council's goals, objectives, and priorities; and (iv) any changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the council has recommended or may recommend;

(6) a statement of the relationship of the policy plan to other policy plans and ~~chapters~~ relevant portions of the ~~Metropolitan~~ development guide;

(7) a statement of the relationships to local comprehensive plans prepared under sections 473.851 to 473.871; and

(8) additional general information as may be necessary to develop the policy plan or as may be required by the laws relating to the metropolitan agency and function covered by the policy plan.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 90. Minnesota Statutes 2016, section 473.146, subdivision 3, is amended to read:

Subd. 3. ~~**Development guide:**~~ **Transportation policy plan.** (a) The transportation ~~chapter~~ policy plan must include policies relating to all transportation forms and be designed to promote the legislative determinations, policies, and goals set forth in section 473.371.

(b) In addition to the requirements regarding the contents of the policy plan under subdivision 1, the plan must include:

(1) a fully constrained scenario that assumes no revenue increase from current law and no inflationary increases;

(2) a partially constrained scenario that assumes no revenue increase from current law but includes reasonable inflationary increases; and

(3) an envisioned revenue scenario that identifies a revenue increase in an amount that accommodates transportation system maintenance, improvements, and expansion, including for state and local roads, regular route bus service, busways, and guideways.

(c) The estimates under each scenario in paragraph (b) must identify anticipated long-term transit system impacts, including unfunded costs for each transit mode and any reductions in regular route bus service hours.

(d) In addition to the requirements of subdivision 1 regarding the contents of the policy plan, the nontransit ~~element~~ portion of the ~~transportation chapter~~ plan must include the following:

(1) a statement of the needs and problems of the metropolitan area with respect to the functions covered, including the present and prospective demand for and constraints on access to regional business concentrations and other major activity centers and the constraints on and acceptable levels of development and vehicular trip generation at such centers;

(2) the objectives of and the policies to be forwarded by the policy plan;

(3) a general description of the physical facilities and services to be developed;

(4) a statement as to the general location of physical facilities and service areas;

(5) a general statement of timing and priorities in the development of those physical facilities and service areas;

(6) a detailed statement, updated every two years, of timing and priorities for improvements and expenditures needed on the metropolitan highway system;

(7) a general statement on the level of public expenditure appropriate to the facilities; and

(8) a long-range assessment of air transportation trends and factors that may affect airport development in the metropolitan area and policies and strategies that will ensure a comprehensive, coordinated, and timely investigation and evaluation of alternatives for airport development.

(e) The council shall develop the nontransit ~~element~~ portion in consultation with the transportation advisory board and the Metropolitan Airports Commission and cities having an airport located within or adjacent to its corporate boundaries. The council shall also take into consideration the airport development and operations plans and activities of the commission. The council shall transmit the results to the state Department of Transportation.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018, applies for the next regular update to the transportation policy plan, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 91. Minnesota Statutes 2016, section 473.3994, is amended by adding a subdivision to read:

Subd. 15. **Rail colocation prohibition.** The responsible authority is prohibited from constructing a light rail transit line or extension in a shared use rail corridor for freight rail and light rail transit.

EFFECTIVE DATE; APPLICATION. This section is effective June 1, 2018. The portion of this section applicable to the Metropolitan Council applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 92. Minnesota Statutes 2017 Supplement, section 473.4051, subdivision 2, is amended to read:

Subd. 2. **Operating costs.** (a) After operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state.

(b) Notwithstanding paragraph (a), all operating and ongoing capital maintenance costs must be paid from nonstate sources for a segment of a light rail transit line or line extension project that formally entered the engineering phase of the Federal Transit Administration's "New Starts" capital investment grant program between August 1, 2016, and December 31, 2016.

(c) For purposes of this subdivision, operating costs consist of the costs associated with light rail system daily operations and the maintenance costs associated with keeping light rail services and facilities operating. Operating costs do not include costs incurred to enhance or expand the existing system, construct new buildings or facilities, purchase new vehicles, or make technology improvements.

Sec. 93. Minnesota Statutes 2017 Supplement, section 473.4485, subdivision 2, is amended to read:

Subd. 2. **Legislative report.** (a) By October 15 in every even-numbered year, the council must prepare, in collaboration with the commissioner, a report on comprehensive transit finance in the metropolitan area. The council must submit the report electronically to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

(b) The report must be structured to provide financial information in six-month increments corresponding to state and local fiscal years, and must use consistent assumptions and methodologies. The report must explicitly identify and explain the assumptions and methodologies used to prepare the report. The report must comprehensively identify all funding sources and expenditures related to transit in the metropolitan area, including but not limited to:

(1) sources and uses of funds from regional railroad authorities, joint powers agreements, counties, and cities;

(2) expenditures for transit planning, feasibility studies, alternatives analysis, and other transit project development; and

(3) expenditures for guideways, busways, regular route bus service, demand-response service, and special transportation service under section 473.386.

(c) The report must include a section that summarizes the status of (1) guideways in revenue operation, and (2) guideway projects (i) currently in study, planning, development, or construction; (ii) identified in the transportation policy plan under section 473.146; or (iii) identified in the comprehensive statewide freight and passenger rail plan under section 174.03, subdivision 1b.

(d) At a minimum, the guideways status section of the report must provide for each guideway project wholly or partially in the metropolitan area:

(1) a brief description of the project, including projected ridership;

(2) a summary of the overall status and current phase of the project;

(3) a timeline that includes (i) project phases or milestones, including any federal approvals; (ii) expected and known dates of commencement of each phase or milestone; and (iii) expected and known dates of completion of each phase or milestone;

(4) a brief progress update on specific project phases or milestones completed since the last previous submission of a report under this subdivision; and

(5) a summary financial plan that identifies, as reflected by the data and level of detail available in the latest phase of project development and to the extent available:

(i) capital expenditures, including expenditures to date and total projected expenditures, with a breakdown by committed and proposed sources of funds for the project;

(ii) estimated annual operations and maintenance expenditures reflecting the level of detail available in the current phase of the project development, with a breakdown by committed and proposed sources of funds for the project; and

(iii) if feasible, project expenditures by budget activity.

(e) The report must include a section that summarizes the status of (1) busways in revenue operation, and (2) busway projects currently in study, planning, development, or construction.

(f) The report must include a section that identifies the total ridership, farebox recovery ratio, and per-passenger operating subsidy for (1) each route and line in revenue operation by a transit provider, including guideways, busways, and regular route bus service; and (2) demand-response service and special transportation service. The section must provide data, as available on a per-passenger mile basis and must provide information for at least the previous three years. The section must identify performance standards for farebox recovery and identify each route and line that does not meet the standards.

(g) The report must also include a systemwide capacity analysis for transit operations and investment in expansion and maintenance that:

(1) provides a funding projection, annually over the ensuing ten years, and with a breakdown by committed and proposed sources of funds, of:

(i) total capital expenditures for guideways and for busways;

(ii) total operations and maintenance expenditures for guideways and for busways;

(iii) total funding available for guideways and for busways, including from projected or estimated farebox recovery; and

(iv) total funding available for transit service in the metropolitan area; and

(2) evaluates the availability of funds and distribution of sources of funds for guideway and for busway investments.

(h) The capacity analysis under paragraph (g) must include all guideway and busway lines for which public funds are reasonably expected to be expended in planning, development, construction, revenue operation, or capital maintenance during the ensuing ten years.

(i) Local units of government must provide assistance and information in a timely manner as requested by the commissioner or council for completion of the report.

Sec. 94. Minnesota Statutes 2016, section 473.606, subdivision 5, is amended to read:

Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation shall have the power to appoint engineers and other consultants, attorneys, and such other officers, agents, and employees as it may see fit, who shall perform such duties and receive such compensation as the corporation may determine notwithstanding the provisions of section 43A.17, subdivision 9, and be removable at the pleasure of the corporation. The corporation must adopt an affirmative action plan, which shall be submitted to the appropriate agency or office of the state for review and approval. The plan must include a yearly progress report to the agency or office. Whenever the corporation performs any work within the limits of a city of the first class, or establishes a minimum wage for skilled or unskilled labor in the specifications or any contract for work within one of the cities, the rate of pay to such skilled and unskilled labor must be the prevailing rate of wage for such labor in that city.

Sec. 95. Minnesota Statutes 2016, section 574.26, subdivision 1a, is amended to read:

Subd. 1a. **Exemptions: certain manufacturers; commissioner of transportation; road maintenance.** (a) Sections 574.26 to 574.32 do not apply to a manufacturer of public transit buses that manufactures at least 100 public transit buses in a calendar year. For purposes of this section, "public transit bus" means a motor vehicle designed to transport people, with a design capacity for carrying more than 40 passengers, including the driver. The term "public transit bus" does not include a school bus, as defined in section 169.011, subdivision 71.

(b) At the discretion of the commissioner of transportation, sections 574.26 to 574.32 do not apply to any projects of the Department of Transportation (1) costing less than the amount in section 471.345, subdivision 3, ~~or~~ (2) involving the permanent or semipermanent installation of heavy

machinery, fixtures, or other capital equipment to be used primarily for maintenance or repair, or (3) awarded under section 161.32, subdivision 2.

(c) Sections 574.26 to 574.32 do not apply to contracts for snow removal, ice removal, grading, or other similar routine road maintenance on town roads.

Sec. 96. Laws 2017, First Special Session chapter 3, article 1, section 4, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation**			**$ 199,838,000**	**$ 199,407,000**

Appropriations by Fund	2018	2019
General	19,971,000	14,381,000
		~~65,087,000~~
Special Revenue	63,945,000	1,439,000
H.U.T.D.	10,474,000	10,486,000
Trunk Highway	105,448,000	109,453,000
Driver and Vehicle Services	0	63,648,000

The appropriations in this section are to the commissioner of public safety. The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 97. Laws 2017, First Special Session chapter 3, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. **Administration and Related Services**

(a) **Office of Communications**	553,000	573,000

Appropriations by Fund	2018	2019
General	127,000	130,000
Trunk Highway	426,000	443,000

(b) **Public Safety Support**	6,372,000	6,569,000

Appropriations by Fund	2018	2019
General	1,225,000	1,235,000
H.U.T.D.	1,366,000	1,366,000
Trunk Highway	3,781,000	3,968,000

The commissioner must not spend any money from the highway user tax distribution fund

for employees working at the public information center or comparable customer service positions elsewhere in the department.

(c) **Public Safety Officer Survivor Benefits** 640,000 640,000

This appropriation is from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) **Public Safety Officer Reimbursements** 1,367,000 1,367,000

This appropriation is from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

(e) **Soft Body Armor Reimbursements** 700,000 700,000

Appropriations by Fund	2018	2019
General	600,000	600,000
Trunk Highway	100,000	100,000

This appropriation is for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

(f) **Technology and Support Service** 3,777,000 3,814,000

Appropriations by Fund	2018	2019
General	1,353,000	1,365,000
H.U.T.D.	19,000	19,000
Trunk Highway	2,405,000	2,430,000

Sec. 98. Laws 2017, First Special Session chapter 3, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. **Driver and Vehicle Services**

(a) **Vehicle Services** 30,745,000 31,159,000

Appropriations by Fund	2018	2019
		~~22,923,000~~
Special Revenue	22,509,000	0
H.U.T.D.	8,236,000	8,236,000
Driver and Vehicle Services	0	22,923,000

The special revenue fund appropriation in fiscal year 2018 is from the vehicle services operating account. The driver and vehicle services fund appropriation in fiscal year 2019 is from the vehicle services operating account.

(b) **Driver Services** 32,014,000 32,725,000

Appropriations by Fund	2018	2019
Special Revenue	32,014,000	0
Driver and Vehicle Services	0	32,725,000

This appropriation is from the driver services operating account ~~in the special revenue fund~~ under Minnesota Statutes, section 299A.705.

$156,000 in each year is to maintain the automated knowledge test system.

(c) **Minnesota Licensing and Registration System (MNLARS)** 8,000,000 8,000,000

Appropriations by Fund	2018	2019
Special Revenue	8,000,000	0
Driver and Vehicle Services	0	8,000,000

This appropriation is for operations and maintenance of the driver and vehicle information system known as the Minnesota Licensing and Registration System.

$1,000,000 in the first year and $5,265,000 in the second year are from the driver services operating account ~~in the special~~

~~revenue fund~~ under Minnesota Statutes, section 299A.705. This is a onetime appropriation.

$7,000,000 in the first year and $2,735,000 in the second year are from the vehicle services operating account ~~in the special revenue fund~~ under Minnesota Statutes, section 299A.705. This is a onetime appropriation.

Sec. 99. **CANCELLATION AND TRANSFER; PUBLIC SAFETY.**

(a) By June 30, 2018, the commissioner of management and budget, in consultation with the commissioner of public safety, must cancel $1,900,000 of fiscal year 2018 appropriations to the commissioner of public safety from the general fund and special revenue fund in Laws 2017, First Special Session chapter 3. The commissioner must exclude any appropriations made for state patrol, homeland security and emergency management, criminal apprehension, fire marshal, the Firefighter Training and Education Board, alcohol and gambling enforcement, the Office of Justice Programs, and emergency communication networks.

(b) On July 1, 2018, the commissioner of management and budget must transfer the total amounts canceled under paragraph (a) to the driver and vehicle services technology account under Minnesota Statutes, section 299A.705.

Sec. 100. **EDITING MNLARS TRANSACTIONS.**

(a) The commissioner of public safety must ensure deputy registrars are able to edit, at a minimum, the following information as part of a Minnesota Licensing and Registration System (MNLARS) transaction:

(1) personal information of the applicant;

(2) vehicle classification and information about a vehicle or trailer;

(3) sale price of a vehicle or trailer;

(4) the amount of taxes and fees; and

(5) the base value of a vehicle or trailer.

The ability to edit the transactions in this paragraph must be available until the end of the business day following the day the transaction was initially completed.

(b) For each transaction edited, MNLARS must record which individual edited the record, the date and time the record was edited, what information was edited, and include a notation that the transaction was edited.

Sec. 101. **ENGINE BRAKES; REGULATION BY MINNEAPOLIS.**

Notwithstanding any other law or charter provision, the governing body of the city of Minneapolis may by ordinance restrict or prohibit the use of an engine brake on motor vehicles along Legislative Route No. 392, also known as marked Interstate Highway 94, in the westbound lane beginning at LaSalle Avenue and extending west to the Lowry Tunnel. Upon notification by the city of Minneapolis to the commissioner of transportation of the city's adoption of the ordinance, the commissioner of transportation shall erect the appropriate signs, with the cost of the signs to be paid by the city. For purposes of this section, "engine brake" means any device that uses the engine and transmission to impede the forward motion of the motor vehicle by compression of the engine.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 102. **INTERSTATE HIGHWAY 35 AT COUNTY ROAD 9 IN RICE COUNTY INTERCHANGE FEASIBILITY STUDY; APPROPRIATION.**

$1,450,000 in fiscal year 2019 is appropriated to the commissioner of transportation to conduct a study on the feasibility of an interchange at marked Interstate Highway 35 and County Road 9 in Rice County. Of this appropriation, $950,000 is from the general fund and $500,000 is from the trunk highway fund. At a minimum, the commissioner's study must include estimated construction costs, traffic modeling, an environmental analysis, and a potential design layout for an interchange. This is a onetime appropriation.

Sec. 103. **LEGISLATIVE ROUTE NO. 180 TURNBACK; SPEED LIMIT.**

If the commissioner of transportation turns back any portion of Legislative Route No. 180 to Grant County, the speed limit on that portion of the road after it is turned back must remain 60 miles per hour.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 104. **LEGISLATIVE ROUTE NO. 222 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 153, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Red Lake County to transfer jurisdiction of Legislative Route No. 222 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 105. **LEGISLATIVE ROUTE NO. 253 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 184, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Faribault County to transfer jurisdiction of Legislative Route No. 253 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 106. **LEGISLATIVE ROUTE NO. 254 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 185, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Faribault County to transfer jurisdiction of Legislative Route No. 254 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 107. **LEGISLATIVE ROUTE NO. 277 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 208, is repealed effective the latter of June 1, 2018, or the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Chippewa County to transfer jurisdiction of Legislative Route No. 277 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 108. **LEGISLATIVE ROUTE NO. 298 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 229, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of Faribault to transfer jurisdiction of Legislative Route No. 298 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 109. **LEGISLATIVE ROUTE NO. 299 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 230, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of Faribault to transfer jurisdiction of Legislative Route No. 299 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 110. **LEGISLATIVE ROUTE NO. 323 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 254, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of the city of Faribault to transfer jurisdiction of Legislative Route No. 323 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 111. **MARKED INTERSTATE HIGHWAY 35 SIGNS.**

The commissioner of transportation must erect signs that identify and direct motorists to the campuses of Minnesota State Academy for the Deaf and Minnesota State Academy for the Blind under Minnesota Statutes, sections 125A.61 to 125A.73. At least one sign in each direction of travel must be placed on marked Interstate Highway 35, located as near as practical to exits that reasonably access the campuses. The commissioner is prohibited from removing signs for the campuses posted on marked Trunk Highway 60.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 112. **MARKED INTERSTATE HIGHWAY 94 STUDY; APPROPRIATION.**

$1,450,000 in fiscal year 2019 is appropriated to the commissioner of transportation to conduct a study on the feasibility of expanding or reconstructing marked Interstate Highway 94 from the city of St. Michael to the city of St. Cloud. Of this appropriation, $950,000 is from the general fund and $500,000 is from the trunk highway fund. At a minimum, the commissioner's study must include traffic modeling and an environmental analysis. This is a onetime appropriation.

Sec. 113. **MNLARS REIMBURSEMENT FROM THE JOINT HOUSE AND SENATE SUBCOMMITTEE ON CLAIMS.**

Any person may seek reimbursement from the joint house and senate Subcommittee on Claims for any personal or business costs that would not have been incurred but for an unreasonable delay caused by the Minnesota Licensing and Registration System (MNLARS) or improper functioning of MNLARS. The subcommittee must determine whether a delay is unreasonable compared to the length of time it took to complete a similar transaction prior to the use of MNLARS.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 114. **MOTOR VEHICLE TITLE TRANSFER AND REGISTRATION ADVISORY COMMITTEE; FIRST APPOINTMENTS; FIRST MEETING.**

Subdivision 1. **First appointments.** Appointment authorities must make first appointments to the Motor Vehicle Title Transfer and Registration Advisory Committee by September 15, 2018.

Subd. 2. **First meeting.** The commissioner of public safety or a designee shall convene the first meeting of the advisory committee by November 1, 2018.

Sec. 115. **PUBLIC AWARENESS CAMPAIGN.**

The commissioner of public safety shall conduct a public awareness campaign to increase public knowledge about Minnesota Statutes, section 169.18, subdivision 10.

Sec. 116. **TRANSFER; DRIVER AND VEHICLE SERVICES TECHNOLOGY ACCOUNT.**

On July 1, 2018, the remaining balance in the driver and vehicle services technology account in the special revenue fund is transferred to the driver and vehicle services technology account in the driver and vehicle services fund.

Sec. 117. **TRANSFER; DRIVER SERVICES OPERATING ACCOUNT.**

On July 1, 2018, the remaining balance in the driver services operating account in the special revenue fund is transferred to the driver services operating account in the driver and vehicle services fund.

Sec. 118. **TRANSFER; VEHICLE SERVICES OPERATING ACCOUNT.**

On July 1, 2018, the remaining balance in the vehicle services operating account in the special revenue fund is transferred to the vehicle services operating account in the driver and vehicle services fund.

Sec. 119. **APPROPRIATION; DEPUTY REGISTRAR REIMBURSEMENTS.**

(a) $9,000,000 in fiscal year 2018 is appropriated from the special revenue fund to the commissioner of management and budget for grants to deputy registrars under Minnesota Statutes, section 168.33. Of this amount, $3,000,000 is from the vehicle services operating account and $6,000,000 is from the driver services operating account. This is a onetime appropriation and is available until June 30, 2019.

(b) The reimbursement to each deputy registrar is calculated as follows:

(1) 50 percent of available funds allocated proportionally based on (i) the number of transactions where a filing fee under Minnesota Statutes, section 168.33, subdivision 7, is retained by each deputy registrar from August 1, 2017, through January 31, 2018, compared to (ii) the total number of transactions where a filing fee is retained by all deputy registrars during that time period; and

(2) 50 percent of available funds, or 100 percent of available funds if there is insufficient data to perform the calculation under clause (1), allocated proportionally based on (i) the number of transactions where a filing fee is retained by each deputy registrar from July 1, 2014, through June 30, 2017, compared to (ii) the total number of transactions where a filing fee is retained by all deputy registrars during that time period.

(c) For a deputy registrar appointed after July 1, 2014, the commissioner of management and budget must identify whether a corresponding discontinued deputy registrar appointment exists. If

a corresponding discontinued deputy registrar is identified, the commissioner must include the transactions of the discontinued deputy registrar in the calculations under paragraph (b) for the deputy registrar appointed after July 1, 2014.

(d) For a deputy registrar appointed after July 1, 2014, for which paragraph (c) does not apply, the commissioner of management and budget must calculate that deputy registrar's proportional share under paragraph (b), clause (1), based on the average number of transactions where a filing fee is retained among the deputy registrars, as calculated excluding any deputy registrars for which this paragraph applies.

(e) Except as provided in paragraph (c), in the calculations under paragraph (b) the commissioner of management and budget must exclude transactions for (1) a deputy registrar that is no longer operating as of the effective date of this section, and (2) a deputy registrar office operated by the state.

(f) A deputy registrar office operated by the state is not eligible to receive funds under this section.

(g) The commissioner of management and budget must make efforts to reimburse deputy registrars within 30 days of the effective date of this section. The commissioner must use existing resources to administer the reimbursements.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 120. **APPROPRIATION; MNLARS FUNDING.**

Subdivision 1. **Appropriations.** $13,200,000 in fiscal year 2019 is appropriated to the commissioner of public safety for contracted technical staff and technical costs related to continued development, improvement, operations, and deployment of MNLARS. Of this appropriation, $12,600,000 is from the general fund, $200,000 is from the vehicle services operating account in the driver and vehicle services fund, and $400,000 is from the driver services operating account in the driver and vehicle services fund. The base for this appropriation from the general fund is $1,400,000 in fiscal year 2020 and $0 in fiscal year 2021. The base for this appropriation from the vehicle services operating account is $1,300,000 in fiscal year 2020 and $0 in fiscal year 2021. The base for this appropriation from the driver services operating account is $2,800,000 in fiscal year 2020 and $0 in fiscal year 2021. The planning estimates in fiscal year 2020 may only be used for a FAST Enterprise contract payment related to the driver licensing system.

Subd. 2. **Quarterly funding review.** The appropriations in this section are subject to the quarterly review process established in Laws 2018, chapter 101, section 5, subdivision 5.

Subd. 3. **Use of funds.** The appropriation in subdivision 1 for fiscal year 2019 may be expended only for:

(1) contracting to perform software development on the vehicle services component of MNLARS; and

(2) technology costs.

The appropriation in this paragraph must not be expended on additional full or part-time employees employed by the Department of Public Safety.

Sec. 121. **APPROPRIATION; CAT II APPROACH SYSTEM; ROCHESTER.**

(a) $285,000 in fiscal year 2019 is appropriated from the state airport fund to the commissioner of transportation for a grant to the city of Rochester to acquire and install a CAT II approach system at the Rochester International Airport. This is a onetime appropriation.

(b) This appropriation is available when the commissioner of management and budget determines that sufficient resources have been committed to complete the project, as required by Minnesota Statutes, section 16A.502, and is available until June 30, 2023, subject to Minnesota Statutes, section 16A.642.

Sec. 122. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the term "special revenue fund" to "driver and vehicle services fund" wherever the term appears in Minnesota Statutes when referring to the accounts under Minnesota Statutes, section 299A.705.

Sec. 123. **REPEALER.**

(a) Minnesota Statutes 2016, sections 168.013, subdivision 21; and 221.161, subdivisions 2, 3, and 4, are repealed.

(b) Minnesota Statutes 2016, sections 360.063, subdivision 4; 360.065, subdivision 2; and 360.066, subdivisions 1a and 1b, are repealed.

Sec. 124. **APPLICATION.**

(a) Sections 62 to 83 and section 123, paragraph (b), are effective August 1, 2018, and apply to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date.

(b) Sections 62 to 83 and section 123, paragraph (b), do not apply to airports that (1) have airport safety zoning ordinances approved by this commissioner in effect on August 1, 2018; (2) have not made and are not planning to make changes to runway lengths or configurations; and (3) are not required to update airport safety zoning ordinances.

ARTICLE 18

AGRICULTURE AND RURAL DEVELOPMENT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2017, chapter 88, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal

year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. Appropriations for fiscal year 2018 are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **DEPARTMENT OF AGRICULTURE.**	**$ .....**	**$ .....**

(a) $200,000 the second year is for additional statewide mental health counseling support to farm families and business operators. This amount is added to the appropriation in Laws 2017, chapter 88, article 1, section 2, subdivision 5, paragraph (h), and to the department's base budget.

(b) $200,000 the second year is a reduction to the administration and financial assistance division.

Sec. 3. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Protection Services**	17,821,000	17,825,000

Appropriations by Fund

	2018	2019
General	17,428,000	17,428,000
Remediation	393,000	397,000

(a) $25,000 the first year and $25,000 the second year are to develop and maintain cottage food license exemption outreach and training materials.

(b) $75,000 the first year and $75,000 the second year are to coordinate the correctional facility vocational training program and to assist entities that have explored the feasibility of establishing a USDA-certified or state "equal to" food processing facility within 30 miles of the Northeast Regional Corrections Center.

(c) $125,000 the first year and $125,000 the second year are for additional funding for the noxious weed and invasive plant program. These are onetime appropriations.

(d) $250,000 the first year and $250,000 the second year are for transfer to the pollinator habitat and research account in the agricultural fund. These are onetime transfers.

(e) $393,000 the first year and $397,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(f) $200,000 the first year and $200,000 the second year are for the industrial hemp pilot program under Minnesota Statutes, section 18K.09. These are onetime appropriations.

(g) $175,000 the first year and $175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2017. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $5,000 of this appropriation the second year to reimburse expenses incurred by university extension agents to provide fair market values of destroyed or crippled livestock.

(h) $155,000 the first year and $155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to $30,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

(i) $250,000 the first year and $250,000 the second year are to expand current capabilities for rapid detection, identification, containment, control, and management of high priority plant pests and pathogens. These are onetime appropriations.

(j) $300,000 the first year and $300,000 the second year are for transfer to the noxious weed and invasive plant species assistance account in the agricultural fund to award grants to local units of government under Minnesota Statutes, section 18.90, with preference given to local units of government responding to Palmer amaranth or other weeds on the eradicate list. These are onetime transfers.

(k) $120,000 the first year and $120,000 the second year are for wolf-livestock conflict prevention grants under article 2, section 89. The commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance by January 15, 2020, on the outcomes of the wolf-livestock conflict prevention grants and whether livestock compensation claims were reduced in the areas that grants were awarded. These are onetime appropriations.

Sec. 4. Laws 2017, chapter 88, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement**	22,581,000	22,636,000

(a) $9,300,000 the first year and $9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under

Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least $600,000 the first year and $600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); $2,000,000 the first year and $2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; $350,000 the first year and $350,000 the second year are for potato breeding; and $450,000 the first year and $450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to $1,000,000 each year is for research on avian influenza, including prevention measures that can be taken.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

(b) $13,256,000 the first year and $13,311,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas:

facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify; providing funding not to exceed $250,000 each year for urban youth agricultural education or urban agriculture community development; providing funding not to exceed $250,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; good agricultural practices/good handling practices certification assistance; establishing and supporting farmer-led water management councils; and implementing farmer-led water quality improvement practices. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12:

(1) $1,000,000 the first year and $1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture; and

(2) $1,500,000 the first year and $1,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2019, and the second year appropriation is available until June 30, 2020. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the commissioner must issue incentive payments under Minnesota Statutes, section 41A.17, to facilities that otherwise satisfy the criteria and requirements in that section but began producing renewable chemical from forestry biomass between January 1, 2013, and January 1, 2015, and any remaining balance of the appropriation is available for the agricultural growth, research, and innovation program.

The commissioner may use funds appropriated under this subdivision to award up to two value-added agriculture grants per year of up to $1,000,000 per grant for new or expanding agricultural production or processing facilities that provide significant economic impact to the region. The commissioner may use funds appropriated under this subdivision for additional value-added agriculture grants for awards between $1,000 and $200,000 per grant.

Appropriations in clauses (1) and (2) are onetime. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, appropriations encumbered under contract on or before June 30, 2019, for agricultural growth, research, and innovation grants are available until June 30, 2021.

The base budget for the agricultural growth, research, and innovation program is $14,275,000 for fiscal years 2020 and 2021

and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20.

The commissioner must develop additional innovative production incentive programs to be funded by the agricultural growth, research, and innovation program.

The commissioner must consult with the commissioner of transportation, the commissioner of administration, and local units of government to identify parcels of publicly owned land that are suitable for urban agriculture.

(c) $25,000 the first year and $25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

ARTICLE 19

AGRICULTURE STATUTORY CHANGES

Section 1. Minnesota Statutes 2016, section 17.494, is amended to read:

17.494 AQUACULTURE PERMITS; RULES.

(a) The commissioner shall act as permit or license coordinator for aquatic farmers and shall assist aquatic farmers to obtain licenses or permits.

~~By July 1, 1992,~~ (b) A state agency issuing multiple permits or licenses for aquaculture shall consolidate the permits or licenses required for every aquatic farm location. The Department of Natural Resources transportation permits are exempt from this requirement. State agencies shall adopt rules or issue commissioner's orders that establish permit and license requirements, approval timelines, and compliance standards. Saltwater aquatic farms, as defined in section 17.4982, and processing facilities for saltwater aquatic life, as defined in section 17.4982, must be classified as agricultural operations for purposes of any construction, discharge, or other permit issued by the Pollution Control Agency.

Nothing in this section modifies any state agency's regulatory authority over aquaculture production.

Sec. 2. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20a. **Saltwater aquaculture.** "Saltwater aquaculture" means the commercial propagation and rearing of saltwater aquatic life including, but not limited to, crustaceans, primarily for consumption as human food.

Sec. 3. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20b. **Saltwater aquatic farm.** "Saltwater aquatic farm" means a facility used for saltwater aquaculture including but not limited to artificial ponds, vats, tanks, raceways, and other facilities that an aquatic farmer owns or has exclusive control of for the sole purpose of producing saltwater aquatic life.

Sec. 4. Minnesota Statutes 2016, section 17.4982, is amended by adding a subdivision to read:

Subd. 20c. **Saltwater aquatic life.** "Saltwater aquatic life" means aquatic species that are saltwater obligates or perform optimally when raised in salinities closer to that of natural seawater and need saltwater to survive.

Sec. 5. **[17.499] TRANSPORTATION OR IMPORTATION OF SALTWATER AQUATIC LIFE; QUARANTINE REQUIREMENT.**

Subdivision 1. **Purpose.** The legislature finds that it is in the public interest to increase private saltwater aquaculture production and processing in this state under the coordination of the commissioner of agriculture. Additional private production will reduce dependence on foreign suppliers and benefit the rural economy by creating new jobs and economic activity.

Subd. 2. **Transportation permit.** (a) Notwithstanding the requirements in section 17.4985, saltwater aquatic life transportation and importation requirements are governed by this section. A transportation permit is required prior to any importation or intrastate transportation of saltwater aquatic life not exempted under subdivision 3. A transportation permit may be used for multiple shipments within the 30-day term of the permit if the source and the destination remain the same. Transportation permits must be obtained from the commissioner prior to shipment of saltwater aquatic life.

(b) An application for a transportation permit must be made in the form required by the commissioner. The commissioner may reject an incomplete application.

(c) An application for a transportation permit must be accompanied by satisfactory evidence, as determined by the commissioner, that the shipment is free of any nonindigenous species of animal other than the saltwater aquatic species and either:

(1) the facility from which the saltwater aquatic life originated has provided documentation of 36 or more consecutive months of negative testing by an approved laboratory as free of any disease listed by OIE - the World Organisation for Animal Health for that species following the testing guidelines outlined in the OIE Aquatic Animal Health Code for crustaceans or the AFS Fish Health Blue Book for other species, as appropriate; or

(2) the saltwater aquatic life to be imported or transported includes documentation of negative testing for that specific lot by an approved laboratory as free of any disease listed by OIE - the World

Organisation for Animal Health for crustaceans or in the AFS Fish Health Blue Book for other species, as appropriate.

If a shipment authorized by the commissioner under clause (1) includes saltwater aquatic life that originated in a foreign country, the shipment must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner. A shipment authorized by the commissioner under clause (2) must be quarantined at the receiving facility according to a quarantine plan approved by the commissioner.

(d) For purposes of this subdivision, "approved laboratory" means a laboratory approved by the commissioner or the United States Department of Agriculture, Animal and Plant Health Inspection Services.

(e) No later than 14 calendar days after a completed transportation permit application is received, the commissioner must approve or deny the transportation permit application.

(f) A copy of the transportation permit must accompany a shipment of saltwater aquatic life while in transit and must be available for inspection by the commissioner.

(g) A vehicle used by a licensee for transporting aquatic life must be identified with the license number and the licensee's name and town of residence as it appears on the license. A vehicle used by a licensee must have identification displayed so that it is readily visible from either side of the vehicle in letters and numbers not less than 2-1/2 inches high and three-eighths inch wide. Identification may be permanently affixed to vehicles or displayed on removable plates or placards placed on opposite doors of the vehicle or on the tanks carried on the vehicle.

(h) An application to license a vehicle for brood stock or larvae transport or for use as a saltwater aquatic life vendor that is received by the commissioner is a temporary license until approved or denied by the commissioner.

Subd. 3. **Exemptions.** (a) A transportation permit is not required to transport or import saltwater aquatic life:

(1) previously processed for use as food or other purposes unrelated to propagation;

(2) transported directly to an outlet for processing as food or for other food purposes if accompanied by shipping documents;

(3) that is being exported if accompanied by shipping documents;

(4) that is being transported through the state if accompanied by shipping documents; or

(5) transported intrastate within or between facilities licensed for saltwater aquaculture by the commissioner if accompanied by shipping documents.

(b) Shipping documents required under paragraph (a) must include the place of origin, owner or consignee, destination, number, species, and satisfactory evidence, as determined by the

commissioner, of the disease-free certification required under subdivision 2, paragraph (c), clauses (1) and (2).

Sec. 6. Minnesota Statutes 2016, section 18.83, subdivision 7, is amended to read:

Subd. 7. **Expenses; reimbursements.** A claim for the expense of controlling or eradicating noxious weeds, which may include the costs of serving notices, is a legal charge against the county in which the land is located. The officers having the work done must file with the county auditor a verified and itemized statement of cost for all services rendered on each separate tract or lot of land. The county auditor shall immediately issue proper warrants to the persons named on the statement as having rendered services. To reimburse the county for its expenditure in this regard, the county auditor shall certify the total amount due and, unless an appeal is made in accordance with section 18.84, enter it on the tax roll as a tax upon the land and it must be collected as other real estate taxes are collected.

If ~~public~~ publicly owned or managed land is involved, the amount due must be paid from ~~funds provided~~ money appropriated for maintenance of the land or from the general revenue or operating fund of the agency responsible for the land. ~~Each claim for control or eradication of noxious weeds on public lands must first be approved by the commissioner of agriculture.~~

Sec. 7. Minnesota Statutes 2016, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of $10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

Sec. 8. Minnesota Statutes 2017 Supplement, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 9. Minnesota Statutes 2017 Supplement, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 10. Minnesota Statutes 2016, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 11. Minnesota Statutes 2016, section 21.89, subdivision 2, is amended to read:

Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The categories of permits are as follows:

(1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (b);

(2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings, ~~and initial labelers who sell native grasses and wildflower seed in commercial or agricultural quantities,~~ an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from the previous year; and

(3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar year, a permanent permit issued for a fee established in section 21.891, subdivision 2, paragraph (d).

In addition, the person shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, based upon the amount and type of seed sold, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 12. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating above ~~23,750~~ 1,500 MMbtu of quarterly advanced biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least ~~23,750~~ 1,500 MMbtu of advanced biofuel quarterly.

(b) No payments shall be made for advanced biofuel production that occurs after June 30, 2035, for those eligible biofuel producers under paragraph (a).

(c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility for payments under this section to an advanced biofuel facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Renewable chemical production for which payment has been received under section 41A.17, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

(f) Biobutanol is eligible under this section.

Sec. 13. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to eligible producers of advanced biofuel. The amount of the payment for each eligible producer's annual production is $2.1053 per MMbtu for advanced biofuel production from cellulosic biomass, and $1.053 per MMbtu for advanced biofuel production from sugar ~~or~~, starch, oil, or animal fat at a specific location for ten years after the start of production.

(b) Total payments under this section to an eligible biofuel producer in a fiscal year may not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments under this section to all eligible biofuel producers in a fiscal year may not exceed the amount necessary for 17,100,000 MMbtu of biofuel production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(c) For purposes of this section, an entity that holds a controlling interest in more than one advanced biofuel facility is considered a single eligible producer.

Sec. 14. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program must source at least 80 percent of the biobased content used to produce a renewable chemical from the state of Minnesota. If a facility is sited 50 miles or less from the state border, the facility must source at least 80 percent of the biobased content ~~must be sourced~~ used to produce a renewable chemical from within a 100-mile radius of the facility. Biobased content must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~ 250,000 pounds of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) No payments shall be made for renewable chemical production that occurs after June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

(c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility for payments under this section to a renewable chemical facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Advanced biofuel production for which payment has been received under section 41A.16, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Sec. 15. Minnesota Statutes 2016, section 103H.275, subdivision 1, is amended to read:

Subdivision 1. **Areas where groundwater pollution is detected.** (a) If groundwater pollution is detected, a state agency or political subdivision that regulates an activity causing or potentially causing a contribution to the pollution identified shall promote implementation of best management practices to prevent or minimize the source of pollution to the extent practicable.

(b) The Pollution Control Agency, or for agricultural chemicals and practices, the commissioner of agriculture may adopt water source protection requirements under subdivision 2 that are consistent with the goal of section 103H.001 and are commensurate with the groundwater pollution if the implementation of best management practices has proven to be ineffective.

(c) The water resources protection requirements must be:

(1) designed to prevent and minimize the pollution to the extent practicable;

(2) designed to prevent the pollution from exceeding the health risk limits; and

(3) submitted to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture.

(d) The commissioner of agriculture shall not adopt water resource protection requirements under subdivision 2 for nitrogen fertilizer unless the water resource protection requirements are specifically approved by law.

ARTICLE 20

HOUSING STATUTORY CHANGES

Section 1. Minnesota Statutes 2016, section 327.31, is amended by adding a subdivision to read:

Subd. 23. **Modular home.** "Modular home" means a building or structural unit of closed construction that has been substantially manufactured or constructed, in whole or in part, at an off-site location, with the final assembly occurring on site alone or with other units and attached to a foundation designed to the State Building Code and occupied as a single-family dwelling. Modular home construction must comply with applicable standards adopted in Minnesota Rules, chapter 1360 or 1361.

Sec. 2. **[327.335] PLACEMENT OF MODULAR HOMES.**

A modular home may be placed in a manufactured home park as defined in section 327.14, subdivision 3. A modular home placed in a manufactured home park is a manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and duties, under those chapters apply. A modular home may not be placed in a manufactured home park without prior written approval of the park owner. Nothing in this section shall be construed to inhibit the application of zoning, subdivision, architectural, or esthetic requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes and manufactured home parks.

Sec. 3. Minnesota Statutes 2016, section 327C.095, subdivision 4, is amended to read:

Subd. 4. **Public hearing; relocation compensation; neutral third party.** Within 60 days after receiving notice of a closure statement, the governing body of the affected municipality shall hold a public hearing to review the closure statement and any impact that the park closing may have on the displaced residents and the park owner. At the time of, and in the notice for, the public hearing, displaced residents must be informed that they may be eligible for payments from the Minnesota manufactured home relocation trust fund under section 462A.35 as compensation for reasonable relocation costs under subdivision 13, paragraphs (a) and (e).

The governing body of the municipality may also require that other parties, including the municipality, but excluding the park owner or its purchaser, involved in the park closing provide additional compensation to residents to mitigate the adverse financial impact of the park closing upon the residents.

At the public hearing, the municipality shall appoint a qualified neutral third party, to be agreed upon by both the manufactured home park owner and manufactured home owners, whose hourly cost must be reasonable and paid from the Minnesota manufactured home relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with decision-making authority to resolve any questions or disputes regarding any contributions or disbursements to and from the Minnesota manufactured home relocation trust fund by either the manufactured home park owner or the manufactured home owners. If the parties cannot agree on a neutral third party, the municipality will ~~make a determination~~ determine who shall act as the neutral third party.

The qualified neutral third party shall be familiar with manufactured housing and the requirements of this section. The neutral third party shall keep an overall receipts and cost summary together with a detailed accounting, for each manufactured lot, of the payments received by the manufactured home park owner, and expenses approved and payments disbursed to the manufactured home owners, pursuant to subdivisions 12 and 13, as well as a record of all services and hours it provided and at what hourly rate it charged to the Minnesota manufactured home trust fund. This detailed accounting shall be provided to the manufactured home park owner, the municipality, and the Minnesota Housing Finance Agency to be included in its yearly October 15 report as required in subdivision 13, paragraph (h), not later than 30 days after the expiration of the nine-month notice provided in the closure statement.

Sec. 4. Minnesota Statutes 2016, section 327C.095, subdivision 6, is amended to read:

Subd. 6. **Intent to convert use of park at time of purchase.** Before the execution of an agreement to purchase a manufactured home park, the purchaser must notify the park owner, in

writing, if the purchaser intends to close the manufactured home park or convert it to another use within one year of the execution of the agreement. The park owner shall provide a resident of each manufactured home with a 45-day written notice of the purchaser's intent to close the park or convert it to another use. The notice must state that the park owner will provide information on the cash price and the terms and conditions of the purchaser's offer to residents requesting the information. The notice must be sent by first class mail to a resident of each manufactured home in the park. The notice period begins on the postmark date affixed to the notice and ends 45 days after it begins. During the notice period required in this subdivision, the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park shall have the right to meet the cash price and execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community, provided that the owners or nonprofit organization will covenant and warrant to the park owner in the agreement that they will continue to operate the park for not less than six years from the date of closing. The park owner must accept the offer if it meets the cash price and the same terms and conditions set forth in the purchaser's offer except that the seller is not obligated to provide owner financing. For purposes of this section, cash price means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1, paragraph (d).

Sec. 5. Minnesota Statutes 2016, section 327C.095, subdivision 12, is amended to read:

Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured park owner shall, upon the change in use, pay to the commissioner of management and budget for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph (a) or (e), or $3,250 for each single section manufactured home, and $6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner's expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;

(5) the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park is the result of a taking or exercise of the power of eminent domain by a governmental entity or public utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home is a resident, but came to reside in the manufactured home park after the mailing date of the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than ~~$1,000,000~~ $3,000,000 as of June 30 of each year, the commissioner of management and budget shall assess each manufactured home park owner by mail the total amount of $15 for each licensed lot in their park, payable on or before ~~September~~ November 15 of that year. ~~The commissioner of management~~ Failure to notify and ~~budget shall deposit any payments in the Minnesota~~ timely assess the manufactured home ~~relocation trust fund. On or before July 15 of~~ park owner by August 30 of any year shall waive the assessment and payment obligations of the manufactured home park owner for that year. Together with said assessment notice, each year~~,~~ the commissioner of management and budget shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year, information about the collection, an invoice for all licensed lots, and a sample form for the park owners to collect information on which park residents have been accounted for. If assessed under this paragraph, the park owner may recoup the cost of the $15 assessment as a lump sum or as a monthly fee of no more than $1.25 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b), and for park residents who have not paid the $15 assessment to the park owner by October 15, and deduct from the assessment accordingly. The commissioner of management and budget shall deposit any payments in the Minnesota manufactured home relocation trust fund.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action in a court of appropriate jurisdiction. The court may award a prevailing party reasonable attorney fees, court costs, and disbursements.

Sec. 6. Minnesota Statutes 2016, section 327C.095, subdivision 13, is amended to read:

Subd. 13. **Change in use, relocation expenses; payments by park owner.** (a) If a manufactured home owner is required to relocate due to the conversion of all or a portion of a manufactured home park to another use, the closure of a manufactured home park, or cessation of use of the land as a

manufactured home park under subdivision 1, and the manufactured home owner complies with the requirements of this section, the manufactured home owner is entitled to payment from the Minnesota manufactured home relocation trust fund equal to the manufactured home owner's actual relocation costs for relocating the manufactured home to a new location within a ~~25~~ 50-mile radius of the park that is being closed, up to a maximum of $7,000 for a single-section and $12,500 for a multisection manufactured home. The actual relocation costs must include the reasonable cost of taking down, moving, and setting up the manufactured home, including equipment rental, utility connection and disconnection charges, minor repairs, modifications necessary for transportation of the home, necessary moving permits and insurance, moving costs for any appurtenances, which meet applicable local, state, and federal building and construction codes.

(b) A manufactured home owner is not entitled to compensation under paragraph (a) if the manufactured home park owner is not required to make a payment to the Minnesota manufactured home relocation trust fund under subdivision 12, paragraph (b).

(c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota manufactured home relocation trust fund, the manufactured home owner shall submit to the neutral third party and the Minnesota Housing Finance Agency, with a copy to the park owner, an application for payment, which includes:

(1) a copy of the closure statement under subdivision 1;

(2) a copy of the contract with a moving or towing contractor, which includes the relocation costs for relocating the manufactured home;

(3) a statement with supporting materials of any additional relocation costs as outlined in subdivision 1;

(4) a statement certifying that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), apply to the manufactured home owner;

(5) a statement from the manufactured park owner that the lot rental is current and that the annual $15 ~~payments~~ payment to the Minnesota manufactured home relocation trust fund ~~have~~ has been paid when due; and

(6) a statement from the county where the manufactured home is located certifying that personal property taxes for the manufactured home are paid through the end of that year.

(d) The neutral third party shall promptly process all payments for completed applications within 14 days. If the neutral third party has acted reasonably and does not approve or deny payment within 45 days after receipt of the information set forth in paragraph (c), the payment is deemed approved. Upon approval and request by the neutral third party, the Minnesota Housing Finance Agency shall issue two checks in equal amount for 50 percent of the contract price payable to the mover and towing contractor for relocating the manufactured home in the amount of the actual relocation cost, plus a check to the home owner for additional certified costs associated with third-party vendors, that were necessary in relocating the manufactured home. The moving or towing contractor shall receive 50 percent upon execution of the contract and 50 percent upon completion of the relocation

and approval by the manufactured home owner. The moving or towing contractor may not apply the funds to any other purpose other than relocation of the manufactured home as provided in the contract. A copy of the approval must be forwarded by the neutral third party to the park owner with an invoice for payment of the amount specified in subdivision 12, paragraph (a).

(e) In lieu of collecting a relocation payment from the Minnesota manufactured home relocation trust fund under paragraph (a), the manufactured home owner may collect an amount from the fund after reasonable efforts to relocate the manufactured home have failed due to the age or condition of the manufactured home, or because there are no manufactured home parks willing or able to accept the manufactured home within a 25-mile radius. A manufactured home owner may tender title of the manufactured home in the manufactured home park to the manufactured home park owner, and collect an amount to be determined by an independent appraisal. The appraiser must be agreed to by both the manufactured home park owner and the manufactured home owner. If the appraised market value cannot be determined, the tax market value, averaged over a period of five years, can be used as a substitute. The maximum amount that may be reimbursed under the fund is $8,000 for a single-section and $14,500 for a multisection manufactured home. The minimum amount that may be reimbursed under the fund is $2,000 for a single section and $4,000 for a multisection manufactured home. The manufactured home owner shall deliver to the manufactured home park owner the current certificate of title to the manufactured home duly endorsed by the owner of record, and valid releases of all liens shown on the certificate of title, and a statement from the county where the manufactured home is located evidencing that the personal property taxes have been paid. The manufactured home owner's application for funds under this paragraph must include a document certifying that the manufactured home cannot be relocated, that the lot rental is current, that the annual $15 payments to the Minnesota manufactured home relocation trust fund have been paid when due, that the manufactured home owner has chosen to tender title under this section, and that the park owner agrees to make a payment to the commissioner of management and budget in the amount established in subdivision 12, paragraph (a), less any documented costs submitted to the neutral third party, required for demolition and removal of the home, and any debris or refuse left on the lot, not to exceed ~~$1,000~~ $3,000. The manufactured home owner must also provide a copy of the certificate of title endorsed by the owner of record, and certify to the neutral third party, with a copy to the park owner, that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the manufactured home owner, and that the home owner will vacate the home within 60 days after receipt of payment or the date of park closure, whichever is earlier, provided that the monthly lot rent is kept current.

(f) The Minnesota Housing Finance Agency must make a determination of the amount of payment a manufactured home owner would have been entitled to under a local ordinance in effect on May 26, 2007. Notwithstanding paragraph (a), the manufactured home owner's compensation for relocation costs from the fund under section 462A.35, is the greater of the amount provided under this subdivision, or the amount under the local ordinance in effect on May 26, 2007, that is applicable to the manufactured home owner. Nothing in this paragraph is intended to increase the liability of the park owner.

(g) Neither the neutral third party nor the Minnesota Housing Finance Agency shall be liable to any person for recovery if the funds in the Minnesota manufactured home relocation trust fund

are insufficient to pay the amounts claimed. The Minnesota Housing Finance Agency shall keep a record of the time and date of its approval of payment to a claimant.

(h) The Minnesota Housing Finance Agency shall post on its Web site and report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee by ~~January~~ October 15 of each year on the Minnesota manufactured home relocation trust fund, including the aggregate account balance, the aggregate assessment payments received, summary information regarding each closed park including the total payments to claimants and payments received from each closed park, the amount of any advances to the fund, the amount of any insufficiencies encountered during the previous ~~calendar~~ fiscal year, reports of neutral third parties provided pursuant to subdivision 4, and any itemized administrative charges or expenses deducted from the trust fund balance, all of which should be reconciled to the previous year's trust fund balance. If sufficient funds become available, the Minnesota Housing Finance Agency shall pay the manufactured home owner whose unpaid claim is the earliest by time and date of approval.

Sec. 7. Minnesota Statutes 2016, section 327C.095, is amended by adding a subdivision to read:

Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health or, if applicable, local units of government that have entered into a delegation of authority agreement with the Department of Health as provided in section 145A.07 shall provide, by March 31 of each year, a list of names and addresses of the manufactured home parks licensed in the previous year, and for each manufactured home park, the current licensed owner, the owner's address, the number of licensed manufactured home lots, and other data as they may request for the Department of Management and Budget to invoice each licensed manufactured home park in the state of Minnesota.

Sec. 8. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans ~~to cities, counties, community action programs, nonprofit organizations, and cooperatives created under chapter 308A or 308B~~ for the purposes specified in this section.

Sec. 9. Minnesota Statutes 2017 Supplement, section 462A.2035, subdivision 1b, is amended to read:

Subd. 1b. **Manufactured home park infrastructure grants.** Eligible recipients may use manufactured home park infrastructure grants under this program for:

(1) acquisition of and improvements in manufactured home parks; and

(2) infrastructure, including storm shelters and community facilities.

Sec. 10. Minnesota Statutes 2016, section 462A.33, subdivision 1, is amended to read:

Subdivision 1. **Created.** The economic development and housing challenge program is created to be administered by the agency.

(a) The program shall provide grants or loans for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing or manufactured home parks, as defined in section 327C.01, to support economic development and redevelopment activities or job creation or job preservation within a community or region by meeting locally identified housing needs.

Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(b) Preference for grants and loans shall be given to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements. Preference must also be given among comparable proposals to proposals for projects that are accessible to transportation systems, jobs, schools, and other services.

(c) If a grant or loan is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of this section or for other housing-related purposes that primarily benefit the persons residing in the adjacent housing. In making selections for grants or loans for projects that demolish affordable housing units, the agency must review the potential displacement of residents and consider the extent to which displacement of residents is minimized.

Sec. 11. Minnesota Statutes 2016, section 462A.33, subdivision 2, is amended to read:

Subd. 2. **Eligible recipients.** Challenge grants or loans may be made to a city, a federally recognized American Indian tribe or subdivision located in Minnesota, a tribal housing corporation, a private developer, a nonprofit organization, or the owner of the housing or the manufactured home park, including individuals. For the purpose of this section, "city" has the meaning given it in section 462A.03, subdivision 21. To the extent practicable, grants and loans shall be made so that an approximately equal number of housing units are financed in the metropolitan area and in the nonmetropolitan area.

Sec. 12. Minnesota Statutes 2016, section 462A.37, subdivision 1, is amended to read:

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

(b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

(c) "Community land trust" means an entity that meets the requirements of section 462A.31, subdivisions 1 and 2.

(d) "Debt service" means the amount payable in any fiscal year of principal, premium, if any, and interest on housing infrastructure bonds and the fees, charges, and expenses related to the bonds.

(e) "Foreclosed property" means residential property where foreclosure proceedings have been initiated or have been completed and title transferred or where title is transferred in lieu of foreclosure.

(f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal Revenue Code, finance qualified residential rental projects within the meaning of Section 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing affordable housing authorized under this chapter.

(g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

(h) "Senior" means a person 62 years of age or older with an annual income not greater than 50 percent of:

(1) the metropolitan area median income for persons in the metropolitan area; or

(2) the statewide median income for persons outside the metropolitan area.

(i) "Senior housing" means housing intended and operated for occupancy by at least one senior per unit with at least 80 percent of the units occupied by at least one senior per unit, and for which there is publication of, and adherence to, policies and procedures that demonstrate an intent by the owner or manager to provide housing for seniors. Senior housing may be developed in conjunction with and as a distinct portion of mixed-income senior housing developments that use a variety of public or private financing sources.

~~(h)~~ (j) "Supportive housing" means housing that is not time-limited and provides or coordinates with linkages to services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

Sec. 13. Minnesota Statutes 2016, section 462A.37, subdivision 2, is amended to read:

Subd. 2. **Authorization.** (a) The agency may issue up to $30,000,000 in aggregate principal amount of housing infrastructure bonds in one or more series to which the payment made under this section may be pledged. The housing infrastructure bonds authorized in this subdivision may be issued to fund loans or grants for the purposes of clause (4), on terms and conditions the agency deems appropriate, made for one or more of the following purposes:

(1) to finance the costs of the construction, acquisition, and rehabilitation of supportive housing for individuals and families who are without a permanent residence;

(2) to finance the costs of the acquisition and rehabilitation of foreclosed or abandoned housing to be used for affordable rental housing and the costs of new construction of rental housing on abandoned or foreclosed property where the existing structures will be demolished or removed;

(3) to finance that portion of the costs of acquisition of property that is attributable to the land to be leased by community land trusts to low- and moderate-income homebuyers; ~~and~~

(4) to finance that portion of the acquisition, improvement, and infrastructure of manufactured home parks under section 462A.2035, subdivision 1b, that is attributable to land to be leased to low- and moderate-income manufactured home owners;

(5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing; and

(6) to finance the costs of acquisition and rehabilitation of federally assisted rental housing and for the refinancing of costs of the construction, acquisition, and rehabilitation of federally assisted rental housing, including providing funds to refund, in whole or in part, outstanding bonds previously issued by the agency or another government unit to finance or refinance such costs.

(b) Among comparable proposals for permanent supportive housing, preference shall be given to permanent supportive housing for veterans and other individuals or families who:

(1) either have been without a permanent residence for at least 12 months or at least four times in the last three years; or

(2) are at significant risk of lacking a permanent residence for 12 months or at least four times in the last three years.

(c) Among comparable proposals for senior housing, the agency must give priority to requests for projects that:

(1) demonstrate a commitment to maintaining the housing financed as affordable to seniors;

(2) leverage other sources of funding to finance the project, including the use of low-income housing tax credits;

(3) provide access to services to residents and demonstrate the ability to increase physical supports and support services as residents age and experience increasing levels of disability;

(4) provide a service plan containing the elements of clause (3) reviewed by the housing authority, economic development authority, public housing authority, or community development agency that has an area of operation for the jurisdiction in which the project is located; and

(5) include households with incomes that do not exceed 30 percent of the median household income for the metropolitan area.

To the extent practicable, the agency shall balance the loans made between projects in the metropolitan area and projects outside the metropolitan area. Of the loans made to projects outside the metropolitan area, the agency shall, to the extent practicable, balance the loans made between projects in counties or cities with a population of 20,000 or less, as established by the most recent decennial census, and projects in counties or cities with populations in excess of 20,000.

Sec. 14. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 30. **Preservation project.** "Preservation project" means any residential rental project, regardless of whether or not the project is restricted to persons of a certain age or older that receive federal project-based rental subsidies. In addition, to qualify as a preservation project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 15. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 31. **30 percent AMI residential rental project.** "30 percent AMI residential rental project" means a residential rental project that does not otherwise qualify as a preservation project, is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code from 100 percent of its residential units, and: (1) in which all the residential units of the project: (i) are reserved for tenants whose income, on average is 30 percent of AMI or less; (ii) are rent restricted in accordance with section 42(g)(2) of the Internal Revenue Code; and (iii) are subject to the rent and income restrictions for a period of not less than 30 years; or (2)(i) is located within a home rule charter or statutory city located outside of the metropolitan area as defined in section 473.121, subdivision 2, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area as defined in section 473.121, subdivision 2, and that has a current area median gross income that is less than the statewide area median income for the state of Minnesota; (ii) all of the units of the project are rent restricted in accordance with section 42(g)(2) of the Internal Revenue Code; and (iii) all of the units of the project are subject to the applicable rent and income restrictions for a period of not less than 30 years. In addition, to qualify as a 30 percent AMI residential rental project, the amount of bonds requested in the application must not exceed the aggregate bond limitation. For purposes of this subdivision, "on average" means the average of the applicable income limitation level for a project determined on a unit-by-unit basis e.g., a project with one-half of its units subject to income limitations of not greater than 20 percent AMI and one-half subject to income limitations of not greater than 40 percent AMI would be subject to an income limitation on average of not greater than 30 percent AMI.

Sec. 16. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 32. **50 percent AMI residential rental project.** "50 percent AMI residential rental project" means a residential rental project that does not qualify as a preservation project or a 30 percent AMI residential rental project, is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code from 100 percent of its residential units, and in which all the residential units of the project: (1) are reserved for tenants whose income on average is 50 percent of AMI or less; (2) are rent restricted in accordance with section 42(g)(2) of the Internal Revenue Code; and (3) are subject to the rent and income restrictions for a period of not less than 30 years. In addition, to qualify as a 50 percent AMI residential rental project, the amount of bonds requested in the application must not exceed the aggregate bond limitation. For purposes of this subdivision, "on average" means the average of the applicable income limitation level for a project determined on a unit-by-unit basis e.g., a project with one-half of its units subject to income limitations of not greater than 40 percent AMI and one-half subject to income limitations of not greater than 60 percent AMI would be subject to an income limitation on average of not greater than 50 percent AMI.

Sec. 17. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 33. **100 percent LIHTC project.** "100 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code from 100 percent of its residential units and does not otherwise qualify as a preservation project, a 30 percent AMI residential rental project, or a 50 percent AMI residential rental project. In addition, to qualify as a 100 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 18. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 34. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code from at least 20 percent of its residential units and does not otherwise qualify as a preservation project, a 30 percent AMI residential rental project, a 50 percent AMI residential rental project, or a 100 percent LIHTC project. In addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 19. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 35. **AMI.** "AMI" means the area median income for the applicable county or metropolitan area as published by the Department of Housing and Urban Development, as adjusted for household size.

Sec. 20. Minnesota Statutes 2016, section 474A.02, is amended by adding a subdivision to read:

Subd. 36. **Aggregate bond limitation.** "Aggregate bond limitation" means up to 55 percent of the reasonably expected aggregate basis of a residential rental project and the land on which the project is or will be located.

Sec. 21. Minnesota Statutes 2016, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **Under federal tax law; allocations.** At the beginning of each calendar year ~~after December 31, 2001~~, the commissioner shall determine the aggregate dollar amount of the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

(1) $74,530,000 to the small issue pool;

(2) $122,060,000 to the housing pool, of which 31 percent of the adjusted allocation is reserved until the last Monday in ~~July~~ June for single-family housing programs;

(3) $12,750,000 to the public facilities pool; and

(4) amounts to be allocated as provided in subdivision 2a.

If the annual volume cap is greater or less than the amount of bonding authority allocated under clauses (1) to (4) and subdivision 2a, paragraph (a), clauses (1) to (4), the allocation must be adjusted so that each adjusted allocation is the same percentage of the annual volume cap as each original allocation is of the total bonding authority originally allocated.

Sec. 22. Minnesota Statutes 2016, section 474A.04, subdivision 1a, is amended to read:

Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer before ~~July~~ June 15 shall be reallocated through the housing pool. Any amount returned on or after ~~July~~ June 15 shall be reallocated through the unified pool. An amount returned after the last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

Sec. 23. Minnesota Statutes 2016, section 474A.047, subdivision 2, is amended to read:

Subd. 2. **15-year agreement.** Prior to the issuance of residential rental bonds, the developer of the project for which the bond proceeds will be used must enter into a 15-year agreement with the issuer that specifies the maximum rental rates of the rent-restricted units in the project and the income levels of the residents of the project occupying income-restricted units and in which the developer will agree to maintain the project as a preservation project, a 30 percent AMI residential rental project, a 50 percent AMI residential rental project, a 100 percent LIHTC project, or a 20 percent LIHTC project, as applicable and as described in its application. ~~Such~~ The rental rates and income levels must be within the limitations established under subdivision 1. The developer must annually certify to the issuer over the term of the agreement that the rental rates for the rent-restricted units are within the limitations under subdivision 1. The issuer may request individual certification of the income of residents of the income-restricted units. The commissioner may request from the issuer a copy of the annual certification prepared by the developer. The commissioner may require the issuer to request individual certification of all residents of the income-restricted units.

Sec. 24. Minnesota Statutes 2016, section 474A.061, subdivision 1, is amended to read:

Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a) For any requested allocations from the small issue pool or the public facilities pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in ~~July~~ June, or in the amount of two percent of the requested allocation on or after the last Monday in ~~July,~~ June; and (5) a public purpose scoring worksheet for manufacturing project and enterprise zone facility project applications~~, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing for residential rental project applications and whether the project is restricted to persons who are 55 years of age or older~~. The issuer must pay the application deposit by a check made payable to the Department of Management and Budget. The Minnesota Housing Finance Agency, the Minnesota Rural Finance Authority, and the Minnesota Office of Higher Education may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool~~ under this subdivision unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this

subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

~~An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation any unused bonding authority carried forward from a previous year. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on their behalf.~~

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 25. Minnesota Statutes 2016, section 474A.061, is amended by adding a subdivision to read:

Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from the housing pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by: (1) a preliminary resolution; (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code; (3) an application deposit in the amount of two percent of the requested allocation; (4) a sworn statement from the applicant identifying the project as either a preservation project, a 30 percent AMI residential rental project, a 50 percent AMI residential rental project, a 100 percent LIHTC project, a 20 percent LIHTC project, or any other residential rental project; and (5) a certification from the applicant or the applicant's accountant stating whether the requested allocation exceeds the aggregate bond limitation. The issuer must pay the application deposit by a check made payable to the Department of Management and Budget. The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the housing pool unless it has either permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or returned for reallocation any unused bonding authority carried forward from a previous year. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities that choose to have the agency issue bonds on their behalf.

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 26. Minnesota Statutes 2016, section 474A.061, subdivision 2a, is amended to read:

Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January and continuing on each Monday through ~~July 15~~ June 15, the commissioner shall allocate available bonding authority from the housing pool to applications received on or before the Monday of the preceding week for residential rental projects that meet the eligibility criteria under section 474A.047. Allocations of available bonding authority from the housing pool for eligible residential rental projects shall be awarded in the following order of priority: (1) ~~projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and~~ preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; and (6) other residential rental projects~~. Prior to May 15, no allocation shall be made to a project restricted to persons who are 55 years of age or older. If an~~ for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be randomly awarded by lot but only for projects that can receive the full amount of their respective requested allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph, the remaining bonding authority not allocated to the project shall be reserved by the commissioner, or by the Minnesota Housing Financing Agency if the authority is carried forward pursuant to section 474A.131, for the project for up to 24 months thereafter, and if the project applies in the future to the housing pool or unified pool for additional allocation of bonds, the project shall be fully funded up to the remaining amount of its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority. An issuer that receives an allocation under this paragraph ~~does not issue obligations equal to all or a portion of the allocation received within 120 days of the allocation~~ must issue obligations equal to all or a portion of the allocation received on or before the later of 180 days of the allocation or within 18 months after the allocation date if the applicant submits an additional application deposit equal to one percent of the allocation amount on or prior to 180 days after the allocation date. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July ~~15.~~ 1. If an issuer that receives an allocation under this paragraph issues obligations within the time period provided in this paragraph, the commissioner shall refund 50 percent of any application deposit previously paid within 30 days of the issuance of the obligations and the remaining 50 percent of the application deposit: (i) within 30 days after the date on which IRS Form 8609(s) are issued with respect to projects generating low-income housing tax credits; or (ii) within 90 days after the issuer provides a certification and any other reasonable documentation requested by the commissioner evidencing that construction of the project has been completed.

(b) After January 1, and through January 15, the Minnesota Housing Finance Agency may accept applications from cities for single-family housing programs which meet program requirements as follows:

(1) the housing program must meet a locally identified housing need and be economically viable;

(2) the adjusted income of home buyers may not exceed 80 percent ~~of the greater of statewide or area median income as published by the Department of Housing and Urban Development, adjusted for household size~~ AMI;

(3) house price limits may not exceed the federal price limits established for mortgage revenue bond programs. Data on the home purchase price amount, mortgage amount, income, household size, and race of the households served in the previous year's single-family housing program, if any, must be included in each application; and

(4) for applicants who choose to have the agency issue bonds on their behalf, an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to one percent of the requested allocation must be submitted to the Minnesota Housing Finance Agency before the agency forwards the list specifying the amounts allocated to the commissioner under paragraph (d). The agency shall submit the city's application fee and application deposit to the commissioner when requesting an allocation from the housing pool.

Applications by a consortium shall include the name of each member of the consortium and the amount of allocation requested by each member.

(c) Any amounts remaining in the housing pool after ~~July~~ June 15 are available for single-family housing programs for cities that applied in January and received an allocation under this section in the same calendar year. For a city that chooses to issue bonds on its own behalf or pursuant to a joint powers agreement, the agency must allot available bonding authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by loan, on a first-come, first-served basis among cities on whose behalf the Minnesota Housing Finance Agency issues bonds.

Any city that received an allocation pursuant to paragraph (f) in the same calendar year that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an amount becoming available for single-family housing programs after ~~July~~ June 15 shall notify the Minnesota Housing Finance Agency by ~~July~~ June 15. The Minnesota Housing Finance Agency shall notify each city making a request of the amount of its allocation within three business days after ~~July~~ June 15. The city must comply with paragraph (f).

For purposes of paragraphs (a) to (h), "city" means a county or a consortium of local government units that agree through a joint powers agreement to apply together for single-family housing programs, and has the meaning given it in section 462C.02, subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

(d) The total amount of allocation for mortgage bonds for one city is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the housing pool, multiplied by the ratio of each applicant's population as determined by the most recent estimate of the city's population released by the state demographer's office to the total of all the applicants' population, except that each applicant shall be allocated a minimum of $100,000 regardless of the amount requested or the amount determined under the formula in clause (ii). If a city applying for an allocation is located within a county that has also applied for an allocation, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

Upon determining the amount of each applicant's allocation, the agency shall forward to the commissioner a list specifying the amounts allotted to each application with all application fees and deposits from applicants who choose to have the agency issue bonds on their behalf.

Total allocations from the housing pool for single-family housing programs may not exceed 31 percent of the adjusted allocation to the housing pool until after ~~July~~ June 15.

(e) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the second Tuesday in January and through the last Monday in ~~July~~ June. After awarding an allocation and receiving a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposits to the Minnesota Housing Finance Agency to be returned to the participating cities. The Minnesota Housing Finance Agency shall return any application deposit to a city that paid an application deposit under paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph (d).

(f) A city may choose to issue bonds on its own behalf or through a joint powers agreement and may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and a one percent application deposit to the commissioner no later than the Monday of the week preceding an allocation. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the list forwarded by the Minnesota Housing Finance Agency to the commissioner. No city may request or receive an allocation from the commissioner until the list under paragraph (d) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city may receive an allocation from the housing pool for mortgage bonds which has not first applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.

If a city issues mortgage bonds from an allocation received under this paragraph, the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner in writing of the reason that recycling was not possible and the reason the issuer elected not to have the Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

(g) No entitlement city or county or city in an entitlement county may apply for or be allocated authority to issue mortgage bonds or use mortgage credit certificates from the housing pool. No city in an entitlement county may apply for or be allocated authority to issue residential rental bonds from the housing pool or the unified pool.

(h) A city that does not use at least 50 percent of its allotment by the date applications are due for the first allocation that is made from the housing pool for single-family housing programs in the immediately succeeding calendar year may not apply to the housing pool for a single-family mortgage bond or mortgage credit certificate program allocation that exceeds the amount of its allotment for

the preceding year that was used by the city in the immediately preceding year or receive an allotment from the housing pool in the succeeding calendar year that exceeds the amount of its allotment for the preceding year that was used in the preceding year. The minimum allotment is $100,000 for an allocation made prior to ~~July~~ June 15, regardless of the amount used in the preceding calendar year, except that a city whose allocation in the preceding year was the minimum amount of $100,000 and who did not use at least 50 percent of its allocation from the preceding year is ineligible for an allocation in the immediate succeeding calendar year. Each local government unit in a consortium must meet the requirements of this paragraph.

Sec. 27. Minnesota Statutes 2016, section 474A.061, subdivision 2b, is amended to read:

Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner shall allocate available bonding authority from the small issue pool to applications received on or before the Monday of the preceding week for manufacturing projects and enterprise zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~ June, the commissioner shall reserve $5,000,000 of the available bonding authority from the small issue pool for applications for agricultural development bond loan projects of the Minnesota Rural Finance Authority.

~~Beginning in calendar year 2002,~~ On the second Tuesday in January through the last Monday in ~~July~~ June, the commissioner shall reserve $10,000,000 of available bonding authority in the small issue pool for applications for student loan bonds of or on behalf of the Minnesota Office of Higher Education. The total amount of allocations for student loan bonds from the small issue pool may not exceed $10,000,000 per year.

The commissioner shall reserve $10,000,000 until the day after the last Monday in February, $10,000,000 until the day after the last Monday in April, and $10,000,000 until the day after the last Monday in June in the small issue pool for enterprise zone facility projects and manufacturing projects. The amount of allocation provided to an issuer for a specific enterprise zone facility project or manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045.

If there are two or more applications for manufacturing and enterprise zone facility projects from the small issue pool and there is insufficient bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045, with those projects receiving the greatest number of points receiving allocation first. If two or more applications receive an equal number of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Sec. 28. Minnesota Statutes 2016, section 474A.061, subdivision 2c, is amended to read:

Subd. 2c. **Public facilities pool allocation.** From the beginning of the calendar year and continuing for a period of 120 days, the commissioner shall reserve $5,000,000 of the available bonding authority from the public facilities pool for applications for public facilities projects to be financed by the Western Lake Superior Sanitary District. Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner

shall allocate available bonding authority from the public facilities pool to applications for eligible public facilities projects received on or before the Monday of the preceding week. If there are two or more applications for public facilities projects from the pool and there is insufficient available bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Sec. 29. Minnesota Statutes 2016, section 474A.061, subdivision 4, is amended to read:

Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities pool.** (a) For any requested allocations from the small issue pool or the public facilities pool, if an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 120-day period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 120-day period since allocation has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this ~~section~~ subdivision within 120 days of allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving allocation.

(c) No refund shall be available for allocations returned 120 or more days after receiving the allocation or beyond the last Monday in November.

Sec. 30. Minnesota Statutes 2016, section 474A.061, is amended by adding a subdivision to read:

Subd. 7. **Return of allocation; deposit refund for housing pool.** (a) For any requested allocations from the housing pool, if an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within the time period provided under section 474A.061, subdivision 2a, paragraph (a), or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the time period provided under section 474A.061, subdivision

2a, paragraph (a), has expired prior to the last Monday in June, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has expired on or after the last Monday in June, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this subdivision within 180 days of allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 45 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 46 and 90 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 91 and 180 days of receiving allocation.

(c) No refund shall be available for allocations returned 180 or more days after receiving the allocation or beyond the last Monday in November.

Sec. 31. Minnesota Statutes 2016, section 474A.062, is amended to read:

474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION ~~120-DAY~~ ISSUANCE EXEMPTION.

The Minnesota Office of Higher Education is exempt from ~~the 120-day~~ any time limitation on issuance ~~requirements~~ of bonds set forth in this chapter and may carry forward allocations for student loan bonds, subject to carryforward notice requirements of section 474A.131, subdivision 2.

Sec. 32. Minnesota Statutes 2016, section 474A.091, subdivision 1, is amended to read:

Subdivision 1. **Unified pool amount.** On the day after the last Monday in ~~July~~ June any bonding authority remaining unallocated from the small issue pool, the housing pool, and the public facilities pool is transferred to the unified pool and must be reallocated as provided in this section.

Sec. 33. Minnesota Statutes 2016, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation ~~under this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of two percent of the requested allocation, (5) a public purpose scoring worksheet for manufacturing and enterprise zone~~

~~applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing and whether the project is restricted to persons who are 55 years of age or older. The issuer must pay the application deposit by check. An entitlement issuer may not apply for an allocation for public facility bonds, residential rental project bonds, or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.~~

~~Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.~~ for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by: (1) a preliminary resolution; (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code; (3) an application deposit in the amount of two percent of the requested allocation; (4) a sworn statement from the applicant identifying the project as a preservation project, a 30 percent AMI residential rental project, a 50 percent AMI residential rental project, a 100 percent LIHTC project, a 20 percent LIHTC project, or any other residential rental project; and (5) a certification from the applicant or its accountant stating whether the requested allocation exceeds the aggregate bond limitation. Applications for projects requesting bonds in excess of the aggregate bond limitation may not apply or be allocated bonding authority until after September 1 each year. The issuer must pay the application deposit by check. An entitlement issuer may not apply for an allocation for residential rental bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must issue obligations equal to all or a portion of the allocation received on or before the later of 180 days of the allocation or within 18 months after the allocation date if the applicant submits an additional application deposit equal to one percent of the allocation amount on or prior to 180 days after the allocation date. If an issuer that receives an allocation under this subdivision does not issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool. If an issuer that receives an allocation under this subdivision issues obligations within the time period provided in this paragraph, the commissioner shall refund 50 percent of any application deposit previously paid: (i) within 30 days after the date on which IRS Form 8609(s) are issued with respect to projects generating low-income housing tax credits; or (ii) within 90 days after the issuer provides a certification and any other reasonable documentation requested by the commissioner evidencing that construction of the project has been completed. The obligations and

the remaining 50 percent of the application deposit within 30 days after completion of construction of the project.

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 34. Minnesota Statutes 2016, section 474A.091, is amended by adding a subdivision to read:

Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by: (1) a preliminary resolution; (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code; (3) the type of qualified bonds to be issued; (4) an application deposit in the amount of two percent of the requested allocation; and (5) a public purpose scoring worksheet for manufacturing and enterprise zone applications. The issuer must pay the application deposit by check. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 35. Minnesota Statutes 2016, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in ~~August~~ July through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

(1) applications for residential rental project bonds;

(2) applications for small issue bonds for manufacturing projects; and

(3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

(1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;

(2) applications for mortgage bonds;

(3) applications for public facility projects funded by public facility bonds;

(4) applications for small issue bonds for manufacturing projects;

(5) applications for small issue bonds for agricultural development bond loan projects;

(6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;

(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) ~~projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3)~~ preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; (6) other residential rental projects for which the

amount of bonds requested in their respective applications do not exceed the aggregate bond limitation; and (7) other residential rental projects for which the amount of bonds requested in their respective applications exceed the aggregate bond limitation and that apply on or after September 1 of a calendar year. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be randomly awarded by lot but only for projects that received the full amount of their respective requested allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph, the remaining bonding authority not allocated to the project shall be reserved by the commissioner, or by the Minnesota Housing Finance Agency if the authority is carried forward pursuant to section 474A.131, for the project for up to 24 months thereafter, and if the project applies in the future to the housing pool or unified pool for additional allocation of bonds, the project shall be fully funded up to the remaining amount of its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority.

(g) From the first Monday in ~~August~~ July through the last Monday in November, $20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent ~~such~~ the amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

(1) $10,000,000 for any one city; or

(2) $20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed $25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 36. Minnesota Statutes 2016, section 474A.091, subdivision 5, is amended to read:

Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within ~~120~~ the applicable number of days ~~of~~ after the allocation required in this chapter or within the time period permitted by federal tax law, whichever is less, the issuer

must notify the department. If the issuer notifies the department or the ~~120-day~~ period since allocation has expired prior to the last Monday in November, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department on or after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation for all types of bonds other than residential rental project bonds received under this section within 120 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving the allocation.

(c) No refund of the application deposit shall be available for allocations returned on or after the last Monday in November.

(d) An issuer that returns for reallocation all or a portion of an allocation for residential rental project bonds received under this section within 180 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 45 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 46 and 90 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 91 and 180 days of receiving the allocation.

Sec. 37. Minnesota Statutes 2016, section 474A.091, subdivision 6, is amended to read:

Subd. 6. **Final allocation; carryforward.** Notwithstanding the notice requirements of section 474A.131, subdivision 2, any bonding authority remaining unissued by the Minnesota Housing Finance Agency on the last business day in December shall be carried forward into the next calendar year by the commissioner for the Minnesota Housing Finance Agency. Any authority carried forward shall be allocated to utilize the authority that is closest to expiring first, and in all events, the Minnesota Housing Finance Agency shall allocate its bonding authority to utilize the authority carried forward prior to any current year's allocation.

Sec. 38. Minnesota Statutes 2016, section 474A.131, subdivision 1, is amended to read:

Subdivision 1. **Notice of issue.** Each issuer ~~that issues bonds~~ with an allocation received under this chapter shall provide a notice of issue to the department on forms provided by the department stating:

(1) the date of issuance of the bonds;

(2) the title of the issue;

(3) the principal amount of the bonds;

(4) the type of qualified bonds under federal tax law;

(5) the dollar amount of the bonds issued that were subject to the annual volume cap; and

(6) for entitlement issuers, whether the allocation is from current year entitlement authority or is from carryforward authority.

For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. A penalty of one-half of the amount of the application deposit not to exceed $5,000 shall apply to any issue of obligations for which a notice of issue is not provided to the department within five business days after issuance or before 4:30 p.m. on the last business day in December, whichever occurs first. Within 30 days after receipt of a notice of issue the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if ~~a two percent~~ the applicable application deposit was made, less any penalty amount.

Sec. 39. Minnesota Statutes 2016, section 474A.131, subdivision 1b, is amended to read:

Subd. 1b. **Deadline for issuance of qualified bonds.** (a) If an issuer fails to notify the department before 4:30 p.m. on the last business day in December of issuance of obligations pursuant to an allocation received for any qualified bond project or issuance of an entitlement allocation other than those involving residential rental bonds, the allocation is canceled and the bonding authority is allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner under section 474A.091, subdivision 6.

(b) With respect to: (1) an allocation received for a residential rental project for which the obligations have not been issued before 4:30 p.m. on the last business day in December and the time period for issuance of the obligations provided under section 474A.061, subdivision 2a, or 474A.091, subdivision 2a, as applicable, has not expired; and (2) bonding authority reserved for a project for up to 24 months under section 474A.061, subdivision 2a, or section 471A.091, subdivision 3, paragraph (f), as of 4:30 p.m. on the last business day of December, the bonding authority shall be allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner under section 474A.091, subdivision 6; provided, however, that the allocation shall remain reserved by the Minnesota Housing Finance Agency for the residential rental project described in the original application and the Minnesota Housing Finance Agency will have the fiduciary duty to issue the bonds as intended by the originally intended issuer. In addition, any obligations issued by the Minnesota Housing Finance Agency for a residential rental project that is subject to this paragraph

shall not be subject to the debt management policies of the Minnesota Housing Finance Agency, as adopted and amended from time to time.

Sec. 40. Minnesota Statutes 2016, section 474A.131, subdivision 2, is amended to read:

Subd. 2. **Carryforward notice.** If an issuer intends to carry forward an allocation received under this chapter, it must notify the department in writing before 4:30 p.m. on the last business day in December. This notice requirement does not apply to the Minnesota Housing Finance Agency for the carryforward of unallocated unified pool balances or for the carryforward of allocations of residential rental project bonds pursuant to section 474A.131, subdivision 1b.

Sec. 41. Minnesota Statutes 2016, section 474A.14, is amended to read:

474A.14 NOTICE OF AVAILABLE AUTHORITY.

The department shall provide at its official Web site a written notice of the amount of bonding authority in the housing, small issue, and public facilities pools as soon after January 1 as possible. The department shall provide at its official Web site a written notice of the amount of bonding authority available for allocation in the unified pool as soon after ~~August~~ July 1 as possible.

Sec. 42. **ADVANCES TO THE MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.**

(a) Until June 30, 2020, the Minnesota Housing Finance Agency or Department of Management and Budget as determined by the commissioner of management and budget, is authorized to advance up to $400,000 from state appropriations or other resources to the Minnesota manufactured home relocation trust fund established under Minnesota Statutes, section 462A.35, if the account balance in the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section 327C.095, subdivision 13.

(b) The Minnesota Housing Finance Agency or Department of Management and Budget shall be reimbursed from the Minnesota manufactured home relocation trust fund for any money advanced by the agency under paragraph (a) to the fund. Approved claims for payment to manufactured home owners shall be paid prior to the money being advanced by the agency or the department to the fund.

Sec. 43. **HOUSING AFFORDABILITY FUND; 2019 ALLOCATIONS.**

Allocations from the Housing Finance Agency's housing affordability fund, pool 3, in 2019, shall include a set-aside of ten percent for single-family home ownership development and rental housing for up to a four-plex in municipalities with a population under 10,000, or for manufactured housing projects. The set-aside shall remain until June 1, 2019, after which any money remaining in the set-aside shall be available to all eligible projects.

Sec. 44. **REPORT; COSTS OF LOCAL ACTIONS ON AFFORDABLE HOUSING.**

By January 15, 2019, the commissioner of the Housing Finance Agency shall report to the members of the legislative policy and finance committees with jurisdiction over housing on the

effects of local regulatory, fee, and zoning decisions that raise the cost of development of affordable housing.

ARTICLE 21

PUBLIC SAFETY

Section 1. Minnesota Statutes 2016, section 169A.24, subdivision 1, is amended to read:

Subdivision 1. **Degree described.** A person who violates section 169A.20 (driving while impaired) is guilty of first-degree driving while impaired if the person:

(1) commits the violation within ten years of the first of three or more qualified prior impaired driving incidents;

(2) has previously been convicted of a felony under this section; or

(3) has previously been convicted of a felony under:

(i) Minnesota Statutes 2012, section 609.21 (criminal vehicular homicide and injury, substance-related offenses), subdivision 1, clauses (2) to (6);

(ii) Minnesota Statutes 2006, section 609.21 (criminal vehicular homicide and injury, substance-related offenses), subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); ~~or~~

(iii) section 609.2112, subdivision 1, clauses (2) to (6); 609.2113, subdivision 1, clauses (2) to (6), subdivision 2, clauses (2) to (6), or subdivision 3, clauses (2) to (6); or 609.2114, subdivision 1, clauses (2) to (6), or subdivision 2, clauses (2) to (6)~~.~~; or

(iv) a statute from this state or another state in conformity with any provision listed in item (i), (ii), or (iii).

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to violations committed on or after that date.

Sec. 2. Minnesota Statutes 2016, section 243.166, subdivision 1b, is amended to read:

Subd. 1b. **Registration required.** (a) A person shall register under this section if:

(1) the person was charged with or petitioned for a felony violation of or attempt to violate, or aiding, abetting, or conspiracy to commit, any of the following, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) murder under section 609.185, paragraph (a), clause (2);

(ii) kidnapping under section 609.25;

(iii) criminal sexual conduct under section 609.342; 609.343; 609.344; 609.345; 609.3451, subdivision 3; or 609.3453; ~~or~~

(iv) indecent exposure under section 617.23, subdivision 3; or

(v) surreptitious intrusion under the circumstances described in section 609.746, subdivision 1, paragraph (f);

(2) the person was charged with or petitioned for a violation of, or attempt to violate, or aiding, abetting, or conspiring to commit criminal abuse in violation of section 609.2325, subdivision 1, paragraph (b); false imprisonment in violation of section 609.255, subdivision 2; solicitation, inducement, or promotion of the prostitution of a minor or engaging in the sex trafficking of a minor in violation of section 609.322; a prostitution offense in violation of section 609.324, subdivision 1, paragraph (a); soliciting a minor to engage in sexual conduct in violation of section 609.352, subdivision 2 or 2a, clause (1); using a minor in a sexual performance in violation of section 617.246; or possessing pornographic work involving a minor in violation of section 617.247, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(3) the person was sentenced as a patterned sex offender under section 609.3455, subdivision 3a; or

(4) the person was charged with or petitioned for, including pursuant to a court martial, violating a law of the United States, including the Uniform Code of Military Justice, similar to the offenses described in clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances.

(b) A person also shall register under this section if:

(1) the person was charged with or petitioned for an offense in another state that would be a violation of a law described in paragraph (a) if committed in this state and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(2) the person enters this state to reside, work, or attend school, or enters this state and remains for 14 days or longer; and

(3) ten years have not elapsed since the person was released from confinement or, if the person was not confined, since the person was convicted of or adjudicated delinquent for the offense that triggers registration, unless the person is subject to a longer registration period under the laws of another state in which the person has been convicted or adjudicated, or is subject to lifetime registration.

If a person described in this paragraph is subject to a longer registration period in another state or is subject to lifetime registration, the person shall register for that time period regardless of when the person was released from confinement, convicted, or adjudicated delinquent.

(c) A person also shall register under this section if the person was committed pursuant to a court commitment order under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota

Statutes 1992, section 526.10, or a similar law of another state or the United States, regardless of whether the person was convicted of any offense.

(d) A person also shall register under this section if:

(1) the person was charged with or petitioned for a felony violation or attempt to violate any of the offenses listed in paragraph (a), clause (1), or a similar law of another state or the United States, or the person was charged with or petitioned for a violation of any of the offenses listed in paragraph (a), clause (2), or a similar law of another state or the United States;

(2) the person was found not guilty by reason of mental illness or mental deficiency after a trial for that offense, or found guilty but mentally ill after a trial for that offense, in states with a guilty but mentally ill verdict; and

(3) the person was committed pursuant to a court commitment order under section 253B.18 or a similar law of another state or the United States.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2016, section 244.052, subdivision 4, is amended to read:

Subd. 4. **Law enforcement agency; disclosure of information to public.** (a) The law enforcement agency in the area where the predatory offender resides, expects to reside, is employed, or is regularly found, shall disclose to the public any information regarding the offender contained in the report forwarded to the agency under subdivision 3, paragraph (f), that is relevant and necessary to protect the public and to counteract the offender's dangerousness, consistent with the guidelines in paragraph (b). The extent of the information disclosed and the community to whom disclosure is made must relate to the level of danger posed by the offender, to the offender's pattern of offending behavior, and to the need of community members for information to enhance their individual and collective safety.

(b) The law enforcement agency shall employ the following guidelines in determining the scope of disclosure made under this subdivision:

(1) if the offender is assigned to risk level I, the agency may maintain information regarding the offender within the agency and may disclose it to other law enforcement agencies. Additionally, the agency may disclose the information to any victims of or witnesses to the offense committed by the offender. The agency shall disclose the information to victims of the offense committed by the offender who have requested disclosure and to adult members of the offender's immediate household;

(2) if the offender is assigned to risk level II, the agency also may disclose the information to agencies and groups that the offender is likely to encounter for the purpose of securing those institutions and protecting individuals in their care while they are on or near the premises of the institution. These agencies and groups include the staff members of public and private educational institutions, day care establishments, and establishments and organizations that primarily serve individuals likely to be victimized by the offender. The agency also may disclose the information

to individuals the agency believes are likely to be victimized by the offender. The agency's belief shall be based on the offender's pattern of offending or victim preference as documented in the information provided by the department of corrections or human services;

(3) if the offender is assigned to risk level III, the agency shall disclose the information to the persons and entities described in clauses (1) and (2) and to other members of the community whom the offender is likely to encounter, unless the law enforcement agency determines that public safety would be compromised by the disclosure or that a more limited disclosure is necessary to protect the identity of the victim.

Notwithstanding the assignment of a predatory offender to risk level II or III, a law enforcement agency may not make the disclosures permitted or required by clause (2) or (3), if: the offender is placed or resides in a residential facility. However, if an offender is placed or resides in a residential facility, the offender and the head of the facility shall designate the offender's likely residence upon release from the facility and the head of the facility shall notify the commissioner of corrections or the commissioner of human services of the offender's likely residence at least 14 days before the offender's scheduled release date. The commissioner shall give this information to the law enforcement agency having jurisdiction over the offender's likely residence. The head of the residential facility also shall notify the commissioner of corrections or human services within 48 hours after finalizing the offender's approved relocation plan to a permanent residence. Within five days after receiving this notification, the appropriate commissioner shall give to the appropriate law enforcement agency all relevant information the commissioner has concerning the offender, including information on the risk factors in the offender's history and the risk level to which the offender was assigned. After receiving this information, the law enforcement agency shall make the disclosures permitted or required by clause (2) or (3), as appropriate.

(c) As used in paragraph (b), clauses (2) and (3), "likely to encounter" means that:

(1) the organizations or community members are in a location or in close proximity to a location where the offender lives or is employed, or which the offender visits or is likely to visit on a regular basis, other than the location of the offender's outpatient treatment program; and

(2) the types of interaction which ordinarily occur at that location and other circumstances indicate that contact with the offender is reasonably certain.

(d) A law enforcement agency or official who discloses information under this subdivision shall make a good faith effort to make the notification within 14 days of receipt of a confirmed address from the Department of Corrections indicating that the offender will be, or has been, released from confinement, or accepted for supervision, or has moved to a new address and will reside at the address indicated. If a change occurs in the release plan, this notification provision does not require an extension of the release date.

(e) A law enforcement agency or official who discloses information under this subdivision shall not disclose the identity or any identifying characteristics of the victims of or witnesses to the offender's offenses.

(f) A law enforcement agency shall continue to disclose information on an offender as required by this subdivision for as long as the offender is required to register under section 243.166. This requirement on a law enforcement agency to continue to disclose information also applies to an offender who lacks a primary address and is registering under section 243.166, subdivision 3a.

(g) A law enforcement agency that is disclosing information on an offender assigned to risk level III to the public under this subdivision shall inform the commissioner of corrections what information is being disclosed and forward this information to the commissioner within two days of the agency's determination. The commissioner shall post this information on the Internet as required in subdivision 4b.

(h) A city council may adopt a policy that addresses when information disclosed under this subdivision must be presented in languages in addition to English. The policy may address when information must be presented orally, in writing, or both in additional languages by the law enforcement agency disclosing the information. The policy may provide for different approaches based on the prevalence of non-English languages in different neighborhoods.

(i) An offender who is the subject of a community notification meeting held pursuant to this section may not attend the meeting.

(j) When a school, day care facility, or other entity or program that primarily educates or serves children receives notice under paragraph (b), clause (3), that a level III predatory offender resides or works in the surrounding community, notice to parents must be made as provided in this paragraph. If the predatory offender identified in the notice is participating in programs offered by the facility that require or allow the person to interact with children other than the person's children, the principal or head of the entity must notify parents with children at the facility of the contents of the notice received pursuant to this section. The immunity provisions of subdivision 7 apply to persons disclosing information under this paragraph.

(k) The law enforcement agency where the predatory offender resides, is employed, or is regularly found shall notify the public in accordance with the guidelines of this subdivision, when the offender no longer resides, is employed, or is regularly found in the area.

Sec. 4. Minnesota Statutes 2016, section 260.012, is amended to read:

260.012 DUTY TO ENSURE PLACEMENT PREVENTION AND FAMILY REUNIFICATION; REASONABLE EFFORTS.

(a) Once a child alleged to be in need of protection or services is under the court's jurisdiction, the court shall ensure that reasonable efforts, including culturally appropriate services, by the social services agency are made to prevent placement or to eliminate the need for removal and to reunite the child with the child's family at the earliest possible time, and the court must ensure that the responsible social services agency makes reasonable efforts to finalize an alternative permanent plan for the child as provided in paragraph (e). In determining reasonable efforts to be made with respect to a child and in making those reasonable efforts, the child's best interests, health, and safety must be of paramount concern. Reasonable efforts to prevent placement and for rehabilitation and

reunification are always required except upon a determination by the court that a petition has been filed stating a prima facie case that:

(1) the parent has subjected a child to egregious harm as defined in section 260C.007, subdivision 14;

(2) the parental rights of the parent to another child have been terminated involuntarily;

(3) the child is an abandoned infant under section 260C.301, subdivision 2, paragraph (a), clause (2);

(4) the parent's custodial rights to another child have been involuntarily transferred to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction;

(5) the parent has committed sexual abuse as defined in section 626.556, subdivision 2, against the child or another child of the parent;

(6) the parent has committed an offense that requires registration as a predatory offender under section 243.166, subdivision 1b, paragraph (a) or (b); or

(7) the provision of services or further services for the purpose of reunification is futile and therefore unreasonable under the circumstances.

(b) When the court makes one of the prima facie determinations under paragraph (a), either permanency pleadings under section 260C.505, or a termination of parental rights petition under sections 260C.141 and 260C.301 must be filed. A permanency hearing under sections 260C.503 to 260C.521 must be held within 30 days of this determination.

(c) In the case of an Indian child, in proceedings under sections 260B.178, 260C.178, 260C.201, 260C.202, 260C.204, 260C.301, or 260C.503 to 260C.521, the juvenile court must make findings and conclusions consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901 et seq., as to the provision of active efforts. In cases governed by the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, the responsible social services agency must provide active efforts as required under United States Code, title 25, section 1911(d).

(d) "Reasonable efforts to prevent placement" means:

(1) the agency has made reasonable efforts to prevent the placement of the child in foster care by working with the family to develop and implement a safety plan; or

(2) given the particular circumstances of the child and family at the time of the child's removal, there are no services or efforts available which could allow the child to safely remain in the home.

(e) "Reasonable efforts to finalize a permanent plan for the child" means due diligence by the responsible social services agency to:

(1) reunify the child with the parent or guardian from whom the child was removed;

(2) assess a noncustodial parent's ability to provide day-to-day care for the child and, where appropriate, provide services necessary to enable the noncustodial parent to safely provide the care, as required by section 260C.219;

(3) conduct a relative search to identify and provide notice to adult relatives as required under section 260C.221;

(4) place siblings removed from their home in the same home for foster care or adoption, or transfer permanent legal and physical custody to a relative. Visitation between siblings who are not in the same foster care, adoption, or custodial placement or facility shall be consistent with section 260C.212, subdivision 2; and

(5) when the child cannot return to the parent or guardian from whom the child was removed, to plan for and finalize a safe and legally permanent alternative home for the child, and considers permanent alternative homes for the child inside or outside of the state, preferably through adoption or transfer of permanent legal and physical custody of the child.

(f) Reasonable efforts are made upon the exercise of due diligence by the responsible social services agency to use culturally appropriate and available services to meet the needs of the child and the child's family. Services may include those provided by the responsible social services agency and other culturally appropriate services available in the community. At each stage of the proceedings where the court is required to review the appropriateness of the responsible social services agency's reasonable efforts as described in paragraphs (a), (d), and (e), the social services agency has the burden of demonstrating that:

(1) it has made reasonable efforts to prevent placement of the child in foster care;

(2) it has made reasonable efforts to eliminate the need for removal of the child from the child's home and to reunify the child with the child's family at the earliest possible time;

(3) it has made reasonable efforts to finalize an alternative permanent home for the child, and considers permanent alternative homes for the child inside or outside of the state; or

(4) reasonable efforts to prevent placement and to reunify the child with the parent or guardian are not required. The agency may meet this burden by stating facts in a sworn petition filed under section 260C.141, by filing an affidavit summarizing the agency's reasonable efforts or facts the agency believes demonstrate there is no need for reasonable efforts to reunify the parent and child, or through testimony or a certified report required under juvenile court rules.

(g) Once the court determines that reasonable efforts for reunification are not required because the court has made one of the prima facie determinations under paragraph (a), the court may only require reasonable efforts for reunification after a hearing according to section 260C.163, where the court finds there is not clear and convincing evidence of the facts upon which the court based its prima facie determination. In this case when there is clear and convincing evidence that the child is in need of protection or services, the court may find the child in need of protection or services and order any of the dispositions available under section 260C.201, subdivision 1. Reunification of a child with a parent is not required if the parent has been convicted of:

(1) a violation of, or an attempt or conspiracy to commit a violation of, sections 609.185 to 609.20; 609.222, subdivision 2; or 609.223 in regard to another child of the parent;

(2) a violation of section 609.222, subdivision 2; or 609.223, in regard to the child;

(3) a violation of, or an attempt or conspiracy to commit a violation of, United States Code, title 18, section 1111(a) or 1112(a), in regard to another child of the parent;

(4) committing an offense that constitutes sexual abuse as defined in section 626.556, subdivision 2, against the child or another child of the parent; or

(5) an offense that requires registration as a predatory offender under section 243.166, subdivision 1b, paragraph (a) or (b).

Reunification is also not required when a parent receives a stay of adjudication pursuant to section 609.095, paragraph (b), for an offense that constitutes sexual abuse under clause (4).

(h) The juvenile court, in proceedings under sections 260B.178, 260C.178, 260C.201, 260C.202, 260C.204, 260C.301, or 260C.503 to 260C.521, shall make findings and conclusions as to the provision of reasonable efforts. When determining whether reasonable efforts have been made, the court shall consider whether services to the child and family were:

(1) relevant to the safety and protection of the child;

(2) adequate to meet the needs of the child and family;

(3) culturally appropriate;

(4) available and accessible;

(5) consistent and timely; and

(6) realistic under the circumstances.

In the alternative, the court may determine that provision of services or further services for the purpose of rehabilitation is futile and therefore unreasonable under the circumstances or that reasonable efforts are not required as provided in paragraph (a).

(i) This section does not prevent out-of-home placement for treatment of a child with a mental disability when it is determined to be medically necessary as a result of the child's diagnostic assessment or individual treatment plan indicates that appropriate and necessary treatment cannot be effectively provided outside of a residential or inpatient treatment program and the level or intensity of supervision and treatment cannot be effectively and safely provided in the child's home or community and it is determined that a residential treatment setting is the least restrictive setting that is appropriate to the needs of the child.

(j) If continuation of reasonable efforts to prevent placement or reunify the child with the parent or guardian from whom the child was removed is determined by the court to be inconsistent with the permanent plan for the child or upon the court making one of the prima facie determinations

under paragraph (a), reasonable efforts must be made to place the child in a timely manner in a safe and permanent home and to complete whatever steps are necessary to legally finalize the permanent placement of the child.

(k) Reasonable efforts to place a child for adoption or in another permanent placement may be made concurrently with reasonable efforts to prevent placement or to reunify the child with the parent or guardian from whom the child was removed. When the responsible social services agency decides to concurrently make reasonable efforts for both reunification and permanent placement away from the parent under paragraph (a), the agency shall disclose its decision and both plans for concurrent reasonable efforts to all parties and the court. When the agency discloses its decision to proceed on both plans for reunification and permanent placement away from the parent, the court's review of the agency's reasonable efforts shall include the agency's efforts under both plans.

Sec. 5. Minnesota Statutes 2016, section 299A.785, subdivision 1, is amended to read:

Subdivision 1. **Information to be collected.** The commissioner shall elicit the cooperation and assistance of government agencies and nongovernmental organizations as appropriate to assist in the collection of trafficking data. The commissioner shall direct the appropriate authorities in each agency and organization to make best efforts to collect information relevant to tracking progress on trafficking. The information to be collected may include, but is not limited to:

(1) the numbers of arrests, prosecutions, and successful convictions of traffickers and those committing trafficking-related crimes, including, but not limited to, the following offenses: 609.27 (coercion); 609.282 (labor trafficking); 609.283 (unlawful conduct with respect to documents in furtherance of labor or sex trafficking); 609.321 (promotion of prostitution); 609.322 (solicitation of prostitution); 609.324 (other prostitution crimes); 609.33 (disorderly house); 609.352 (solicitation of a child); ~~and~~ 617.245 and 617.246 (use of minors in sexual performance)<u>; 617.247 (possession of pornographic work involving minors); and 617.293 (harmful materials; dissemination and display to minors prohibited)</u>;

(2) statistics on the number of trafficking victims, including demographics, method of recruitment, and method of discovery;

(3) trafficking routes and patterns, states or country of origin, and transit states or countries;

(4) method of transportation, motor vehicles, aircraft, watercraft, or by foot if any transportation took place; and

(5) social factors<u>, including pornography,</u> that contribute to and foster trafficking, especially trafficking of women and children.

Sec. 6. Minnesota Statutes 2016, section 357.021, subdivision 2b, is amended to read:

Subd. 2b. **Court technology fund.** (a) In addition to any other filing fee under this chapter, the court administrator shall collect a $2 technology fee on filings made under subdivision 2, clauses (1) to (13). The court administrator shall transmit the fee monthly to the commissioner of management and budget for deposit in the court technology account in the special revenue fund.

(b) A court technology account is established as a special account in the state treasury and funds deposited in the account are appropriated to the Supreme Court for distribution of technology funds as provided in paragraph (d). Technology funds may be used for the following purposes: acquisition, development, support, maintenance, and upgrades to computer systems, equipment and devices, network systems, electronic records, filings and payment systems, interactive video teleconferencing, and online services, to be used by the state courts and their justice partners.

(c) The Judicial Council may establish a board consisting of members from the judicial branch, prosecutors, public defenders, corrections, and civil legal services to distribute funds collected under paragraph (a). The Judicial Council may adopt policies and procedures for the operation of the board, including but not limited to policies and procedures governing membership terms, removal of members, and the filling of membership vacancies.

(d) Applications for the expenditure of technology funds shall be accepted from the judicial branch, county and city attorney offices, the Board of Public Defense, qualified legal services programs as defined under section 480.24, corrections agencies, and part-time public defender offices. The applications shall be reviewed by the Judicial Council and, if established, the board. In accordance with any recommendations from the board, the Judicial Council shall distribute the funds available for this expenditure to selected recipients.

(e) By January 15, ~~2015~~ 2019, January 15, 2021, January 15, 2023, and ~~by~~ January 15, ~~2017~~ 2024, the Judicial Council shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over judiciary finance providing an accounting on the amounts collected and expended in the previous biennium, including a list of fund recipients, the amounts awarded to each recipient, and the technology purpose funded.

(f) This subdivision expires June 30, ~~2018~~ 2023.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 7. Minnesota Statutes 2016, section 609.3241, is amended to read:

609.3241 PENALTY ASSESSMENT AUTHORIZED.

(a) When a court sentences an adult convicted of violating section 609.27, 609.282, 609.283, 609.322 ~~or~~, 609.324, 609.33, 609.352, 617.246, 617.247, or 617.293, while acting other than as a prostitute, the court shall impose an assessment of not less than $500 and not more than $750 for a misdemeanor violation of section 609.27, a violation of section 609.324, subdivision 2, ~~or~~ a misdemeanor violation of section 609.324, subdivision 3, a violation of section 609.33, or a violation of section 617.293; otherwise the court shall impose an assessment of not less than $750 and not more than $1,000. The assessment shall be distributed as provided in paragraph (c) and is in addition to the surcharge required by section 357.021, subdivision 6.

(b) The court may not waive payment of the minimum assessment required by this section. If the defendant qualifies for the services of a public defender or the court finds on the record that the convicted person is indigent or that immediate payment of the assessment would create undue hardship for the convicted person or that person's immediate family, the court may reduce the amount

of the minimum assessment to not less than $100. The court also may authorize payment of the assessment in installments.

(c) The assessment collected under paragraph (a) must be distributed as follows:

(1) 40 percent of the assessment shall be forwarded to the political subdivision that employs the arresting officer for use in enforcement, training, and education activities related to combating sexual exploitation of youth, or if the arresting officer is an employee of the state, this portion shall be forwarded to the commissioner of public safety for those purposes identified in clause (3);

(2) 20 percent of the assessment shall be forwarded to the prosecuting agency that handled the case for use in training and education activities relating to combating sexual exploitation activities of youth; and

(3) 40 percent of the assessment must be forwarded to the commissioner of health to be deposited in the safe harbor for youth account in the special revenue fund and are appropriated to the commissioner for distribution to crime victims services organizations that provide services to sexually exploited youth, as defined in section 260C.007, subdivision 31.

(d) A safe harbor for youth account is established as a special account in the state treasury.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2016, section 609.341, subdivision 10, is amended to read:

Subd. 10. **Current or recent position of authority.** "Current or recent position of authority" includes but is not limited to any person who is a parent or acting in the place of a parent and charged with or assumes any of a parent's rights, duties or responsibilities to a child, or a person who is charged with or assumes any duty or responsibility for the health, welfare, or supervision of a child, either independently or through another, no matter how brief, at the time of or within 120 days immediately preceding the act. For the purposes of subdivision 11, "position of authority" includes a psychotherapist.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2016, section 609.342, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual penetration with another person, or in sexual contact with a person under 13 years of age as defined in section 609.341, subdivision 11, paragraph (c), is guilty of criminal sexual conduct in the first degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(b) the complainant is at least 13 years of age but less than 16 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(c) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

(d) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(e) the actor causes personal injury to the complainant, and either of the following circumstances exist:

(i) the actor uses force or coercion to accomplish sexual penetration; or

(ii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(f) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) an accomplice uses force or coercion to cause the complainant to submit; or

(ii) an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant reasonably to believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(g) the actor has a significant relationship to the complainant and the complainant was under 16 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(h) the actor has a significant relationship to the complainant, the complainant was under 16 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2016, section 609.343, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the second degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(c) circumstances existing at the time of the act cause the complainant to have a reasonable fear of imminent great bodily harm to the complainant or another;

(d) the actor is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the dangerous weapon to cause the complainant to submit;

(e) the actor causes personal injury to the complainant, and either of the following circumstances exist:

(i) the actor uses force or coercion to accomplish the sexual contact; or

(ii) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(f) the actor is aided or abetted by one or more accomplices within the meaning of section 609.05, and either of the following circumstances exists:

(i) an accomplice uses force or coercion to cause the complainant to submit; or

(ii) an accomplice is armed with a dangerous weapon or any article used or fashioned in a manner to lead the complainant to reasonably believe it to be a dangerous weapon and uses or threatens to use the weapon or article to cause the complainant to submit;

(g) the actor has a significant relationship to the complainant and the complainant was under 16 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense; or

(h) the actor has a significant relationship to the complainant, the complainant was under 16 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2016, section 609.344, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual penetration with another person is guilty of criminal sexual conduct in the third degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 24 months older than the complainant. In any such case if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense. Consent by the complainant is not a defense;

(c) the actor uses force or coercion to accomplish the penetration;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual penetration occurred:

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.

Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual penetration occurred by means of therapeutic deception. Consent by the complainant is not a defense;

(k) the actor accomplishes the sexual penetration by means of deception or false representation that the penetration is for a bona fide medical purpose. Consent by the complainant is not a defense;

(1) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual penetration occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual penetration occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;

(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, or secure treatment facility, or treatment facility providing services to clients civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense;

(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, and the sexual penetration occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense; ~~or~~

(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual penetration occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant; or

(p) the actor is a peace officer, as defined in section 626.84, and the officer physically or constructively restrains the complainant or the complainant does not reasonably feel free to leave the officer's presence. Consent by the complainant is not a defense. This paragraph does not apply to any penetration of the mouth, genitals, or anus during a lawful search.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 12. Minnesota Statutes 2016, section 609.345, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the fourth degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant or in a current or recent position of authority over the complainant. Consent by the complainant to the act is not a defense. In any such case, if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense;

(c) the actor uses force or coercion to accomplish the sexual contact;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a current or recent position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual contact occurred:

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists. Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual contact occurred by means of therapeutic deception. Consent by the complainant is not a defense;

(k) the actor accomplishes the sexual contact by means of deception or false representation that the contact is for a bona fide medical purpose. Consent by the complainant is not a defense;

(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual contact occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual contact occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;

(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, or secure treatment facility, or treatment facility providing services to clients civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense;

(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, the complainant is not married to the actor, and the sexual contact occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense; ~~or~~

(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual contact occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant; or

(p) the actor is a peace officer, as defined in section 626.84, and the officer physically or constructively restrains the complainant or the complainant does not reasonably feel free to leave the officer's presence. Consent by the complainant is not a defense.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 13. **[609.3454] STAYS OF SENTENCE OR ADJUDICATION; REPORTS REQUIRED.**

(a) By January 31 of each year, each county attorney whose office has prosecuted an offense in the preceding calendar year for which a court has imposed: (1) a stay of imposition or execution of sentence under section 609.342, subdivision 3; 609.343, subdivision 3; 609.344, subdivision 3;

or 609.345, subdivision 3, in a case where the offender faced a presumptive commitment to prison; or (2) a stay of adjudication of guilt for a violation of section 243.166; 609.342; 609.343; 609.344; 609.345; 609.3451, subdivision 3; or 609.3453, shall report to the Minnesota County Attorneys Association the following information on each offense for which a stay was imposed:

(i) general information about the case, including a brief description of the facts and any relevant information specific to the case's prosecution;

(ii) whether the prosecutor objected to or supported the court's decision to impose a stay and the reasons for that position;

(iii) what conditions of probation were imposed by the court on the offender; and

(iv) any other information the county attorney deems appropriate.

(b) By March 1 of each year, the Minnesota County Attorneys Association shall forward to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice policy a combined report that includes the reports of each county attorney under paragraph (a).

(c) Reports under this section must not identify individuals who are offenders, victims, or witnesses to an offense.

Sec. 14. Minnesota Statutes 2016, section 609.746, subdivision 1, is amended to read:

Subdivision 1. **Surreptitious intrusion; observation device.** (a) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously gazes, stares, or peeps in the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(b) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(c) A person is guilty of a gross misdemeanor who:

(1) surreptitiously gazes, stares, or peeps in the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable

person would have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(d) A person is guilty of a gross misdemeanor who:

(1) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable person would have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(e) A person is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both, if the person:

(1) violates this subdivision after a previous conviction under this subdivision or section 609.749; or

(2) violates this subdivision against a minor under the age of 18, knowing or having reason to know that the minor is present.

(f) A person is guilty of a felony and may be sentenced to imprisonment for not more than four years or to payment of a fine of not more than $5,000, or both, if: (1) the person violates paragraph (b) or (d) against a minor victim under the age of 18; (2) the person is more than 36 months older than the minor victim; (3) the person knows or has reason to know that the minor victim is present; and (4) the violation is committed with sexual intent.

(g) Paragraphs (b) and (d) do not apply to law enforcement officers or corrections investigators, or to those acting under their direction, while engaged in the performance of their lawful duties. Paragraphs (c) and (d) do not apply to conduct in: (1) a medical facility; or (2) a commercial establishment if the owner of the establishment has posted conspicuous signs warning that the premises are under surveillance by the owner or the owner's employees.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2016, section 617.246, subdivision 2, is amended to read:

Subd. 2. **Use of minor.** (a) It is unlawful for a person to promote, employ, use or permit a minor to engage in or assist others to engage minors in posing or modeling alone or with others in any sexual performance or pornographic work if the person knows or has reason to know that the conduct intended is a sexual performance or a pornographic work.

Any person who violates this ~~subdivision~~ paragraph is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000 ~~for the first offense and $40,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $40,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.247;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 16. Minnesota Statutes 2016, section 617.246, subdivision 3, is amended to read:

Subd. 3. **Operation or ownership of business.** (a) A person who owns or operates a business in which a pornographic work, as defined in this section, is disseminated to an adult or a minor or is reproduced, and who knows the content and character of the pornographic work disseminated or reproduced, is guilty of a felony and may be sentenced to imprisonment for not more than ten years, or to payment of a fine of not more than $20,000 ~~for the first offense and $40,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $40,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.247;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 17. Minnesota Statutes 2016, section 617.246, subdivision 4, is amended to read:

Subd. 4. **Dissemination.** (a) A person who, knowing or with reason to know its content and character, disseminates for profit to an adult or a minor a pornographic work, as defined in this section, is guilty of a felony and may be sentenced to imprisonment for not more than ten years, or

to payment of a fine of not more than $20,000 ~~for the first offense and $40,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $40,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.247;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 18. Minnesota Statutes 2016, section 617.246, subdivision 7, is amended to read:

Subd. 7. **Conditional release term.** Notwithstanding the statutory maximum sentence otherwise applicable to the offense or any provision of the sentencing guidelines, when a court commits a person to the custody of the commissioner of corrections for violating this section, the court shall provide that after the person has been released from prison, the commissioner shall place the person on conditional release for five years. If the person has previously been convicted of a violation of this section, section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, or 617.247, or any similar statute of the United States, this state, or any state, the commissioner shall place the person on conditional release for ~~ten~~ 15 years. The terms of conditional release are governed by section 609.3455, subdivision 8.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 19. Minnesota Statutes 2016, section 617.247, subdivision 3, is amended to read:

Subd. 3. **Dissemination prohibited.** (a) A person who disseminates pornographic work to an adult or a minor, knowing or with reason to know its content and character, is guilty of a felony and may be sentenced to imprisonment for not more than seven years ~~and~~ or to payment of a fine of not more than $10,000 ~~for a first offense and for not more than 15 years and a fine of not more than $20,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $20,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.246;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 20. Minnesota Statutes 2016, section 617.247, subdivision 4, is amended to read:

Subd. 4. **Possession prohibited.** (a) A person who possesses a pornographic work or a computer disk or computer or other electronic, magnetic, or optical storage system or a storage system of any other type, containing a pornographic work, knowing or with reason to know its content and character, is guilty of a felony and may be sentenced to imprisonment for not more than five years ~~and~~ or to payment of a fine of not more than $5,000 ~~for a first offense and for not more than ten years and a fine of not more than $10,000 for a second or subsequent offense~~, or both.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $10,000, or both, if:

(1) the person has a prior conviction or delinquency adjudication for violating this section or section 617.246;

(2) the violation occurs when the person is a registered predatory offender under section 243.166; or

(3) the violation involved a minor under the age of 13 years.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 21. Minnesota Statutes 2016, section 617.247, subdivision 9, is amended to read:

Subd. 9. **Conditional release term.** Notwithstanding the statutory maximum sentence otherwise applicable to the offense or any provision of the sentencing guidelines, when a court commits a person to the custody of the commissioner of corrections for violating this section, the court shall provide that after the person has been released from prison, the commissioner shall place the person on conditional release for five years. If the person has previously been convicted of a violation of this section, section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, or 617.246, or any similar statute of the United States, this state, or any state, the commissioner shall place the person on conditional release for ~~ten~~ 15 years. The terms of conditional release are governed by section 609.3455, subdivision 8.

EFFECTIVE DATE. This section is effective August 1, 2018, and applies to crimes committed on or after that date.

Sec. 22. **SENTENCING GUIDELINES MODIFICATION.**

The Sentencing Guidelines Commission shall comprehensively review and consider modifying how the Sentencing Guidelines and the sex offender grid address the crimes described in Minnesota Statutes, sections 617.246 and 617.247, as compared to similar crimes, including other sex offenses and other offenses with similar maximum penalties.

Sec. 23. **TRANSFER.**

$125,000 is transferred in fiscal year 2019 from the general fund to the peace officer training account in the special revenue fund to pay for a projected deficiency in the peace officer training account. This is a onetime transfer.

Sec. 24. **APPROPRIATIONS.**

(a) $6,600,000 is appropriated in fiscal year 2019 from the general fund to the commissioner of corrections to fund the offender health care contract. $1,968,000 is added to the base in fiscal year 2020 and $3,168,000 is added to the base in fiscal years 2021, 2022, and 2023. In fiscal year 2024 and beyond, $0 is added to the base.

(b) $300,000 is appropriated in fiscal year 2019 from the general fund to the commissioner of public safety for two Bureau of Criminal Apprehension drug scientists and lab supplies. The base for this provision is $300,000 in fiscal years 2020 and 2021, and $0 in fiscal year 2022 and beyond.

(c) $1,000,000 is appropriated in fiscal year 2019 from the general fund to the commissioner of public safety for reimbursement grants to public school districts that contract for audits of the physical security of public school campuses. Applicants for reimbursement grants may receive up to 100 percent of the cost of physical security audits of public school campuses conducted by security consultants holding a certified protection professional certification from the American Society for Industrial Security, or other professional certification deemed acceptable by the commissioner of public safety. This is a onetime appropriation.

ARTICLE 22

HEALTH CARE

Section 1. Minnesota Statutes 2016, section 3.3005, subdivision 8, is amended to read:

Subd. 8. **Request contents.** A request to spend federal funds submitted under this section must include the name of the federal grant, the federal agency from which the funds are available, a federal identification number, a brief description of the purpose of the grant, the amounts expected by fiscal year, an indication if any state match is required, an indication if there is a maintenance of effort requirement, and the number of full-time equivalent positions needed to implement the grant. For new grants, the request must provide a narrative description of the short- and long-term commitments required, including whether continuation of any full-time equivalent positions will be a condition of receiving the federal award.

Sec. 2. **[62J.90] MINNESOTA HEALTH POLICY COMMISSION.**

Subdivision 1. **Definition.** For purposes of this section, "commission" means the Minnesota Health Policy Commission.

Subd. 2. **Commission membership.** The commission shall consist of 15 voting members, appointed by the Legislative Coordinating Commission as provided in subdivision 9, as follows:

(1) one member with demonstrated expertise in health care finance;

(2) one member with demonstrated expertise in health economics;

(3) one member with demonstrated expertise in actuarial science;

(4) one member with demonstrated expertise in health plan management and finance;

(5) one member with demonstrated expertise in health care system management;

(6) one member with demonstrated expertise as a purchaser, or a representative of a purchaser, of employer-sponsored health care services or employer-sponsored health insurance;

(7) one member with demonstrated expertise in the development and utilization of innovative medical technologies;

(8) one member with demonstrated expertise as a health care consumer advocate;

(9) one member who is a primary care physician;

(10) one member who provides long-term care services through medical assistance;

(11) one member with direct experience as an enrollee, or parent or caregiver of an enrollee, in MinnesotaCare or medical assistance;

(12) two members of the senate, including one member appointed by the majority leader and one member from the minority party appointed by the minority leader; and

(13) two members of the house of representatives, including one member appointed by the speaker of the house and one member from the minority party appointed by the minority leader.

Subd. 3. **Duties.** (a) The commission shall:

(1) compare Minnesota's private market health care costs and public health care program spending to that of the other states;

(2) compare Minnesota's private market health care costs and public health care program spending in any given year to its costs and spending in previous years;

(3) identify factors that influence and contribute to Minnesota's ranking for private market health care costs and public health care program spending, including the year over year and trend line change in total costs and spending in the state;

(4) continually monitor efforts to reform the health care delivery and payment system in Minnesota to understand emerging trends in the health insurance market, including the private health care market, large self-insured employers, and the state's public health care programs in order to identify opportunities for state action to achieve:

(i) improved patient experience of care, including quality and satisfaction;

(ii) improved health of all populations; and

(iii) reduced per capita cost of health care;

(5) make recommendations for legislative policy, the health care market, or any other reforms to:

(i) lower the rate of growth in private market health care costs and public health care program spending in the state;

(ii) positively impact the state's ranking in the areas listed in this subdivision; and

(iii) improve the quality and value of care for all Minnesotans; and

(6) conduct any additional reviews requested by the legislature.

(b) In making recommendations to the legislature, the commission shall consider:

(i) how the recommendations might positively impact the cost-shifting interplay between public payer reimbursement rates and health insurance premiums; and

(ii) how public health care programs, where appropriate, may be utilized as a means to help prepare enrollees for an eventual transition to the private health care market.

Subd. 4. **Report.** The commission shall submit recommendations for changes in health care policy and financing by June 15 each year to the chairs and ranking minority members of the legislative committees with primary jurisdiction over health care. The report shall include any draft legislation to implement the commission's recommendations.

Subd. 5. **Staff.** The commission shall hire a director who may employ or contract for professional and technical assistance as the commission determines necessary to perform its duties. The commission may also contract with private entities with expertise in health economics, health finance, and actuarial science to secure additional information, data, research, or modeling that may be necessary for the commission to carry out its duties.

Subd. 6. **Access to information.** (a) The commission may request that a state department or agency provide the commission with any publicly available information in a usable format as requested by the commission, at no cost to the commission.

(b) The commission may request from a state department or agency unique or custom data sets and the department or agency may charge the commission for providing the data at the same rate the department or agency would charge any other public or private entity.

(c) Any information provided to the commission by a state department or agency must be de-identified. For purposes of this subdivision, "de-identified" means the process used to prevent the identity of a person or business from being connected with information and ensuring all identifiable information has been removed.

Subd. 7. **Terms; vacancies; compensation.** (a) Public members of the commission shall serve four-year terms. The public members may not serve for more than two consecutive terms.

(b) The legislative members shall serve on the commission as long as the member or the appointing authority holds office.

(c) The removal of members and filling of vacancies on the commission are as provided in section 15.059.

(d) Public members may receive compensation and expenses as provided in section 15.059, subdivision 3.

Subd. 8. **Chairs; officers.** The commission shall elect a chair annually. The commission may elect other officers necessary for the performance of its duties.

Subd. 9. **Selection of members; advisory council.** The Legislative Coordinating Commission shall take applications from members of the public who are qualified and interested to serve in one of the listed positions. The applications must be reviewed by a health policy commission advisory council comprised of four members as follows: the state economist, legislative auditor, state demographer, and the president of the Federal Reserve Bank of Minneapolis or a designee of the president. The advisory council shall recommend two applicants for each of the specified positions by September 30 in the calendar year preceding the end of the members' terms. The Legislative Coordinating Commission shall appoint one of the two recommended applicants to the commission.

Subd. 10. **Meetings.** The commission shall meet at least four times each year. Commission meetings are subject to chapter 13D.

Subd. 11. **Conflict of interest.** A member of the commission may not participate in or vote on a decision of the commission relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 12. **Expiration.** The commission shall expire on June 15, 2024.

Sec. 3. Minnesota Statutes 2016, section 256.01, is amended by adding a subdivision to read:

Subd. 17a. **Transfers for routine administrative operations.** (a) Unless specifically authorized by law, the commissioner may only transfer money from the general fund to any other fund for routine administrative operations and may not transfer money from the general fund to any other fund without approval from the commissioner of management and budget. If the commissioner of management and budget determines that a transfer proposed by the commissioner is necessary for routine administrative operations of the Department of Human Services, the commissioner may approve the transfer. If the commissioner of management and budget determines that the transfer proposed by the commissioner is not necessary for routine administrative operations of the Department

of Human Services, the commissioner may not approve the transfer unless the requirements of paragraph (b) are met.

(b) If the commissioner of management and budget determines that a transfer under paragraph (a) is not necessary for routine administrative operations of the Department of Human Services, the commissioner may request approval of the transfer from the Legislative Advisory Commission under section 3.30. To request approval of a transfer from the Legislative Advisory Commission, the commissioner must submit a request that includes the amount of the transfer, the budget activity and fund from which money would be transferred and the budget activity and fund to which money would be transferred, an explanation of the administrative necessity of the transfer, and a statement from the commissioner of management and budget explaining why the transfer is not necessary for routine administrative operations of the Department of Human Services. The Legislative Advisory Commission shall review the proposed transfer and make a recommendation within 20 days of the request from the commissioner. If the Legislative Advisory Commission makes a positive recommendation or no recommendation, the commissioner may approve the transfer. If the Legislative Advisory Commission makes a negative recommendation or a request for more information, the commissioner may not approve the transfer. A recommendation of the Legislative Advisory Commission must be made by a majority of the commission and must be made at a meeting of the commission unless a written recommendation is signed by a majority of the commission members required to vote on the question. If the commission makes a negative recommendation or a request for more information, the commission may withdraw or change its recommendation.

Sec. 4. Minnesota Statutes 2016, section 256B.04, subdivision 14, is amended to read:

Subd. 14. **Competitive bidding.** (a) When determined to be effective, economical, and feasible, the commissioner may utilize volume purchase through competitive bidding and negotiation under the provisions of chapter 16C, to provide items under the medical assistance program including but not limited to the following:

(1) eyeglasses;

(2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;

(3) hearing aids and supplies; and

(4) durable medical equipment, including but not limited to:

(i) hospital beds;

(ii) commodes;

(iii) glide-about chairs;

(iv) patient lift apparatus;

(v) wheelchairs and accessories;

(vi) oxygen administration equipment;

(vii) respiratory therapy equipment;

(viii) electronic diagnostic, therapeutic and life-support systems;

(5) nonemergency medical transportation level of need determinations, disbursement of public transportation passes and tokens, and volunteer and recipient mileage and parking reimbursements; and

(6) drugs.

(b) Rate changes and recipient cost-sharing under this chapter and chapter 256L do not affect contract payments under this subdivision unless specifically identified.

(c) The commissioner may not utilize volume purchase through competitive bidding and negotiation ~~for special transportation services~~ under the provisions of chapter 16C for special transportation services or incontinence products and related supplies.

Sec. 5. Minnesota Statutes 2017 Supplement, section 256B.0625, subdivision 3b, is amended to read:

Subd. 3b. **Telemedicine services.** (a) Medical assistance covers medically necessary services and consultations delivered by a licensed health care provider via telemedicine in the same manner as if the service or consultation was delivered in person. Coverage is limited to three telemedicine services per enrollee per calendar week, except as provided in paragraph (f). Telemedicine services shall be paid at the full allowable rate.

(b) The commissioner shall establish criteria that a health care provider must attest to in order to demonstrate the safety or efficacy of delivering a particular service via telemedicine. The attestation may include that the health care provider:

(1) has identified the categories or types of services the health care provider will provide via telemedicine;

(2) has written policies and procedures specific to telemedicine services that are regularly reviewed and updated;

(3) has policies and procedures that adequately address patient safety before, during, and after the telemedicine service is rendered;

(4) has established protocols addressing how and when to discontinue telemedicine services; and

(5) has an established quality assurance process related to telemedicine services.

(c) As a condition of payment, a licensed health care provider must document each occurrence of a health service provided by telemedicine to a medical assistance enrollee. Health care service

records for services provided by telemedicine must meet the requirements set forth in Minnesota Rules, part 9505.2175, subparts 1 and 2, and must document:

(1) the type of service provided by telemedicine;

(2) the time the service began and the time the service ended, including an a.m. and p.m. designation;

(3) the licensed health care provider's basis for determining that telemedicine is an appropriate and effective means for delivering the service to the enrollee;

(4) the mode of transmission of the telemedicine service and records evidencing that a particular mode of transmission was utilized;

(5) the location of the originating site and the distant site;

(6) if the claim for payment is based on a physician's telemedicine consultation with another physician, the written opinion from the consulting physician providing the telemedicine consultation; and

(7) compliance with the criteria attested to by the health care provider in accordance with paragraph (b).

(d) For purposes of this subdivision, unless otherwise covered under this chapter, "telemedicine" is defined as the delivery of health care services or consultations while the patient is at an originating site and the licensed health care provider is at a distant site. A communication between licensed health care providers, or a licensed health care provider and a patient that consists solely of a telephone conversation, e-mail, or facsimile transmission does not constitute telemedicine consultations or services. Telemedicine may be provided by means of real-time two-way, interactive audio and visual communications, including the application of secure video conferencing or store-and-forward technology to provide or support health care delivery, which facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care.

(e) For purposes of this section, "licensed health care provider" means a licensed health care provider under section 62A.671, subdivision 6~~, and~~; a community paramedic as defined under section 144E.001, subdivision 5f; or a mental health practitioner defined under section 245.462, subdivision 17, or 245.4871, subdivision 26, working under the general supervision of a mental health professional; "health care provider" is defined under section 62A.671, subdivision 3; and "originating site" is defined under section 62A.671, subdivision 7.

(f) The limit on coverage of three telemedicine services per enrollee per calendar week does not apply if:

(1) the telemedicine services provided by the licensed health care provider are for the treatment and control of tuberculosis; and

(2) the services are provided in a manner consistent with the recommendations and best practices specified by the Centers for Disease Control and Prevention.

Sec. 6. Minnesota Statutes 2017 Supplement, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, nonemergency medical transportation company, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(3) taxicabs that meet the requirements of this subdivision;

(4) public transit, as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers.

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840~~, and in consultation with the Minnesota Department of Transportation~~. All drivers providing nonemergency medical transportation must be individually enrolled with the commissioner if the driver is a subcontractor for or employed by a provider that both has a base of operation located within a metropolitan county listed in section 437.121, subdivision 4, and is listed in paragraph (b), clause (1) or (3). All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) An organization may be terminated, denied, or suspended from enrollment if:

(1) the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or

(2) the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:

(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

(e) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a Web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

(f) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (i), clauses (4), (5), (6), and (7).

(g) The commissioner may use an order by the recipient's attending physician or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

(h) The administrative agency shall use the level of service process established by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

(i) The covered modes of transportation are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

(j) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (i) according to paragraphs (m) and (n) when the commissioner has developed, made available, and funded the Web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government.

(k) The commissioner shall:

(1) in consultation with the Nonemergency Medical Transportation Advisory Committee, verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

(l) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.

(m) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph (h), not the type of vehicle used to provide the service. The medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:

(1) $0.22 per mile for client reimbursement;

(2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $11 for the base rate and $1.30 per mile when provided by a nonemergency medical transportation provider;

(4) $13 for the base rate and $1.30 per mile for assisted transport;

(5) $18 for the base rate and $1.55 per mile for lift-equipped/ramp transport;

(6) $75 for the base rate and $2.40 per mile for protected transport; and

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary.

(n) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph (m), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

(1) for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph (m), clauses (1) to (7); and

(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph (m), clauses (1) to (7).

(o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (m) and (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(p) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(q) The commissioner, when determining reimbursement rates for nonemergency medical transportation under paragraphs (m) and (n), shall exempt all modes of transportation listed under paragraph (i) from Minnesota Rules, part 9505.0445, item R, subitem (2).

EFFECTIVE DATE. Paragraph (c) is effective January 1, 2019.

Sec. 7. Minnesota Statutes 2016, section 256B.0625, is amended by adding a subdivision to read:

Subd. 17d. **Transportation services oversight.** The commissioner shall contract with a vendor or dedicate staff for oversight of providers of nonemergency medical transportation services pursuant to the commissioner's authority in section 256B.04 and Minnesota Rules, parts 9505.2160 to 9505.2245.

EFFECTIVE DATE. This section is July 1, 2018.

Sec. 8. Minnesota Statutes 2016, section 256B.0625, is amended by adding a subdivision to read:

Subd. 17e. **Transportation provider termination.** (a) A terminated nonemergency medical transportation provider, including all named individuals on the current enrollment disclosure form and known or discovered affiliates of the nonemergency medical transportation provider, is not eligible to enroll as a nonemergency medical transportation provider for five years following the termination.

(b) After the five-year period in paragraph (a), if a provider seeks to reenroll as a nonemergency medical transportation provider, the nonemergency medical transportation provider must be placed on a one-year probation period. During a provider's probation period, the commissioner shall complete unannounced site visits and request documentation to review compliance with program requirements.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 9. Minnesota Statutes 2016, section 256B.0625, is amended by adding a subdivision to read:

Subd. 17f. **Transportation provider training.** The commissioner shall make available to providers of nonemergency medical transportation and all drivers training materials and online training opportunities regarding documentation requirements, documentation procedures, and penalties for failing to meet documentation requirements.

Sec. 10. Minnesota Statutes 2016, section 256B.0625, subdivision 58, is amended to read:

Subd. 58. **Early and periodic screening, diagnosis, and treatment services.** (a) Medical assistance covers early and periodic screening, diagnosis, and treatment services (EPSDT). The payment amount for a complete EPSDT screening shall not include charges for health care services and products that are available at no cost to the provider and shall not exceed the rate established per Minnesota Rules, part 9505.0445, item M, effective October 1, 2010.

(b) A provider is not required to perform as part of an EPSDT screening any of the recommendations that were added on or after January 1, 2017, to the child and teen checkup program periodicity schedule, in order to receive the full payment amount for a complete EPSDT screening. This paragraph expires January 1, 2021.

(c) The commissioner shall inform the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services of any new recommendations added to an EPSDT screening after January 1, 2018, that the provider is required to perform as part of an EPSDT screening to receive the full payment amount.

Sec. 11. **[256B.758] REIMBURSEMENT FOR DOULA SERVICES.**

Effective for services provided on or after July 1, 2018, payments for doula services provided by a certified doula shall be $47 per prenatal or postpartum visit, up to a total of six visits; and $488 for attending and providing doula services at a birth.

Sec. 12. Laws 2017, First Special Session chapter 6, article 4, section 61, is amended to read:

Sec. 61. **CAPITATION PAYMENT DELAY.**

(a) The commissioner of human services shall delay the medical assistance capitation payment to managed care plans and county-based purchasing plans due in May 2019 until July 1, 2019. The payment shall be made no earlier than July 1, 2019, and no later than July 31, 2019.

(b) The commissioner of human services shall delay the medical assistance capitation payment to managed care plans and county-based purchasing plans due in May 2021 until July 1, 2021. The payment shall be made no earlier than July 1, 2021, and no later than July 31, 2021. This paragraph does not apply to the capitation payment for adults without dependent children.

Sec. 13. **DIRECTION TO COMMISSIONER.**

By August 1, 2020, the commissioner of human services shall issue a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over health and human services. The commissioner must include in the report the commissioner's findings regarding the impact of driver enrollment under Minnesota Statutes, section 256B.0625, subdivision 17, paragraph (c), on the program integrity of the nonemergency medical transportation program. The commissioner must include a recommendation, based on the findings in the report, regarding expanding the driver enrollment requirement.

Sec. 14. **MINNESOTA HEALTH POLICY COMMISSION; FIRST APPOINTMENTS; FIRST MEETING.**

The Health Policy Commission Advisory Council shall make its recommendations under Minnesota Statutes, section 62J.90, subdivision 9, for candidates to serve on the Minnesota Health Policy Commission to the Legislative Coordinating Commission by September 30, 2018. The Legislative Coordinating Commission shall make the first appointments of public members to the Minnesota Health Policy Commission under Minnesota Statutes, section 62J.90, by January 15, 2019. The Legislative Coordinating Commission shall designate five members to serve terms that

are coterminous with the governor and six members to serve terms that end on the first Monday in January one year after the terms of the other members conclude. The director of the Legislative Coordinating Commission shall convene the first meeting of the Minnesota Health Policy Commission by June 15, 2019, and shall act as the chair until the commission elects a chair at its first meeting.

Sec. 15. **PAIN MANAGEMENT.**

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

(b) In evaluating and making recommendations, the Health Services Policy Committee shall consult and collaborate with the following health practitioners: acupuncture practitioners licensed under Minnesota Statutes, chapter 147B; chiropractors licensed under Minnesota Statutes, sections 148.01 to 148.10; physical therapists licensed under Minnesota Statutes, sections 148.68 to 148.78; medical and osteopathic physicians licensed under Minnesota Statutes, chapter 147, and advanced practice registered nurses licensed under Minnesota Statutes, sections 148.171 to 148.285, with experience in providing primary care collaboratively within a multidisciplinary team of health care practitioners who employ nonpharmacologic pain therapies; and psychologists licensed under Minnesota Statutes, section 148.907.

(c) The commissioner shall submit a progress report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2019, and shall report final recommendations by August 1, 2019. The final report may also contain recommendations for developing and implementing a pilot program to assess the clinical viability, sustainability, and effectiveness of integrated nonpharmacologic, multidisciplinary treatments for managing musculoskeletal pain and improving functional status.

Sec. 16. **REPEALER.**

(a) Minnesota Statutes 2017 Supplement, section 256B.0625, subdivision 31c, is repealed.

(b) Minnesota Statutes 2016, section 256B.0625, subdivision 18b, is repealed.

ARTICLE 23

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 2017 Supplement, section 103I.005, subdivision 2, is amended to read:

Subd. 2. **Boring.** "Boring" means a hole or excavation that ~~is not used to extract water and~~ includes exploratory borings, bored geothermal heat exchangers, temporary borings, and elevator borings.

Sec. 2. Minnesota Statutes 2017 Supplement, section 103I.005, subdivision 8a, is amended to read:

Subd. 8a. **Environmental well.** "Environmental well" means an excavation 15 or more feet in depth that is drilled, cored, bored, washed, driven, dug, jetted, or otherwise constructed to:

(1) conduct physical, chemical, or biological testing of groundwater, and includes a groundwater quality monitoring or sampling well;

(2) lower a groundwater level to control or remove contamination in groundwater, and includes a remedial well and excludes horizontal trenches; or

(3) monitor or measure physical, chemical, radiological, or biological parameters of the earth and earth fluids, or for vapor recovery or venting systems. An environmental well includes an excavation used to:

(i) measure groundwater levels, including a piezometer;

(ii) determine groundwater flow direction or velocity;

(iii) measure earth properties such as hydraulic conductivity, bearing capacity, or resistance;

(iv) obtain samples of geologic materials for testing or classification; or

(v) remove or remediate pollution or contamination from groundwater or soil through the use of a vent, vapor recovery system, or sparge point.

An environmental well does not include an exploratory boring.

Sec. 3. Minnesota Statutes 2017 Supplement, section 103I.005, subdivision 17a, is amended to read:

Subd. 17a. **Temporary ~~environmental well~~ boring.** ~~"Temporary environmental well" means an environmental well as defined in section 103I.005, subdivision 8a, that is sealed within 72 hours of the time construction on the well begins.~~ "Temporary boring" means an excavation that is 15 feet or more in depth that is sealed within 72 hours of the start of construction and is drilled, cored, washed, driven, dug, jetted, or otherwise constructed to:

(1) conduct physical, chemical, or biological testing of groundwater, including groundwater quality monitoring;

(2) monitor or measure physical, chemical, radiological, or biological parameters of earth materials or earth fluids, including hydraulic conductivity, bearing capacity, or resistance;

(3) measure groundwater levels, including use of a piezometer;

(4) determine groundwater flow direction or velocity; or

(5) collect samples of geologic materials for testing or classification, or soil vapors for testing or extraction.

Sec. 4. Minnesota Statutes 2017 Supplement, section 103I.205, subdivision 1, is amended to read:

Subdivision 1. **Notification required.** (a) Except as provided in paragraph (d), a person may not construct a water-supply, dewatering, or environmental well until a notification of the proposed well on a form prescribed by the commissioner is filed with the commissioner with the filing fee in section 103I.208, and, when applicable, the person has met the requirements of paragraph (e). If after filing the well notification an attempt to construct a well is unsuccessful, a new notification is not required unless the information relating to the successful well has substantially changed. A notification is not required prior to construction of a temporary ~~environmental well~~ boring.

(b) The property owner, the property owner's agent, or the licensed contractor where a well is to be located must file the well notification with the commissioner.

(c) The well notification under this subdivision preempts local permits and notifications, and counties or home rule charter or statutory cities may not require a permit or notification for wells unless the commissioner has delegated the permitting or notification authority under section 103I.111.

(d) A person who is an individual that constructs a drive point water-supply well on property owned or leased by the individual for farming or agricultural purposes or as the individual's place of abode must notify the commissioner of the installation and location of the well. The person must complete the notification form prescribed by the commissioner and mail it to the commissioner by ten days after the well is completed. A fee may not be charged for the notification. A person who sells drive point wells at retail must provide buyers with notification forms and informational materials including requirements regarding wells, their location, construction, and disclosure. The commissioner must provide the notification forms and informational materials to the sellers.

(e) When the operation of a well will require an appropriation permit from the commissioner of natural resources, a person may not begin construction of the well until the person submits the following information to the commissioner of natural resources:

(1) the location of the well;

(2) the formation or aquifer that will serve as the water source;

(3) the maximum daily, seasonal, and annual pumpage rates and volumes that will be requested in the appropriation permit; and

(4) other information requested by the commissioner of natural resources that is necessary to conduct the preliminary assessment required under section 103G.287, subdivision 1, paragraph (c).

The person may begin construction after receiving preliminary approval from the commissioner of natural resources.

Sec. 5. Minnesota Statutes 2017 Supplement, section 103I.205, subdivision 4, is amended to read:

Subd. 4. **License required.** (a) Except as provided in paragraph (b), (c), (d), or (e), section 103I.401, subdivision 2, or 103I.601, subdivision 2, a person may not drill, construct, repair, or seal a well or boring unless the person has a well contractor's license in possession.

(b) A person may construct, repair, and seal an environmental well or temporary boring if the person:

(1) is a professional engineer licensed under sections 326.02 to 326.15 in the branches of civil or geological engineering;

(2) is a hydrologist or hydrogeologist certified by the American Institute of Hydrology;

(3) is a professional geoscientist licensed under sections 326.02 to 326.15;

(4) is a geologist certified by the American Institute of Professional Geologists; or

(5) meets the qualifications established by the commissioner in rule.

A person must be licensed by the commissioner as an environmental well contractor on forms provided by the commissioner.

(c) A person may do the following work with a limited well/boring contractor's license in possession. A separate license is required for each of the four activities:

(1) installing, repairing, and modifying well screens, pitless units and pitless adaptors, well pumps and pumping equipment, and well casings from the pitless adaptor or pitless unit to the upper termination of the well casing;

(2) sealing wells and borings;

(3) constructing, repairing, and sealing dewatering wells; or

(4) constructing, repairing, and sealing bored geothermal heat exchangers.

(d) A person may construct, repair, and seal an elevator boring with an elevator boring contractor's license.

(e) Notwithstanding other provisions of this chapter requiring a license, a license is not required for a person who complies with the other provisions of this chapter if the person is:

(1) an individual who constructs a water-supply well on land that is owned or leased by the individual and is used by the individual for farming or agricultural purposes or as the individual's place of abode; or

(2) an individual who performs labor or services for a contractor licensed under the provisions of this chapter in connection with the construction, sealing, or repair of a well or boring at the direction and under the personal supervision of a contractor licensed under the provisions of this chapter~~; or~~.

~~(3) a licensed plumber who is repairing submersible pumps or water pipes associated with well water systems if: (i) the repair location is within an area where there is no licensed well contractor within 50 miles, and (ii) the licensed plumber complies with all relevant sections of the plumbing code.~~

Sec. 6. Minnesota Statutes 2016, section 103I.205, subdivision 9, is amended to read:

Subd. 9. **Report of work.** Within ~~30~~ 60 days after completion or sealing of a well or boring, the person doing the work must submit a verified report to the commissioner containing the information specified by rules adopted under this chapter.

Within 30 days after receiving the report, the commissioner shall send or otherwise provide access to a copy of the report to the commissioner of natural resources, to the local soil and water conservation district where the well is located, and to the director of the Minnesota Geological Survey.

Sec. 7. Minnesota Statutes 2017 Supplement, section 103I.208, subdivision 1, is amended to read:

Subdivision 1. **Well notification fee.** The well notification fee to be paid by a property owner is:

(1) for construction of a water supply well, $275, which includes the state core function fee;

(2) for a well sealing, $75 for each well or boring, which includes the state core function fee, except that a single fee of $75 is required for all temporary ~~environmental wells~~ borings recorded on the sealing notification for a single property~~, having depths within a 25-foot range, and~~ sealed within 72 hours of start of construction, except that temporary borings less than 25 feet in depth are exempt from the notification and fee requirements in this chapter;

(3) for construction of a dewatering well, $275, which includes the state core function fee, for each dewatering well except a dewatering project comprising five or more dewatering wells shall be assessed a single fee of $1,375 for the dewatering wells recorded on the notification; and

(4) for construction of an environmental well, $275, which includes the state core function fee, except that a single fee of $275 is required for all environmental wells recorded on the notification

that are located on a single property, and except that no fee is required for construction of a temporary ~~environmental well~~ boring.

Sec. 8. Minnesota Statutes 2017 Supplement, section 103I.235, subdivision 3, is amended to read:

Subd. 3. **Temporary ~~environmental well~~ boring and unsuccessful well exemption.** This section does not apply to temporary ~~environmental wells~~ borings or unsuccessful wells that have been sealed by a licensed contractor in compliance with this chapter.

Sec. 9. Minnesota Statutes 2016, section 103I.301, subdivision 6, is amended to read:

Subd. 6. **Notification required.** A person may not seal a well or boring until a notification of the proposed sealing is filed as prescribed by the commissioner. Temporary borings less than 25 feet in depth are exempt from the notification requirements in this chapter.

Sec. 10. Minnesota Statutes 2017 Supplement, section 103I.601, subdivision 4, is amended to read:

Subd. 4. **Notification and map of borings.** (a) By ten days before beginning exploratory boring, an explorer must submit to the commissioner of health a notification of the proposed boring ~~on a form prescribed by the commissioner,~~ map and a fee of $275 ~~for each exploratory boring~~.

(b) By ten days before beginning exploratory boring, an explorer must submit to the commissioners of health and natural resources a county road map on a single sheet of paper that is 8-1/2 inches by 11 inches in size and having a scale of one-half inch equal to one mile, as prepared by the Department of Transportation, or a 7.5 minute series topographic map (1:24,000 scale), as prepared by the United States Geological Survey, showing the location of each proposed exploratory boring to the nearest estimated 40 acre parcel. Exploratory boring that is proposed on the map may not be commenced later than 180 days after submission of the map, unless a new map is submitted.

Sec. 11. Minnesota Statutes 2016, section 144.121, subdivision 1a, is amended to read:

Subd. 1a. **Fees for ionizing radiation-producing equipment.** (a) A facility with ionizing radiation-producing equipment must pay an annual initial or annual renewal registration fee consisting of a base facility fee of $100 and an additional fee for each radiation source, as follows:

(1)medical or veterinary equipment	$ 100
(2)dental x-ray equipment	$ 40
(3)x-ray equipment not used on humans or animals	$ 100
(4)devices with sources of ionizing radiation not used on humans or animals	$ 100
(5)security screening system	$ 100

(b) A facility with radiation therapy and accelerator equipment must pay an annual registration fee of $500. A facility with an industrial accelerator must pay an annual registration fee of $150.

(c) Electron microscopy equipment is exempt from the registration fee requirements of this section.

(d) For purposes of this section, a security screening system means radiation-producing equipment designed and used for security screening of humans who are in custody of a correctional or detention facility, and is used by the facility to image and identify contraband items concealed within or on all sides of a human body. For purposes of this section, a correctional or detention facility is a facility licensed by the commissioner of corrections under section 241.021, and operated by a state agency or political subdivision charged with detection, enforcement, or incarceration in respect to state criminal and traffic laws.

Sec. 12. Minnesota Statutes 2016, section 144.121, is amended by adding a subdivision to read:

Subd. 9. **Exemption from examination requirements; operators of security screening systems.** (a) An employee of a correctional or detention facility who operates a security screening system and the facility in which the system is being operated are exempt from the requirements of subdivisions 5 and 6.

(b) An employee of a correctional or detention facility who operates a security screening system and the facility in which the system is being operated must meet the requirements of a variance to Minnesota Rules, parts 4732.0305 and 4732.0565, issued under Minnesota Rules, parts 4717.7000 to 4717.7050. This paragraph expires on December 31 of the year that the permanent rules adopted by the commissioner governing security screening systems are published in the State Register.

EFFECTIVE DATE. This section is effective 30 days following final enactment.

Sec. 13. **[144.397] STATEWIDE TOBACCO CESSATION SERVICES.**

(a) The commissioner of health shall administer, or contract for the administration of, statewide tobacco cessation services to assist Minnesotans who are seeking advice or services to help them quit using tobacco products. The commissioner shall establish statewide public awareness activities to inform the public of the availability of the services and encourage the public to utilize the services because of the dangers and harm of tobacco use and dependence.

(b) Services to be provided may include, but are not limited to:

(1) telephone-based coaching and counseling;

(2) referrals;

(3) written materials mailed upon request;

(4) Web-based texting or e-mail services; and

(5) free Food and Drug Administration-approved tobacco cessation medications.

(c) Services provided must be consistent with evidence-based best practices in tobacco cessation services. Services provided must be coordinated with employer, health plan company, and private

sector tobacco prevention and cessation services that may be available to individuals depending on their employment or health coverage.

Sec. 14. Laws 2017, First Special Session chapter 6, article 10, section 144, is amended to read:

Sec. 144. **OPIOID ABUSE PREVENTION PILOT PROJECTS.**

(a) The commissioner of health shall establish opioid abuse prevention pilot projects in geographic areas throughout the state based on the most recently available data on opioid overdose and abuse rates, to reduce opioid abuse through the use of controlled substance care teams and community-wide coordination of abuse-prevention initiatives. The commissioner shall award grants to health care providers, health plan companies, local units of government, tribal governments, or other entities to establish pilot projects.

(b) Each pilot project must:

(1) be designed to reduce emergency room and other health care provider visits resulting from opioid use or abuse, and reduce rates of opioid addiction in the community;

(2) establish multidisciplinary controlled substance care teams, that may consist of physicians, pharmacists, social workers, nurse care coordinators, and mental health professionals;

(3) deliver health care services and care coordination, through controlled substance care teams, to reduce the inappropriate use of opioids by patients and rates of opioid addiction;

(4) address any unmet social service needs that create barriers to managing pain effectively and obtaining optimal health outcomes;

(5) provide prescriber and dispenser education and assistance to reduce the inappropriate prescribing and dispensing of opioids;

(6) promote the adoption of best practices related to opioid disposal and reducing opportunities for illegal access to opioids; and

(7) engage partners outside of the health care system, including schools, law enforcement, and social services, to address root causes of opioid abuse and addiction at the community level.

(c) The commissioner shall contract with an accountable community for health that operates an opioid abuse prevention project, and can document success in reducing opioid use through the use of controlled substance care teams, to assist the commissioner in administering this section, and to provide technical assistance to the commissioner and to entities selected to operate a pilot project.

(d) The contract under paragraph (c) shall require the accountable community for health to evaluate the extent to which the pilot projects were successful in reducing the inappropriate use of opioids. The evaluation must analyze changes in the number of opioid prescriptions, the number of emergency room visits related to opioid use, and other relevant measures. The accountable community for health shall report evaluation results to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance and public safety

by December 15, 2019, for projects that received funding in fiscal year 2018, and by December 15, 2021, for projects that received funding in fiscal year 2019.

(e) The commissioner may award one grant that, in addition to the other requirements of this section, allows a root cause approach to reduce opioid abuse in an American Indian community.

Sec. 15. **LOW-VALUE HEALTH SERVICES STUDY.**

(a) The commissioner of health shall examine and analyze:

(1) the alignment in health care delivery with specific best practices guidelines or recommendations; and

(2) health care services and procedures for purposes of identifying, measuring, and potentially eliminating those services or procedures with low value and little benefit to patients. The commissioner shall update and expand on previous work completed by the Department of Health on the prevalence and costs of low-value health care services in Minnesota.

(b) Notwithstanding Minnesota Statutes, section 62U.04, subdivision 11, the commissioner may use the Minnesota All Payer Claims Database (MN APCD) to conduct the analysis using the most recent data available and may limit the claims research to the Minnesota All Payer Claims Database.

(c) The commissioner may convene a work group of no more than eight members with demonstrated knowledge and expertise in health care delivery systems, clinical experience, or research experience to make recommendations on services and procedures for the commissioner to analyze under paragraph (a).

(d) The commissioner shall submit a preliminary report to the chairs and ranking minority members of the legislative committees with jurisdiction over health care by February 1, 2019, outlining the work group's recommendations and any early findings from the analysis. The commissioner shall submit a final report containing the completed analysis by January 15, 2020. The commissioner may release select research findings as a result of this study throughout the study and analytic process and shall provide the public an opportunity to comment on any research findings before the release of any finding.

Sec. 16. **OPIOID OVERDOSE REDUCTION PILOT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of health shall provide grants to ambulance services to fund activities by community paramedic teams to reduce opioid overdoses in the state. Under this pilot program, ambulance services shall develop and implement projects in which community paramedics connect with patients who are discharged from a hospital or emergency department following an opioid overdose episode, develop personalized care plans for those patients in consultation with the ambulance service medical director, and provide follow-up services to those patients.

Subd. 2. **Priority areas; services.** (a) In a project developed under this section, an ambulance service must target community paramedic team services to portions of the service area with high levels of opioid use, high death rates from opioid overdoses, and urgent needs for interventions.

(b) In a project developed under this section, a community paramedic team shall:

(1) provide services to patients released from a hospital or emergency department following an opioid overdose episode and place priority on serving patients who were administered the opiate antagonist naloxone hydrochloride by emergency medical services personnel in response to a 911 call during the opioid overdose episode;

(2) provide the following evaluations during an initial home visit: (i) a home safety assessment including whether there is a need to dispose of prescription drugs that are expired or no longer needed; (ii) medication compliance; (iii) an HIV risk assessment; (iv) instruction on the use of naloxone hydrochloride; and (v) a basic needs assessment;

(3) provide patients with health assessments, chronic disease monitoring and education, and assistance in following hospital discharge orders; and

(4) work with a multidisciplinary team to address the overall physical and mental health needs of patients and health needs related to substance use disorder treatment.

(c) An ambulance service receiving a grant under this section may use grant funds to cover the cost of evidence-based training in opioid addiction and recovery treatment.

Subd. 3. **Evaluation.** An ambulance service that receives a grant under this section shall evaluate the extent to which the project was successful in reducing the number of opioid overdoses and opioid overdose deaths among patients who received services and in reducing the inappropriate use of opioids by patients who received services. The commissioner of health shall develop specific evaluation measures and reporting timelines for ambulance services receiving grants. Ambulance services shall submit the information required by the commissioner to the commissioner and the commissioner shall submit a summary of the information reported by the ambulance services to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services by December 1, 2019.

ARTICLE 24

HEALTH COVERAGE

Section 1. Minnesota Statutes 2016, section 62A.30, is amended by adding a subdivision to read:

Subd. 4. **Mammograms.** (a) For purposes of subdivision 2, coverage for a preventive mammogram screening shall include digital breast tomosynthesis for enrollees at risk for breast cancer, and shall be covered as a preventive item or service, as described under section 62Q.46.

(b) For purposes of this subdivision, "digital breast tomosynthesis" means a radiologic procedure that involves the acquisition of projection images over the stationary breast to produce cross-sectional digital three-dimensional images of the breast. "At risk for breast cancer" means:

(1) having a family history with one or more first- or second-degree relatives with breast cancer;

(2) testing positive for BRCA1 or BRCA2 mutations;

(3) having heterogeneously dense breasts or extremely dense breasts based on the Breast Imaging Reporting and Data System established by the American College of Radiology; or

(4) having a previous diagnosis of breast cancer.

(c) This subdivision does not apply to coverage provided through a public health care program under chapter 256B or 256L.

(d) Nothing in this subdivision limits the coverage of digital breast tomosynthesis in a policy, plan, certificate, or contract referred to in subdivision 1 that is in effect prior to January 1, 2018.

(e) Nothing in this subdivision prohibits a policy, plan, certificate, or contract referred to in subdivision 1 from covering digital breast tomosynthesis for an enrollee who is not at risk for breast cancer.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to health plans issued, sold, or renewed on or after that date.

Sec. 2. **[62J.824] FACILITY FEE DISCLOSURE.**

(a) Prior to the delivery of nonemergency services, a provider-based clinic that charges a facility fee shall provide notice to any patient stating that the clinic is part of a hospital and the patient may receive a separate charge or billing for the facility component, which may result in a higher out-of-pocket expense.

(b) Each health care facility must post prominently in locations easily accessible to and visible by patients, including its Web site, a statement that the provider-based clinic is part of a hospital and the patient may receive a separate charge or billing for the facility, which may result in a higher out-of-pocket expense.

(c) This section does not apply to laboratory services, imaging services, or other ancillary health services that are provided by staff who are not employed by the health care facility or clinic.

(d) For purposes of this section:

(1) "facility fee" means any separate charge or billing by a provider-based clinic in addition to a professional fee for physicians' services that is intended to cover building, electronic medical records systems, billing, and other administrative and operational expenses; and

(2) "provider-based clinic" means the site of an off-campus clinic or provider office located at least 250 yards from the main hospital buildings or as determined by the Centers for Medicare and Medicaid Services, that is owned by a hospital licensed under chapter 144 or a health system that operates one or more hospitals licensed under chapter 144, and is primarily engaged in providing diagnostic and therapeutic care, including medical history, physical examinations, assessment of health status, and treatment monitoring. This definition does not include clinics that are exclusively

providing laboratory, x-ray, testing, therapy, pharmacy, or educational services and does not include facilities designated as rural health clinics.

Sec. 3. **[62Q.184] STEP THERAPY OVERRIDE.**

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

(b) "Clinical practice guideline" means a systematically developed statement to assist health care providers and enrollees in making decisions about appropriate health care services for specific clinical circumstances and conditions developed independently of a health plan company, pharmaceutical manufacturer, or any entity with a conflict of interest.

(c) "Clinical review criteria" means the written screening procedures, decision abstracts, clinical protocols, and clinical practice guidelines used by a health plan company to determine the medical necessity and appropriateness of health care services.

(d) "Health plan company" has the meaning given in section 62Q.01, subdivision 4, but does not include a managed care organization or county-based purchasing plan participating in a public program under chapter 256B or 256L, or an integrated health partnership under section 256B.0755.

(e) "Step therapy protocol" means a protocol or program that establishes the specific sequence in which prescription drugs for a specified medical condition, including self-administered and physician-administered drugs, are medically appropriate for a particular enrollee and are covered under a health plan.

(f) "Step therapy override" means that the step therapy protocol is overridden in favor of coverage of the selected prescription drug of the prescribing health care provider because at least one of the conditions of subdivision 3, paragraph (a), exists.

Subd. 2. **Establishment of a step therapy protocol.** A health plan company shall consider available recognized evidence-based and peer-reviewed clinical practice guidelines when establishing a step therapy protocol. Upon written request of an enrollee, a health plan company shall provide any clinical review criteria applicable to a specific prescription drug covered by the health plan.

Subd. 3. **Step therapy override process; transparency.** (a) When coverage of a prescription drug for the treatment of a medical condition is restricted for use by a health plan company through the use of a step therapy protocol, enrollees and prescribing health care providers shall have access to a clear, readily accessible, and convenient process to request a step therapy override. The process shall be made easily accessible on the health plan company's Web site. A health plan company may use its existing medical exceptions process to satisfy this requirement. A health plan company shall grant an override to the step therapy protocol if at least one of the following conditions exist:

(1) the prescription drug required under the step therapy protocol is contraindicated pursuant to the pharmaceutical manufacturer's prescribing information for the drug or, due to a documented adverse event with a previous use or a documented medical condition, including a comorbid condition, is likely to do any of the following:

(i) cause an adverse reaction in the enrollee;

(ii) decrease the ability of the enrollee to achieve or maintain reasonable functional ability in performing daily activities; or

(iii) cause physical or mental harm to the enrollee;

(2) the enrollee has had a trial of the required prescription drug covered by their current or previous health plan, or another prescription drug in the same pharmacologic class or with the same mechanism of action, and was adherent during such trial for a period of time sufficient to allow for a positive treatment outcome, and the prescription drug was discontinued by the enrollee's health care provider due to lack of effectiveness, or an adverse event. This clause does not prohibit a health plan company from requiring an enrollee to try another drug in the same pharmacologic class or with the same mechanism of action if that therapy sequence is supported by the evidence-based and peer-reviewed clinical practice guideline, Food and Drug Administration label, or pharmaceutical manufacturer's prescribing information; or

(3) the enrollee is currently receiving a positive therapeutic outcome on a prescription drug for the medical condition under consideration if, while on their current health plan or the immediately preceding health plan, the enrollee received coverage for the prescription drug and the enrollee's prescribing health care provider gives documentation to the health plan company that the change in prescription drug required by the step therapy protocol is expected to be ineffective or cause harm to the enrollee based on the known characteristics of the specific enrollee and the known characteristics of the required prescription drug.

(b) Upon granting a step therapy override, a health plan company shall authorize coverage for the prescription drug if the prescription drug is a covered prescription drug under the enrollee's health plan.

(c) The enrollee, or the prescribing health care provider if designated by the enrollee, may appeal the denial of a step therapy override by a health plan company using the complaint procedure under sections 62Q.68 to 62Q.73.

(d) In a denial of an override request and any subsequent appeal, a health plan company's decision must specifically state why the step therapy override request did not meet the condition under paragraph (a) cited by the prescribing health care provider in requesting the step therapy override and information regarding the procedure to request external review of the denial pursuant to section 62Q.73. A denial of a request for a step therapy override that is upheld on appeal is a final adverse determination for purposes of section 62Q.73 and is eligible for a request for external review by an enrollee pursuant to section 62Q.73.

(e) A health plan company shall respond to a step therapy override request or an appeal within five days of receipt of a complete request. In cases where exigent circumstances exist, a health plan company shall respond within 72 hours of receipt of a complete request. If a health plan company does not send a response to the enrollee or prescribing health care provider if designated by the enrollee within the time allotted, the override request or appeal is granted and binding on the health plan company.

(f) Step therapy override requests must be accessible to and submitted by health care providers, and accepted by group purchasers electronically through secure electronic transmission, as described under section 62J.497, subdivision 5.

(g) Nothing in this section prohibits a health plan company from:

(1) requesting relevant documentation from an enrollee's medical record in support of a step therapy override request; or

(2) requiring an enrollee to try a generic equivalent drug pursuant to section 151.21, or a biosimilar, as defined under United States Code, title 42, section 262(i)(2), prior to providing coverage for the equivalent branded prescription drug.

(h) This section shall not be construed to allow the use of a pharmaceutical sample for the primary purpose of meeting the requirements for a step therapy override.

EFFECTIVE DATE. This section is effective January 1, 2019, and applies to health plans offered, issued, or sold on or after that date.

Sec. 4. Minnesota Statutes 2016, section 151.214, is amended to read:

151.214 PAYMENT DISCLOSURE.

Subdivision 1. **Explanation of pharmacy benefits.** A pharmacist licensed under this chapter must provide to a patient, for each prescription dispensed where part or all of the cost of the prescription is being paid or reimbursed by an employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager, the patient's co-payment amount ~~and~~, the pharmacy's own usual and customary price of the prescription ~~or~~, and the net amount the pharmacy will ~~be paid for the prescription drug~~ receive from all sources for dispensing the prescription drug, once the claim has been completed by the patient's employer-sponsored plan or health plan company, or its contracted pharmacy benefit manager.

Subd. 2. **No prohibition on disclosure.** No contracting agreement between an employer-sponsored health plan or health plan company, or its contracted pharmacy benefit manager, and a resident or nonresident pharmacy ~~registered~~ licensed under this chapter, may prohibit ~~the~~:

(1) a pharmacy from disclosing to patients information a pharmacy is required or given the option to provide under subdivision 1; or

(2) a pharmacist from informing a patient when the amount the patient is required to pay under the patient's health plan for a particular drug is greater than the amount the patient would be required to pay for the same drug if purchased out-of-pocket at the pharmacy's usual and customary price.

Sec. 5. Minnesota Statutes 2016, section 151.71, is amended by adding a subdivision to read:

Subd. 3. **Synchronization of refills.** (a) For purposes of this subdivision, "synchronization" means the coordination of prescription drug refills for a patient taking two or more medications for

one or more chronic conditions, to allow the patient's medications to be refilled on the same schedule for a given period of time.

(b) A contract between a pharmacy benefit manager and a pharmacy must allow for synchronization of prescription drug refills for a patient on at least one occasion per year, if the following criteria are met:

(1) the prescription drugs are covered under the patient's health plan or have been approved by a formulary exceptions process;

(2) the prescription drugs are maintenance medications as defined by the health plan and have one or more refills available at the time of synchronization;

(3) the prescription drugs are not Schedule II, III, or IV controlled substances;

(4) the patient meets all utilization management criteria relevant to the prescription drug at the time of synchronization;

(5) the prescription drugs are of a formulation that can be safely split into short-fill periods to achieve synchronization; and

(6) the prescription drugs do not have special handling or sourcing needs that require a single, designated pharmacy to fill or refill the prescription.

(c) When necessary to permit synchronization, the pharmacy benefit manager shall apply a prorated, daily patient cost-sharing rate to any prescription drug dispensed by a pharmacy under this subdivision. The dispensing fee shall not be prorated, and all dispensing fees shall be based on the number of prescriptions filled or refilled.

Sec. 6. Minnesota Statutes 2017 Supplement, section 152.105, subdivision 2, is amended to read:

Subd. 2. **Sheriff to maintain collection receptacle or medicine disposal program.** (a) The sheriff of each county shall maintain or contract for the maintenance of at least one collection receptacle or implement a medicine disposal program for the disposal of noncontrolled substances, pharmaceutical controlled substances, and other legend drugs, as permitted by federal law. For purposes of this section, "legend drug" has the meaning given in section 151.01, subdivision 17. The collection receptacle and medicine disposal program must comply with federal law. In maintaining and operating the collection receptacle or medicine disposal program, the sheriff shall follow all applicable provisions of Code of Federal Regulations, title 21, parts 1300, 1301, 1304, 1305, 1307, and 1317, as amended through May 1, 2017.

(b) For purposes of this subdivision:

(1) a medicine disposal program means providing to the public educational information, and making materials available for safely destroying unwanted legend drugs, including, but not limited to, drug destruction bags or drops; and

(2) a collection receptacle means the operation and maintenance of at least one drop-off receptacle.

ARTICLE 25

HEALTH-RELATED LICENSING BOARDS

Section 1. Minnesota Statutes 2017 Supplement, section 147.01, subdivision 7, is amended to read:

Subd. 7. **Physician application and license fees.** (a) The board may charge the following nonrefundable application and license fees processed pursuant to sections 147.02, 147.03, 147.037, 147.0375, and 147.38:

(1) physician application fee, $200;

(2) physician annual registration renewal fee, $192;

(3) physician endorsement to other states, $40;

(4) physician emeritus license, $50;

(5) physician temporary license, $60;

(6) physician late fee, $60;

(7) duplicate license fee, $20;

(8) certification letter fee, $25;

(9) education or training program approval fee, $100;

(10) report creation and generation fee, $60 per hour;

(11) examination administration fee (half day), $50;

(12) examination administration fee (full day), $80; ~~and~~

(13) fees developed by the Interstate Commission for determining physician qualification to register and participate in the interstate medical licensure compact, as established in rules authorized in and pursuant to section 147.38, not to exceed $1,000~~.~~;

(14) verification fee, $25; and

(15) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fee must be deposited in an account in the state government special revenue fund.

Sec. 2. Minnesota Statutes 2016, section 147.012, is amended to read:

147.012 OVERSIGHT OF ALLIED HEALTH PROFESSIONS.

The board has responsibility for the oversight of the following allied health professions: physician assistants under chapter 147A~~,~~ acupuncture practitioners under chapter 147B~~,~~ respiratory care practitioners under chapter 147C~~,~~ traditional midwives under chapter 147D~~,~~ registered naturopathic doctors under chapter 147E~~,~~ genetic counselors under chapter 147F, and athletic trainers under sections 148.7801 to 148.7815.

Sec. 3. Minnesota Statutes 2016, section 147.02, is amended by adding a subdivision to read:

Subd. 7. **Additional renewal requirements.** (a) The licensee must maintain a correct mailing address with the board for receiving board communications, notices, and licensure renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a license holder of the obligation to comply with this section.

(b) The names of licensees who do not return a complete license renewal application, the annual license fee, or the late application fee within 30 days shall be removed from the list of individuals authorized to practice medicine and surgery during the current renewal period. Upon reinstatement of licensure, the licensee's name will be placed on the list of individuals authorized to practice medicine and surgery.

Sec. 4. Minnesota Statutes 2016, section 147A.06, is amended to read:

147A.06 CANCELLATION OF LICENSE FOR NONRENEWAL.

Subdivision 1. **Cancellation of license.** The board shall not renew, reissue, reinstate, or restore a license that has lapsed on or after July 1, 1996, and has not been renewed within two annual renewal cycles starting July 1, 1997. A licensee whose license is canceled for nonrenewal must obtain a new license by applying for licensure and fulfilling all requirements then in existence for an initial license to practice as a physician assistant.

Subd. 2. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 1 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147A.29.

(b) This subdivision expires July 1, 2021.

Sec. 5. Minnesota Statutes 2016, section 147A.07, is amended to read:

147A.07 RENEWAL.

(a) A person who holds a license as a physician assistant shall annually, upon notification from the board, renew the license by:

(1) submitting the appropriate fee as determined by the board;

(2) completing the appropriate forms; and

(3) meeting any other requirements of the board.

(b) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(c) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

Sec. 6. Minnesota Statutes 2017 Supplement, section 147A.28, is amended to read:

147A.28 PHYSICIAN ASSISTANT APPLICATION AND LICENSE FEES.

(a) The board may charge the following nonrefundable fees:

(1) physician assistant application fee, $120;

(2) physician assistant annual registration renewal fee (prescribing authority), $135;

(3) physician assistant annual registration renewal fee (no prescribing authority), $115;

(4) physician assistant temporary registration, $115;

(5) physician assistant temporary permit, $60;

(6) physician assistant locum tenens permit, $25;

(7) physician assistant late fee, $50;

(8) duplicate license fee, $20;

(9) certification letter fee, $25;

(10) education or training program approval fee, $100; ~~and~~

(11) report creation and generation fee, $60~~.~~ per hour;

(12) verification fee, $25; and

(13) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Sec. 7. **[147A.29] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for physician assistant licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147A.28 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147A.28.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 8. Minnesota Statutes 2016, section 147B.02, subdivision 9, is amended to read:

Subd. 9. **Renewal.** (a) To renew a license an applicant must:

(1) annually, or as determined by the board, complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide documentation of current and active NCCAOM certification; or

(4) if licensed under subdivision 5 or 6, meet the same NCCAOM professional development activity requirements as those licensed under subdivision 7.

(b) An applicant shall submit any additional information requested by the board to clarify information presented in the renewal application. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(c) An applicant must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the applicant at the applicant's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve an applicant of the obligation to comply with this section.

(d) The name of an applicant who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the applicant's license is reinstated, the applicant's name shall be placed on the list of individuals authorized to practice.

Sec. 9. Minnesota Statutes 2016, section 147B.02, is amended by adding a subdivision to read:

Subd. 12a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 12 before January 1, 2019, and who seeks to regain licensed

status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147B.09.

(b) This subdivision expires July 1, 2021.

Sec. 10. Minnesota Statutes 2017 Supplement, section 147B.08, is amended to read:

147B.08 FEES.

Subd. 4. **Acupuncturist application and license fees.** (a) The board may charge the following nonrefundable fees:

(1) acupuncturist application fee, $150;

(2) acupuncturist annual registration renewal fee, $150;

(3) acupuncturist temporary registration fee, $60;

(4) acupuncturist inactive status fee, $50;

(5) acupuncturist late fee, $50;

(6) duplicate license fee, $20;

(7) certification letter fee, $25;

(8) education or training program approval fee, $100; ~~and~~

(9) report creation and generation fee, $60~~.~~ per hour;

(10) verification fee, $25; and

(11) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Sec. 11. **[147B.09] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for acupuncture practitioner licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147B.08 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147B.08.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 12. Minnesota Statutes 2016, section 147C.15, subdivision 7, is amended to read:

Subd. 7. **Renewal.** (a) To be eligible for license renewal a licensee must:

(1) annually, or as determined by the board, complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide evidence every two years of a total of 24 hours of continuing education approved by the board as described in section 147C.25; and

(4) submit any additional information requested by the board to clarify information presented in the renewal application. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(b) Applicants for renewal who have not practiced the equivalent of eight full weeks during the past five years must achieve a passing score on retaking the credentialing examination.

(c) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(d) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

Sec. 13. Minnesota Statutes 2016, section 147C.15, is amended by adding a subdivision to read:

Subd. 12a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 12 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147C.45.

(b) This subdivision expires July 1, 2021.

Sec. 14. Minnesota Statutes 2017 Supplement, section 147C.40, is amended to read:

147C.40 FEES.

Subd. 5. **Respiratory therapist application and license fees.** (a) The board may charge the following nonrefundable fees:

(1) respiratory therapist application fee, $100;

(2) respiratory therapist annual registration renewal fee, $90;

(3) respiratory therapist inactive status fee, $50;

(4) respiratory therapist temporary registration fee, $90;

(5) respiratory therapist temporary permit, $60;

(6) respiratory therapist late fee, $50;

(7) duplicate license fee, $20;

(8) certification letter fee, $25;

(9) education or training program approval fee, $100; ~~and~~

(10) report creation and generation fee, $60~~.~~ per hour;

(11) verification fee, $25; and

(12) criminal background check fee, $32.

(b) The board may prorate the initial annual license fee. All licensees are required to pay the full fee upon license renewal. The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Sec. 15. **[147C.45] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for respiratory care practitioner licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147C.40 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147C.40.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 16. Minnesota Statutes 2016, section 147D.17, subdivision 6, is amended to read:

Subd. 6. **Renewal.** (a) To be eligible for license renewal, a licensed traditional midwife must:

(1) complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide evidence every three years of a total of 30 hours of continuing education approved by the board as described in section 147D.21;

(4) submit evidence of an annual peer review and update of the licensed traditional midwife's medical consultation plan; and

(5) submit any additional information requested by the board. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(b) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(c) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

Sec. 17. Minnesota Statutes 2016, section 147D.17, is amended by adding a subdivision to read:

Subd. 11a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 11 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147D.29.

(b) This subdivision expires July 1, 2021.

Sec. 18. Minnesota Statutes 2016, section 147D.27, is amended by adding a subdivision to read:

Subd. 5. **Additional fees.** The board may also charge the following nonrefundable fees:

(1) verification fee, $25;

(2) certification letter fee, $25;

(3) education or training program approval fee, $100;

(4) report creation and generation fee, $60 per hour;

(5) duplicate license fee, $20; and

(6) criminal background check fee, $32.

Sec. 19. **[147D.29] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for traditional midwife licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147D.27 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147D.27.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 20. Minnesota Statutes 2016, section 147E.15, subdivision 5, is amended to read:

Subd. 5. **Renewal.** (a) To be eligible for registration renewal a registrant must:

(1) annually, or as determined by the board, complete a renewal application on a form provided by the board;

(2) submit the renewal fee;

(3) provide evidence of a total of 25 hours of continuing education approved by the board as described in section 147E.25; and

(4) submit any additional information requested by the board to clarify information presented in the renewal application. The information must be submitted within 30 days after the board's request, or the renewal request is nullified.

(b) A registrant must maintain a correct mailing address with the board for receiving board communications, notices, and registration renewal documents. Placing the registration renewal application in first class United States mail, addressed to the registrant at the registrant's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a registrant of the obligation to comply with this section.

(c) The name of a registrant who does not return a complete registration renewal application, annual registration fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the registrant's registration is reinstated, the registrant's name shall be placed on the list of individuals authorized to practice.

Sec. 21. Minnesota Statutes 2016, section 147E.15, is amended by adding a subdivision to read:

Subd. 10a. **Registration following lapse of registered status; transition.** (a) A registrant whose registration has lapsed under subdivision 10 before January 1, 2019, and who seeks to regain registered status after January 1, 2019, shall be treated as a first-time registrant only for purposes of establishing a registration renewal schedule, and shall not be subject to the registration cycle conversion provisions in section 147E.45.

(b) This subdivision expires July 1, 2021.

Sec. 22. Minnesota Statutes 2016, section 147E.40, subdivision 1, is amended to read:

Subdivision 1. **Fees.** Fees are as follows:

(1) registration application fee, $200;

(2) renewal fee, $150;

(3) late fee, $75;

(4) inactive status fee, $50; ~~and~~

(5) temporary permit fee, $25~~.~~;

(6) emeritus registration fee, $50;

(7) duplicate license fee, $20;

(8) certification letter fee, $25;

(9) verification fee, $25;

(10) education or training program approval fee, $100; and

(11) report creation and generation fee, $60 per hour.

Sec. 23. **[147E.45] REGISTRATION RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The registration renewal cycle for registered naturopathic doctors is converted to an annual cycle where renewal is due on the last day of the registrant's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs registration renewal procedures for registrants who were registered before December 31, 2018. The conversion renewal cycle is the renewal cycle following the first registration renewal after January 1, 2019. The conversion registration period is the registration period for the conversion renewal cycle. The conversion registration period is between six and 17 months and ends on the last day of the registrant's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of registration renewal cycle for current registrants.** For a registrant whose registration is current as of December 31, 2018, the registrant's conversion registration period begins on January 1, 2019, and ends on the last day of the registrant's month of birth in 2019, except that for registrants whose month of birth is January, February, March, April, May, or June, the registrant's renewal cycle ends on the last day of the registrant's month of birth in 2020.

Subd. 3. **Conversion of registration renewal cycle for noncurrent registrants.** This subdivision applies to an individual who was registered before December 31, 2018, but whose registration is not current as of December 31, 2018. When the individual first renews the registration after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the registrant's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the registrant's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the registrant's birth.

Subd. 5. **Conversion period and fees.** (a) A registrant who holds a registration issued before January 1, 2019, and who renews that registration pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A registrant shall be charged the annual registration fee listed in section 147E.40 for the conversion registration period.

(c) For a registrant whose conversion registration period is six to 11 months, the first annual registration fee charged after the conversion registration period shall be adjusted to credit the excess fee payment made during the conversion registration period. The credit is calculated by: (1) subtracting the number of months of the registrant's conversion registration period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a registrant whose conversion registration period is 12 months, the first annual registration fee charged after the conversion registration period shall not be adjusted.

(e) For a registrant whose conversion registration period is 13 to 17 months, the first annual registration fee charged after the conversion registration period shall be adjusted to add the annual registration fee payment for the months that were not included in the annual registration fee paid for the conversion registration period. The added payment is calculated by: (1) subtracting 12 from the number of months of the registrant's conversion registration period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent registration renewals made after the conversion registration period, the registrant's annual registration fee is as listed in section 147E.40.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 24. Minnesota Statutes 2016, section 147F.07, subdivision 5, is amended to read:

Subd. 5. **License renewal.** (a) To be eligible for license renewal, a licensed genetic counselor must submit to the board:

(1) a renewal application on a form provided by the board;

(2) the renewal fee required under section 147F.17;

(3) evidence of compliance with the continuing education requirements in section 147F.11; and

(4) any additional information requested by the board.

(b) A licensee must maintain a correct mailing address with the board for receiving board communications, notices, and license renewal documents. Placing the license renewal application in first class United States mail, addressed to the licensee at the licensee's last known address with postage prepaid, constitutes valid service. Failure to receive the renewal documents does not relieve a licensee of the obligation to comply with this section.

(c) The name of a licensee who does not return a complete license renewal application, annual license fee, or late application fee, as applicable, within the time period required by this section shall be removed from the list of individuals authorized to practice during the current renewal period. If the licensee's license is reinstated, the licensee's name shall be placed on the list of individuals authorized to practice.

Sec. 25. Minnesota Statutes 2016, section 147F.07, is amended by adding a subdivision to read:

Subd. 6. **Licensure following lapse of licensure status for two years or less.** For any individual whose licensure status has lapsed for two years or less, to regain licensure status, the individual must:

(1) apply for license renewal according to subdivision 5;

(2) document compliance with the continuing education requirements of section 147F.11 since the licensed genetic counselor's initial licensure or last renewal; and

(3) submit the fees required under section 147F.17 for the period not licensed, including the fee for late renewal.

Sec. 26. Minnesota Statutes 2016, section 147F.07, is amended by adding a subdivision to read:

Subd. 6a. **Licensure following lapse of licensed status; transition.** (a) A licensee whose license has lapsed under subdivision 6 before January 1, 2019, and who seeks to regain licensed status after January 1, 2019, shall be treated as a first-time licensee only for purposes of establishing a license renewal schedule, and shall not be subject to the license cycle conversion provisions in section 147F.19.

(b) This subdivision expires July 1, 2021.

Sec. 27. Minnesota Statutes 2016, section 147F.17, subdivision 1, is amended to read:

Subdivision 1. **Fees.** Fees are as follows:

(1) license application fee, $200;

(2) initial licensure and annual renewal, $150; ~~and~~

(3) late fee, $75~~.~~;

(4) temporary license fee, $60;

(5) duplicate license fee, $20;

(6) certification letter fee, $25;

(7) education or training program approval fee, $100;

(8) report creation and generation fee, $60 per hour; and

(9) criminal background check fee, $32.

Sec. 28. **[147F.19] LICENSE RENEWAL CYCLE CONVERSION.**

Subdivision 1. **Generally.** The license renewal cycle for genetic counselor licensees is converted to an annual cycle where renewal is due on the last day of the licensee's month of birth. Conversion pursuant to this section begins January 1, 2019. This section governs license renewal procedures for licensees who were licensed before December 31, 2018. The conversion renewal cycle is the

renewal cycle following the first license renewal after January 1, 2019. The conversion license period is the license period for the conversion renewal cycle. The conversion license period is between six and 17 months and ends on the last day of the licensee's month of birth in either 2019 or 2020, as described in subdivision 2.

Subd. 2. **Conversion of license renewal cycle for current licensees.** For a licensee whose license is current as of December 31, 2018, the licensee's conversion license period begins on January 1, 2019, and ends on the last day of the licensee's month of birth in 2019, except that for licensees whose month of birth is January, February, March, April, May, or June, the licensee's renewal cycle ends on the last day of the licensee's month of birth in 2020.

Subd. 3. **Conversion of license renewal cycle for noncurrent licensees.** This subdivision applies to an individual who was licensed before December 31, 2018, but whose license is not current as of December 31, 2018. When the individual first renews the license after January 1, 2019, the conversion renewal cycle begins on the date the individual applies for renewal and ends on the last day of the licensee's month of birth in the same year, except that if the last day of the individual's month of birth is less than six months after the date the individual applies for renewal, then the renewal period ends on the last day of the individual's month of birth in the following year.

Subd. 4. **Subsequent renewal cycles.** After the licensee's conversion renewal cycle under subdivision 2 or 3, subsequent renewal cycles are annual and begin on the last day of the month of the licensee's birth.

Subd. 5. **Conversion period and fees.** (a) A licensee who holds a license issued before January 1, 2019, and who renews that license pursuant to subdivision 2 or 3, shall pay a renewal fee as required in this subdivision.

(b) A licensee shall be charged the annual license fee listed in section 147F.17 for the conversion license period.

(c) For a licensee whose conversion license period is six to 11 months, the first annual license fee charged after the conversion license period shall be adjusted to credit the excess fee payment made during the conversion license period. The credit is calculated by: (1) subtracting the number of months of the licensee's conversion license period from 12; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(d) For a licensee whose conversion license period is 12 months, the first annual license fee charged after the conversion license period shall not be adjusted.

(e) For a licensee whose conversion license period is 13 to 17 months, the first annual license fee charged after the conversion license period shall be adjusted to add the annual license fee payment for the months that were not included in the annual license fee paid for the conversion license period. The added payment is calculated by: (1) subtracting 12 from the number of months of the licensee's conversion license period; and (2) multiplying the result of clause (1) by 1/12 of the annual fee rounded up to the next dollar.

(f) For the second and all subsequent license renewals made after the conversion license period, the licensee's annual license fee is as listed in section 147F.17.

Subd. 6. **Expiration.** This section expires July 1, 2021.

Sec. 29. Minnesota Statutes 2016, section 148.7815, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The board shall establish fees as follows:

(1) application fee, $50;

(2) annual registration fee, $100;

(3) temporary registration, $100; ~~and~~

(4) temporary permit, $50~~.~~;

(5) late fee, $15;

(6) duplicate license fee, $20;

(7) certification letter fee, $25;

(8) verification fee, $25;

(9) education or training program approval fee, $100; and

(10) report creation and generation fee, $60 per hour.

Sec. 30. Minnesota Statutes 2016, section 214.075, subdivision 1, is amended to read:

Subdivision 1. **Applications.** (a) ~~By January 1, 2018,~~ Each health-related licensing board, as defined in section 214.01, subdivision 2, shall require ~~applicants for initial licensure, licensure by endorsement, or reinstatement or other relicensure after a lapse in licensure, as defined by the individual health-related licensing boards,~~ the following individuals to submit to a criminal history records check of state data completed by the Bureau of Criminal Apprehension (BCA) and a national criminal history records check, including a search of the records of the Federal Bureau of Investigation (FBI)~~.~~:

(1) applicants for initial licensure or licensure by endorsement. An applicant is exempt from this paragraph if the applicant submitted to a state and national criminal history records check as described in this paragraph for a license issued by the same board;

(2) applicants seeking reinstatement or relicensure, as defined by the individual health-related licensing board, if more than one year has elapsed since the applicant's license or registration expiration date; or

(3) licensees applying for eligibility to participate in an interstate licensure compact.

(b) ~~An applicant must complete a criminal background check if more than one year has elapsed since the applicant last submitted a background check to the board.~~ An applicant's criminal background check results are valid for one year from the date the background check results were received by the board. If more than one year has elapsed since the results were received by the board, then an applicant who has not completed the licensure, reinstatement, or relicensure process must complete a new background check.

Sec. 31. Minnesota Statutes 2016, section 214.075, subdivision 4, is amended to read:

Subd. 4. **Refusal to consent.** (a) The health-related licensing boards shall not issue a license to any applicant who refuses to consent to a criminal background check or fails to submit fingerprints ~~within 90 days~~ after submission of an application for licensure. Any fees paid by the applicant to the board shall be forfeited if the applicant refuses to consent to the criminal background check or fails to submit the required fingerprints.

(b) The failure of a licensee to submit to a criminal background check as provided in subdivision 3 is grounds for disciplinary action by the respective health-related licensing board.

Sec. 32. Minnesota Statutes 2016, section 214.075, subdivision 5, is amended to read:

Subd. 5. **Submission of fingerprints to the Bureau of Criminal Apprehension.** The health-related licensing board or designee shall submit applicant or licensee fingerprints to the BCA. The BCA shall perform a check for state criminal justice information and shall forward the applicant's or licensee's fingerprints to the FBI to perform a check for national criminal justice information regarding the applicant or licensee. The BCA shall report to the board the results of the state and national criminal ~~justice information~~ history records checks.

Sec. 33. Minnesota Statutes 2016, section 214.075, subdivision 6, is amended to read:

Subd. 6. **Alternatives to fingerprint-based criminal background checks.** The health-related licensing board may require an alternative method of criminal history checks for an applicant or licensee who has submitted at least ~~three~~ two sets of fingerprints in accordance with this section that have been unreadable by the BCA or the FBI.

Sec. 34. Minnesota Statutes 2016, section 214.077, is amended to read:

214.077 TEMPORARY LICENSE SUSPENSION; IMMINENT RISK OF SERIOUS HARM.

(a) Notwithstanding any provision of a health-related professional practice act, when a health-related licensing board receives a complaint regarding a regulated person and has probable cause to believe that the regulated person has violated a statute or rule that the health-related licensing board is empowered to enforce, and continued practice by the regulated person presents an imminent risk of serious harm, the health-related licensing board shall issue an order temporarily suspending the regulated person's authority to practice. The temporary suspension order shall specify the reason for the suspension, including the statute or rule alleged to have been violated. The temporary suspension order shall take effect upon personal service on the regulated person or the regulated person's attorney, or upon the third calendar day after the order is served by first class mail to the

most recent address provided to the health-related licensing board for the regulated person or the regulated person's attorney.

(b) The temporary suspension shall remain in effect until the health-related licensing board or the commissioner completes an investigation, holds a contested case hearing pursuant to the Administrative Procedure Act, and issues a final order in the matter as provided for in this section.

(c) At the time it issues the temporary suspension order, the health-related licensing board shall schedule a contested case hearing, on the merits of whether discipline is warranted, to be held pursuant to the Administrative Procedure Act. The regulated person shall be provided with at least ten days' notice of any contested case hearing held pursuant to this section. The contested case hearing shall be scheduled to begin no later than 30 days after the effective service of the temporary suspension order.

(d) The administrative law judge presiding over the contested case hearing shall issue a report and recommendation to the health-related licensing board no later than 30 days after the final day of the contested case hearing. If the administrative law judge's report and recommendations are for no action, the health-related licensing board shall issue a final order pursuant to sections 14.61 and 14.62 within 30 days of receipt of the administrative law judge's report and recommendations. If the administrative law judge's report and recommendations are for action, the health-related licensing board shall issue a final order pursuant to sections 14.61 and 14.62 within 60 days of receipt of the administrative law judge's report and recommendations. Except as provided in paragraph (e), if the health-related licensing board has not issued a final order pursuant to sections 14.61 and 14.62 within 30 days of receipt of the administrative law judge's report and recommendations for no action or within 60 days of receipt of the administrative law judge's report and recommendations for action, the temporary suspension shall be lifted.

(e) If the regulated person requests a delay in the contested case proceedings provided for in paragraphs (c) and (d) for any reason, the temporary suspension shall remain in effect until the health-related licensing board issues a final order pursuant to sections 14.61 and 14.62.

(f) This section shall not apply to the Office of Unlicensed Complementary and Alternative Health Practice established under section 146A.02. The commissioner of health shall conduct temporary suspensions for complementary and alternative health care practitioners in accordance with section 146A.09.

Sec. 35. Minnesota Statutes 2016, section 214.10, subdivision 8, is amended to read:

Subd. 8. **Special requirements for health-related licensing boards.** In addition to the provisions of this section that apply to all examining and licensing boards, the requirements in this subdivision apply to all health-related licensing boards, except the Board of Veterinary Medicine.

(a) If the executive director or consulted board member determines that a communication received alleges a violation of statute or rule that involves sexual contact with a patient or client, the communication shall be forwarded to the designee of the attorney general for an investigation of the facts alleged in the communication. If, after an investigation it is the opinion of the executive director or consulted board member that there is sufficient evidence to justify disciplinary action,

the board shall conduct a disciplinary conference or hearing. If, after a hearing or disciplinary conference the board determines that misconduct involving sexual contact with a patient or client occurred, the board shall take disciplinary action. Notwithstanding subdivision 2, a board may not attempt to correct improper activities or redress grievances through education, conciliation, and persuasion, unless in the opinion of the executive director or consulted board member there is insufficient evidence to justify disciplinary action. The board may settle a case by stipulation prior to, or during, a hearing if the stipulation provides for disciplinary action.

(b) A board member who has a direct current or former financial connection or professional relationship to a person who is the subject of board disciplinary activities must not participate in board activities relating to that case.

(c) Each health-related licensing board shall establish procedures for exchanging information with other Minnesota state boards, agencies, and departments responsible for regulating health-related occupations, facilities, and programs, and for coordinating investigations involving matters within the jurisdiction of more than one regulatory body. The procedures must provide for the forwarding to other regulatory bodies of all information and evidence, including the results of investigations, that are relevant to matters within that licensing body's regulatory jurisdiction. Each health-related licensing board shall have access to any data of the Department of Human Services relating to a person subject to the jurisdiction of the licensing board. The data shall have the same classification under chapter 13, the Minnesota Government Data Practices Act, in the hands of the agency receiving the data as it had in the hands of the Department of Human Services.

(d) Each health-related licensing board shall establish procedures for exchanging information with other states regarding disciplinary actions against licensees. The procedures must provide for the collection of information from other states about disciplinary actions taken against persons who are licensed to practice in Minnesota or who have applied to be licensed in this state and the dissemination of information to other states regarding disciplinary actions taken in Minnesota. In addition to any authority in chapter 13 permitting the dissemination of data, the board may, in its discretion, disseminate data to other states regardless of its classification under chapter 13. Criminal history record information shall not be exchanged. Before transferring any data that is not public, the board shall obtain reasonable assurances from the receiving state that the data will not be made public.

Sec. 36. Minnesota Statutes 2017 Supplement, section 364.09, is amended to read:

364.09 EXCEPTIONS.

(a) This chapter does not apply to the licensing process for peace officers; to law enforcement agencies as defined in section 626.84, subdivision 1, paragraph (f); to fire protection agencies; to eligibility for a private detective or protective agent license; to the licensing and background study process under chapters 245A and 245C; to the licensing and background investigation process under chapter 240; to eligibility for school bus driver endorsements; to eligibility for special transportation service endorsements; to eligibility for a commercial driver training instructor license, which is governed by section 171.35 and rules adopted under that section; to emergency medical services personnel, or to the licensing by political subdivisions of taxicab drivers, if the applicant for the

license has been discharged from sentence for a conviction within the ten years immediately preceding application of a violation of any of the following:

(1) sections 609.185 to 609.2114, 609.221 to 609.223, 609.342 to 609.3451, or 617.23, subdivision 2 or 3; or Minnesota Statutes 2012, section 609.21;

(2) any provision of chapter 152 that is punishable by a maximum sentence of 15 years or more; or

(3) a violation of chapter 169 or 169A involving driving under the influence, leaving the scene of an accident, or reckless or careless driving.

This chapter also shall not apply to eligibility for juvenile corrections employment, where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district or to eligibility for a license issued or renewed by the Professional Educator Licensing and Standards Board or the commissioner of education.

(c) Nothing in this section precludes the Minnesota Police and Peace Officers Training Board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

~~(d) This chapter does not apply to a license to practice medicine that has been denied or revoked by the Board of Medical Practice pursuant to section 147.091, subdivision 1a.~~

~~(e) This chapter does not apply to any person who has been denied a license to practice chiropractic or whose license to practice chiropractic has been revoked by the board in accordance with section 148.10, subdivision 7.~~

~~(f) This chapter does not apply to any license, registration, or permit that has been denied or revoked by the Board of Nursing in accordance with section 148.261, subdivision 1a.~~

~~(g)~~ (d) This chapter does not apply to any license, registration, permit, or certificate that has been denied or revoked by the commissioner of health according to section 148.5195, subdivision 5; or 153A.15, subdivision 2.

~~(h)~~ (e) This chapter does not supersede a requirement under law to conduct a criminal history background investigation or consider criminal history records in hiring for particular types of employment.

(f) This chapter does not apply to the licensing or registration process for, or to any license, registration, or permit that has been denied or revoked by, a health-related licensing board listed in section 214.01, subdivision 2.

Sec. 37. **REPEALER.**

(a) Minnesota Statutes 2016, section 214.075, subdivision 8, is repealed.

(b) Minnesota Rules, part 5600.0605, subparts 5 and 8, are repealed.

ARTICLE 26

PRESCRIPTION MONITORING PROGRAM

Section 1. Minnesota Statutes 2016, section 151.065, is amended by adding a subdivision to read:

Subd. 7. **Deposit.** Fees collected by the board under this section shall be deposited in the state government special revenue fund.

Sec. 2. Minnesota Statutes 2016, section 152.126, subdivision 6, is amended to read:

Subd. 6. **Access to reporting system data.** (a) Except as indicated in this subdivision, the data submitted to the board under subdivision 4 is private data on individuals as defined in section 13.02, subdivision 12, and not subject to public disclosure.

(b) Except as specified in subdivision 5, the following persons shall be considered permissible users and may access the data submitted under subdivision 4 in the same or similar manner, and for the same or similar purposes, as those persons who are authorized to access similar private data on individuals under federal and state law:

(1) a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, to the extent the information relates specifically to a current patient, to whom the prescriber is:

(i) prescribing or considering prescribing any controlled substance;

(ii) providing emergency medical treatment for which access to the data may be necessary;

(iii) providing care, and the prescriber has reason to believe, based on clinically valid indications, that the patient is potentially abusing a controlled substance; or

(iv) providing other medical treatment for which access to the data may be necessary for a clinically valid purpose and the patient has consented to access to the submitted data, and with the provision that the prescriber remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(2) a dispenser or an agent or employee of the dispenser to whom the dispenser has delegated the task of accessing the data, to the extent the information relates specifically to a current patient to whom that dispenser is dispensing or considering dispensing any controlled substance and with the provision that the dispenser remains responsible for the use or misuse of data accessed by a delegated agent or employee;

(3) a licensed pharmacist who is providing pharmaceutical care for which access to the data may be necessary to the extent that the information relates specifically to a current patient for whom the pharmacist is providing pharmaceutical care: (i) if the patient has consented to access to the

submitted data; or (ii) if the pharmacist is consulted by a prescriber who is requesting data in accordance with clause (1);

(4) an individual who is the recipient of a controlled substance prescription for which data was submitted under subdivision 4, or a guardian of the individual, parent or guardian of a minor, or health care agent of the individual acting under a health care directive under chapter 145C. For purposes of this clause, access by individuals includes persons in the definition of an individual under section 13.02;

(5) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, or of the Emergency Medical Services Regulatory Board, assigned to conduct a bona fide investigation of a complaint received by that board that alleges that a specific licensee is impaired by use of a drug for which data is collected under subdivision 4, has engaged in activity that would constitute a crime as defined in section 152.025, or has engaged in the behavior specified in subdivision 5, paragraph (a);

(6) personnel of the board engaged in the collection, review, and analysis of controlled substance prescription information as part of the assigned duties and responsibilities under this section;

(7) authorized personnel of a vendor under contract with the state of Minnesota who are engaged in the design, implementation, operation, and maintenance of the prescription monitoring program as part of the assigned duties and responsibilities of their employment, provided that access to data is limited to the minimum amount necessary to carry out such duties and responsibilities, and subject to the requirement of de-identification and time limit on retention of data specified in subdivision 5, paragraphs (d) and (e);

(8) federal, state, and local law enforcement authorities acting pursuant to a valid search warrant;

(9) personnel of the Minnesota health care programs assigned to use the data collected under this section to identify and manage recipients whose usage of controlled substances may warrant restriction to a single primary care provider, a single outpatient pharmacy, and a single hospital;

(10) personnel of the Department of Human Services assigned to access the data pursuant to paragraph (i);

(11) personnel of the health professionals services program established under section 214.31, to the extent that the information relates specifically to an individual who is currently enrolled in and being monitored by the program, and the individual consents to access to that information. The health professionals services program personnel shall not provide this data to a health-related licensing board or the Emergency Medical Services Regulatory Board, except as permitted under section 214.33, subdivision 3.; and

~~For purposes of clause (4), access by an individual includes persons in the definition of an individual under section 13.02; and~~

(12) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, assigned to conduct a bona fide investigation of a complaint received by that board

that alleges that a specific licensee is inappropriately prescribing controlled substances as defined in this section.

(c) By July 1, 2017, every prescriber licensed by a health-related licensing board listed in section 214.01, subdivision 2, practicing within this state who is authorized to prescribe controlled substances ~~for humans~~ and who holds a current registration issued by the federal Drug Enforcement Administration, and every pharmacist licensed by the board and practicing within the state, shall register and maintain a user account with the prescription monitoring program. Data submitted by a prescriber, pharmacist, or their delegate during the registration application process, other than their name, license number, and license type, is classified as private pursuant to section 13.02, subdivision 12.

(d) Notwithstanding paragraph (b), beginning January 1, 2020, a prescriber or an agent or employee of the prescriber to whom the prescriber has delegated the task of accessing the data, must access the data submitted under subdivision 4 to the extent the information relates specifically to the patient:

(1) before the prescriber issues an initial prescription order for a Schedule II or Schedule III controlled substance to the patient; and

(2) at least once every six months for patients receiving an opiate for treatment of chronic pain or participating in medically assisted treatment for an opioid addiction.

(e) Paragraph (d) does not apply if:

(1) the patient is receiving hospice care;

(2) the patient is being treated for pain due to cancer or the treatment of cancer;

(3) the prescription order is for a number of doses that is intended to last the patient five days or less and is not subject to a refill;

(4) the prescription order is issued within 14 days following surgery or three days following oral surgery;

(5) the controlled substance is prescribed or administered to a patient who is admitted to an inpatient hospital;

(6) the controlled substance is lawfully administered by injection, ingestion, or any other means to the patient by the prescriber, a pharmacist, or by the patient at the direction of a prescriber and in the presence of the prescriber or pharmacist;

(7) due to a medical emergency, it is not possible for the prescriber to review the data before the prescriber issues the prescription order for the patient; or

(8) the prescriber is unable to access the data due to operational or other technological failure of the program so long as the prescriber reports the failure to the board.

(f) Only permissible users identified in paragraph (b), clauses (1), (2), (3), (6), (7), (9), and (10), may directly access the data electronically. No other permissible users may directly access the data electronically. If the data is directly accessed electronically, the permissible user shall implement and maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The permissible user shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

~~(e)~~ (g) The board shall not release data submitted under subdivision 4 unless it is provided with evidence, satisfactory to the board, that the person requesting the information is entitled to receive the data.

~~(f)~~ (h) The board shall maintain a log of all persons who access the data for a period of at least three years and shall ensure that any permissible user complies with paragraph (c) prior to attaining direct access to the data.

~~(g)~~ (i) Section 13.05, subdivision 6, shall apply to any contract the board enters into pursuant to subdivision 2. A vendor shall not use data collected under this section for any purpose not specified in this section.

~~(h)~~ (j) The board may participate in an interstate prescription monitoring program data exchange system provided that permissible users in other states have access to the data only as allowed under this section, and that section 13.05, subdivision 6, applies to any contract or memorandum of understanding that the board enters into under this paragraph.

~~(i)~~ (k) With available appropriations, the commissioner of human services shall establish and implement a system through which the Department of Human Services shall routinely access the data for the purpose of determining whether any client enrolled in an opioid treatment program licensed according to chapter 245A has been prescribed or dispensed a controlled substance in addition to that administered or dispensed by the opioid treatment program. When the commissioner determines there have been multiple prescribers or multiple prescriptions of controlled substances, the commissioner shall:

(1) inform the medical director of the opioid treatment program only that the commissioner determined the existence of multiple prescribers or multiple prescriptions of controlled substances; and

(2) direct the medical director of the opioid treatment program to access the data directly, review the effect of the multiple prescribers or multiple prescriptions, and document the review.

If determined necessary, the commissioner of human services shall seek a federal waiver of, or exception to, any applicable provision of Code of Federal Regulations, title 42, section 2.34, paragraph (c), prior to implementing this paragraph.

~~(j)~~ (l) The board shall review the data submitted under subdivision 4 on at least a quarterly basis and shall establish criteria, in consultation with the advisory task force, for referring information about a patient to prescribers and dispensers who prescribed or dispensed the prescriptions in question if the criteria are met.

Sec. 3. Minnesota Statutes 2016, section 152.126, subdivision 10, is amended to read:

Subd. 10. **Funding.** (a) The board may seek grants and private funds from nonprofit charitable foundations, the federal government, and other sources to fund the enhancement and ongoing operations of the prescription monitoring program established under this section. Any funds received shall be appropriated to the board for this purpose. The board may not expend funds to enhance the program in a way that conflicts with this section without seeking approval from the legislature.

(b) Notwithstanding any other section, the administrative services unit for the health-related licensing boards shall apportion between the Board of Medical Practice, the Board of Nursing, the Board of Dentistry, the Board of Podiatric Medicine, the Board of Optometry, the Board of Veterinary Medicine, and the Board of Pharmacy an amount to be paid through fees by each respective board. The amount apportioned to each board shall equal each board's share of the annual appropriation to the Board of Pharmacy from the state government special revenue fund for operating the prescription monitoring program under this section. Each board's apportioned share shall be based on the number of prescribers or dispensers that each board identified in this paragraph licenses as a percentage of the total number of prescribers and dispensers licensed collectively by these boards. Each respective board may adjust the fees that the boards are required to collect to compensate for the amount apportioned to each board by the administrative services unit.

(c) The board shall have the authority to modify its contract with its vendor as provided in subdivision 2, to authorize that vendor to provide a service to prescribers and pharmacies that allows them to access prescription monitoring program data from within the electronic health record system or pharmacy software used by those prescribers and pharmacists. Beginning July 1, 2018, the board has the authority to collect an annual fee from each prescriber or pharmacist who accesses prescription monitoring program data through the service offered by the vendor. The annual fee collected must not exceed $50 per user. The fees collected by the board under this paragraph shall be deposited in the state government special revenue fund and are appropriated to the board for the purposes of this paragraph.

ARTICLE 27

PROTECTION OF VULNERABLE ADULTS

Section 1. Minnesota Statutes 2016, section 144A.53, subdivision 2, is amended to read:

Subd. 2. **Complaints.** (a) The director may receive a complaint from any source concerning an action of an administrative agency, a health care provider, a home care provider, a residential care home, or a health facility. The director may require a complainant to pursue other remedies or channels of complaint open to the complainant before accepting or investigating the complaint. Investigators are required to interview at least one family member of the vulnerable adult identified

in the complaint. If the vulnerable adult is directing his or her own care and does not want the investigator to contact the family, this information must be documented in the investigative file.

(b) The director shall keep written records of all complaints and any action upon them. After completing an investigation of a complaint, the director shall inform the complainant, the administrative agency having jurisdiction over the subject matter, the health care provider, the home care provider, the residential care home, and the health facility of the action taken. Complainants must be provided a copy of the public report upon completion of the investigation.

(c) Notwithstanding section 626.557, subdivision 5 or 9c, upon request of a vulnerable adult or an interested person, the director shall:

(1) disclose whether a health care provider or other person has made a report or submitted a complaint that involves maltreatment of the vulnerable adult; and

(2) provide a redacted version of the initial report or complaint that does not disclose data on individuals, as defined in section 13.02, subdivision 5.

(d) For purposes of paragraph (c), "interested person" means one of the persons listed below in the following order of priority:

(1) a court-appointed guardian;

(2) a person designated in writing by the vulnerable adult, including a nominated guardian, to act on behalf of the vulnerable adult;

(3) a proxy or health care agent appointed under chapter 145B or 145C or similar law of another state, provided that the authority of the proxy or health care agent is currently effective under section 145C.06 or similar law;

(4) a person designated in writing by the vulnerable adult as an emergency contact for a facility; or

(5) a spouse, parent, adult child, or adult sibling of the vulnerable adult.

Interested person does not include a person whose authority has been restricted by the vulnerable adult or by a court or who is the alleged or substantiated perpetrator of maltreatment of the vulnerable adult.

Sec. 2. **DIRECTION TO COMMISSIONER.**

Subdivision 1. **Policies and procedures for the Office of Health Facility Complaints.** The commissioner of health shall develop comprehensive, written policies and procedures for the Office of Health Facility Complaints for conducting timely reviews and investigation of allegations that are available for all investigators in a centralized location, including policies, procedures, guidelines, and criteria for:

(1) data collection that will allow for rigorous trend analysis of maltreatment and licensing violations;

(2) data entry in the case management system, including an up-to-date description of each data entry point to be used consistently by all staff;

(3) intake of allegation reports, including the gathering of all data from the reporter and verification of jurisdiction;

(4) selection of allegation reports for further investigation within the time frames required by federal and state law;

(5) the investigative process, including guidelines for interviews and documentation;

(6) cross-referencing of data, including when and under what circumstances to combine data collection or maltreatment investigations regarding the same vulnerable adult, allegations, facility, or alleged perpetrator;

(7) final determinations, including having supporting documentation for the determinations;

(8) enforcement actions, including the imposition of immediate fines and any distinctions in process for licensing violations versus maltreatment determinations;

(9) communication with interested parties and the public regarding the status of investigations, final determinations, enforcement actions, and appeal rights, including when communication must be made if the timelines established in law are not able to be met and sufficient information in written communication for understanding the process; and

(10) quality control measures, including audits and random samplings, to discover gaps in understanding and to ensure accuracy.

Subd. 2. **Training of staff at the Office of Health Facility Complaints.** The commissioner of health shall revise the training program at the Office of Health Facility Complaints to ensure that all staff are trained adequately and consistently to perform their duties. The revised training program must provide for timely and consistent training whenever policies, procedures, guidelines, or criteria are changed due to legislative changes, decisions by management, or interpretations of state or federal law. The revised training program shall include a mentor-based training program that assigns a mentor to all new investigators and ensures new investigators work with an experienced investigator during every aspect of the investigation process.

Subd. 3. **Quality controls at the Office of Health Facility Complaints.** The commissioner of health shall implement quality control measures to ensure that intake, triage, investigations, final determinations, enforcement actions, and communication are conducted and documented in a consistent, thorough, and accurate manner. The quality control measures must include regular internal audits of staff work, including when a decision is made to not investigate a report, reporting to staff of patterns and trends discovered through the audits, training of staff to address patterns and trends discovered through the audits, and electronic safeguards in the case management system to prevent backdating of data, incomplete or missing data fields, missed deadlines, and missed communications, including communications concerning the status of investigations, delays in investigations, final determinations, and appeal rights following final determinations.

Subd. 4. **Provider education.** (a) The commissioner of health shall develop decision-making tools, including decision trees, regarding provider self-reported maltreatment allegations and share these tools with providers. As soon as practicable, the commissioner shall update the decision-making tools as necessary, including whenever federal or state requirements change, and inform providers that the updated tools are available. The commissioner shall develop decision-making tools that clarify and encourage reporting whether the provider is licensed or registered under federal or state law, while also educating on any distinctions in reporting under federal versus state law.

(b) The commissioner of health shall conduct rigorous trend analysis of maltreatment reports, triage decisions, investigation determinations, enforcement actions, and appeals to identify trends and patterns in reporting of maltreatment, substantiated maltreatment, and licensing violations, and share these findings with providers and interested stakeholders.

Subd. 5. **Departmental oversight of the Office of Health Facility Complaints.** The commissioner of health shall ensure that the commissioner's office provides direct oversight of the Office of Health Facility Complaints.

Sec. 3. **DIRECTION TO COMMISSIONER.**

On a quarterly basis until January 2021, and annually thereafter, the commissioner of health must submit a report on the Office of Health Facility Complaints' response to allegations of maltreatment of vulnerable adults. The report must include:

(1) a description and assessment of the office's efforts to improve its internal processes and compliance with federal and state requirements concerning allegations of maltreatment of vulnerable adults, including any relevant timelines;

(2) the number of reports received by the type of reporter, the number of reports investigated, the percentage and number of reported cases awaiting triage, the number and percentage of open investigations, and the number and percentage of investigations that have failed to meet state or federal timelines by cause of delay;

(3) a trend analysis of internal audits conducted by the office; and

(4) trends and patterns in maltreatment of vulnerable adults, licensing violations by facilities or providers serving vulnerable adults, and other metrics as determined by the commissioner.

Sec. 4. **DIRECTION TO COMMISSIONERS.**

By February 1 of each year, the commissioners of health and human services must submit an annual joint report on each department's response to allegations of maltreatment of vulnerable adults. The annual report must include a description and assessment of the departments' efforts to improve their internal processes and compliance with federal and state requirements concerning allegations of maltreatment of vulnerable adults, including any relevant timelines. The report must also include trends and patterns in maltreatment of vulnerable adults, licensing violations by facilities or providers serving vulnerable adults, and other metrics as determined by the commissioner.

This section expires upon submission of the commissioners' 2024 report.

ARTICLE 28

CHILDREN AND FAMILIES; LICENSING

Section 1. Minnesota Statutes 2016, section 119B.011, is amended by adding a subdivision to read:

Subd. 13b. **Homeless.** "Homeless" means a self-declared housing status as defined in the McKinney-Vento Homeless Assistance Act and United States Code, title 42, section 11302, paragraph (a).

EFFECTIVE DATE. This section is effective August 12, 2019.

Sec. 2. Minnesota Statutes 2016, section 119B.011, subdivision 19, is amended to read:

Subd. 19. **Provider.** "Provider" means: (1) an individual or child care center or facility~~, either licensed or unlicensed,~~ providing licensed legal child care services as defined under section 245A.03; ~~or~~ (2) a license exempt center required to be certified under chapter 245G;

(3) an individual or child care center or facility ~~holding~~ that:

(i) holds a valid child care license issued by another state or a tribe ~~and providing~~;

(ii) provides child care services in the licensing state or in the area under the licensing tribe's jurisdiction; and

(iii) is in compliance with federal health and safety requirements as certified by the licensing state or tribe, or as determined by receipt of child care development block grant funds in the licensing state; or

(4) a legal nonlicensed child care provider as defined under section 119B.011, subdivision 16, providing legal child care services. A ~~legally unlicensed family~~ legal nonlicensed child care provider must be at least 18 years of age, and not a member of the MFIP assistance unit or a member of the family receiving child care assistance to be authorized under this chapter.

EFFECTIVE DATE. This section is effective September 24, 2018.

Sec. 3. Minnesota Statutes 2017 Supplement, section 119B.011, subdivision 20, is amended to read:

Subd. 20. **Transition year families.** "Transition year families" means families who have received MFIP assistance, or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance under section 256J.31, subdivision 12, or families who have received DWP assistance under section 256J.95 for at least ~~three~~ one of the last six months before losing eligibility for MFIP or DWP. Notwithstanding Minnesota Rules, parts 3400.0040, subpart 10, and 3400.0090, subpart 2, transition year child care may be used to support employment, approved education or training programs, or job search that meets the requirements of section 119B.10. Transition year child care is not available to families who have been disqualified from MFIP or DWP due to fraud.

EFFECTIVE DATE. This section is effective October 8, 2018.

Sec. 4. Minnesota Statutes 2016, section 119B.02, subdivision 7, is amended to read:

Subd. 7. **Child care market rate survey.** ~~Biennially,~~ The commissioner shall conduct the next survey of prices charged by child care providers in Minnesota in state fiscal year 2021 and every three years thereafter to determine the 75th percentile for like-care arrangements in county price clusters.

Sec. 5. Minnesota Statutes 2017 Supplement, section 119B.025, subdivision 1, is amended to read:

Subdivision 1. **Applications.** (a) Except as provided in paragraph (c), clause (4), the county shall verify the following at all initial child care applications using the universal application:

(1) identity of adults;

(2) presence of the minor child in the home, if questionable;

(3) relationship of minor child to the parent, stepparent, legal guardian, eligible relative caretaker, or the spouses of any of the foregoing;

(4) age;

(5) immigration status, if related to eligibility;

(6) Social Security number, if given;

(7) counted income;

(8) spousal support and child support payments made to persons outside the household;

(9) residence; and

(10) inconsistent information, if related to eligibility.

(b) The county must mail a notice of approval or denial of assistance to the applicant within 30 calendar days after receiving the application. The county may extend the response time by 15 calendar days if the applicant is informed of the extension.

(c) For an applicant who declares that the applicant is homeless and who meets the definition of homeless in section 119B.011, subdivision 13b, the county must:

(1) if information is needed to determine eligibility, send a request for information to the applicant within five working days after receiving the application;

(2) if the applicant is eligible, send a notice of approval of assistance within five working days after receiving the application;

(3) if the applicant is ineligible, send a notice of denial of assistance within 30 days after receiving the application. The county may extend the response time by 15 calendar days if the applicant is informed of the extension;

(4) not require verifications required by paragraph (a) before issuing the notice of approval or denial; and

(5) follow limits set by the commissioner for how frequently expedited application processing may be used for an applicant who declares that the applicant is homeless.

(d) An applicant who declares that the applicant is homeless must submit proof of eligibility within three months of the date the application was received. If proof of eligibility is not submitted within three months, eligibility ends. A 15-day adverse action notice is required to end eligibility.

EFFECTIVE DATE. This section is effective August 12, 2019.

Sec. 6. Minnesota Statutes 2016, section 119B.03, subdivision 9, is amended to read:

Subd. 9. **Portability pool.** (a) The commissioner shall establish a pool of up to five percent of the annual appropriation for the basic sliding fee program to provide continuous child care assistance for eligible families who move between Minnesota counties. At the end of each allocation period, any unspent funds in the portability pool must be used for assistance under the basic sliding fee program. If expenditures from the portability pool exceed the amount of money available, the reallocation pool must be reduced to cover these shortages.

(b) ~~To be eligible for portable basic sliding fee assistance,~~ A family that has moved from a county in which it was receiving basic sliding fee assistance to a county with a waiting list for the basic sliding fee program must:

(1) meet the income and eligibility guidelines for the basic sliding fee program; and

(2) notify ~~the new county of residence within 60 days of moving and submit information to the new county of residence to verify eligibility for the basic sliding fee program~~ the family's previous county of residence of the family's move to a new county of residence.

(c) The receiving county must:

(1) accept administrative responsibility for applicants for portable basic sliding fee assistance at the end of the two months of assistance under the Unitary Residency Act;

(2) continue portability pool basic sliding fee assistance ~~for the lesser of six months or~~ until the family is able to receive assistance under the county's regular basic sliding program; and

(3) notify the commissioner through the quarterly reporting process of any family that meets the criteria of the portable basic sliding fee assistance pool.

EFFECTIVE DATE. This section is effective October 8, 2018.

Sec. 7. Minnesota Statutes 2017 Supplement, section 119B.06, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to administer block grant.** The commissioner is authorized and directed to receive, administer, and expend child care funds available under the child care and development block grant authorized under the Child Care and Development Block Grant Act of 2014, Public Law 113-186. From the discretionary amounts provided for federal fiscal year 2018 and reserved for quality activities, the commissioner shall ensure that funds are prioritized to increase the availability of training and business planning assistance for child care providers.

Sec. 8. Minnesota Statutes 2017 Supplement, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) have household income less than or equal to 67 percent of the state median income, adjusted for family size, at application and redetermination, and meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J; or

(2) have household income less than or equal to 47 percent of the state median income, adjusted for family size, at application and less than or equal to 67 percent of the state median income, adjusted for family size, at redetermination.

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family at application and redetermination as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

(d) All applicants for child care assistance and families currently receiving child care assistance must pay the co-payment fee under section 119B.12, subdivision 2, as a condition of eligibility. The co-payment fee may include additional recoupment fees due to a child care assistance program overpayment.

(e) If a family has one child with a child care authorization and the child turns 13 years of age or the child has a disability and turns 15 years of age, the family remains eligible until the redetermination.

Sec. 9. Minnesota Statutes 2017 Supplement, section 119B.095, subdivision 2, is amended to read:

Subd. 2. **Maintain steady child care authorizations.** (a) Notwithstanding Minnesota Rules, chapter 3400, the amount of child care authorized under section 119B.10 for employment, education,

or an MFIP or DWP employment plan shall continue at the same number of hours or more hours until redetermination, including:

(1) when the other parent moves in and is employed or has an education plan under section 119B.10, subdivision 3, or has an MFIP or DWP employment plan; or

(2) when the participant's work hours are reduced or a participant temporarily stops working or attending an approved education program. Temporary changes include, but are not limited to, a medical leave, seasonal employment fluctuations, or a school break between semesters.

(b) The county may increase the amount of child care authorized at any time if the participant verifies the need for increased hours for authorized activities.

(c) The county may reduce the amount of child care authorized if a parent requests a reduction or because of a change in:

(1) the child's school schedule;

(2) the custody schedule; or

(3) the provider's availability.

(d) The amount of child care authorized for a family subject to subdivision 1, paragraph (b), must change when the participant's activity schedule changes. Paragraph (a) does not apply to a family subject to subdivision 1, paragraph (b).

(e) When a child reaches 13 years of age or a child with a disability reaches 15 years of age, the amount of child care authorized shall continue at the same number of hours or more hours until redetermination.

Sec. 10. Minnesota Statutes 2017 Supplement, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) ~~Beginning February 3, 2014,~~ The maximum rate paid for child care assistance in any county or county price cluster under the child care fund shall be the greater of the ~~25th~~ percentile calculated by the commissioner of the ~~2011~~ most recent child care provider rate survey under section 119B.02, subdivision 7, or the ~~maximum rate effective November 28, 2011~~ rates in effect at the time of the update:

(1) for the first update on February 22, 2019, the commissioner shall determine the percentile of the most recent child care provider rate survey, not to exceed the 25th percentile, that can be funded using Minnesota's increase in federal child care and development funds appropriated in the federal Consolidated Appropriations Act of 2018, Public Law 115-141, and any subsequent federal appropriation for federal fiscal year 2019, after complying with other requirements of the reauthorization of the Child Care Development Block Grant (CCDBG) Act of 2014, enacted in state law in 2018; and

(2) beginning in fiscal year 2022, the commissioner, in consultation with the commissioner of management and budget, shall determine the amount of federal funding for child care assistance programs to use in setting maximum rates for child care programs based on the most recent market survey, not to exceed the 25th percentile, so that the cost of compliance with child care development block grant requirements enacted in state law in 2018, including the rate adjustment, are paid only with federal CCDBG funds. If federal CCDBG funds are not sufficient to maintain the enacted compliance requirements and the maximum rates in effect at the time of the rate change, the commissioner must adjust maximum rates to remain within the limits of available funds.

(b) For a child care provider located within the boundaries of a city located in two or more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid for child care assistance shall be equal to the maximum rate paid in the county with the highest maximum reimbursement rates or the provider's charge, whichever is less.

(c) The commissioner may: (1) assign a county with no reported provider prices to a similar price cluster; and (2) consider county level access when determining final price clusters.

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

~~(c)~~ (e) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care.

~~(d)~~ (f) If a child uses one provider, the maximum payment for one day of care must not exceed the daily rate. The maximum payment for one week of care must not exceed the weekly rate.

~~(e)~~ (g) If a child uses two providers under section 119B.097, the maximum payment must not exceed:

(1) the daily rate for one day of care;

(2) the weekly rate for one week of care by the child's primary provider; and

(3) two daily rates during two weeks of care by a child's secondary provider.

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

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

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

~~(i)~~ (k) Notwithstanding Minnesota Rules, part 3400.0130, subpart 7, maximum registration fees in effect on January 1, 2013, shall remain in effect.

EFFECTIVE DATE. This section is effective February 22, 2019.

Sec. 11. Minnesota Statutes 2017 Supplement, section 245A.06, subdivision 8, is amended to read:

Subd. 8. **Requirement to post ~~correction order~~ conditional license.** ~~(a)~~ For licensed family child care providers and child care centers, upon receipt of any ~~correction order or~~ order of conditional license issued by the commissioner under this section, and notwithstanding a pending request for reconsideration of the ~~correction order or~~ order of conditional license by the license holder, the license holder shall post the ~~correction order or~~ order of conditional license in a place that is conspicuous to the people receiving services and all visitors to the facility for two years. When the ~~correction order or~~ order of conditional license is accompanied by a maltreatment investigation memorandum prepared under section 626.556 or 626.557, the investigation memoranda must be posted with the ~~correction order or~~ order of conditional license.

~~(b) If the commissioner reverses or rescinds a violation in a correction order upon reconsideration under subdivision 2, the commissioner shall issue an amended correction order and the license holder shall post the amended order according to paragraph (a).~~

~~(c) If the correction order is rescinded or reversed in full upon reconsideration under subdivision 2, the license holder shall remove the original correction order posted according to paragraph (a).~~

Sec. 12. Minnesota Statutes 2016, section 245A.175, is amended to read:

245A.175 CHILD FOSTER CARE TRAINING REQUIREMENT; MENTAL HEALTH TRAINING; FETAL ALCOHOL SPECTRUM DISORDERS TRAINING.

Prior to a nonemergency placement of a child in a foster care home, the child foster care license holder and caregivers in foster family and treatment foster care settings, and all staff providing care in foster residence settings must complete two hours of training that addresses the causes, symptoms, and key warning signs of mental health disorders; cultural considerations; and effective approaches for dealing with a child's behaviors. At least one hour of the annual training requirement for the foster family license holder and caregivers, and foster residence staff must be on children's mental health issues and treatment. Except for providers and services under chapter 245D, the annual training must also include at least one hour of training on fetal alcohol spectrum disorders ~~within the first 12 months of licensure. After the first 12 months of licensure, training on fetal alcohol spectrum disorders may count~~, which must be counted toward the 12 hours of required in-service training per year. Short-term substitute caregivers are exempt from these requirements. Training curriculum shall be approved by the commissioner of human services.

Sec. 13. Minnesota Statutes 2016, section 245C.14, is amended to read:

245C.14 DISQUALIFICATION.

Subdivision 1. **Disqualification from direct contact.** (a) The commissioner shall disqualify an individual who is the subject of a background study from any position allowing direct contact with persons receiving services from the license holder or entity identified in section 245C.03, upon receipt of information showing, or when a background study completed under this chapter shows any of the following:

(1) a conviction of, admission to, or Alford plea to one or more crimes listed in section 245C.15, regardless of whether the conviction or admission is a felony, gross misdemeanor, or misdemeanor level crime;

(2) a preponderance of the evidence indicates the individual has committed an act or acts that meet the definition of any of the crimes listed in section 245C.15, regardless of whether the preponderance of the evidence is for a felony, gross misdemeanor, or misdemeanor level crime; or

(3) an investigation results in an administrative determination listed under section 245C.15, subdivision 4, paragraph (b).

(b) No individual who is disqualified following a background study under section 245C.03, subdivisions 1 and 2, may be retained in a position involving direct contact with persons served by a program or entity identified in section 245C.03, unless the commissioner has provided written notice under section 245C.17 stating that:

(1) the individual may remain in direct contact during the period in which the individual may request reconsideration as provided in section 245C.21, subdivision 2;

(2) the commissioner has set aside the individual's disqualification for that program or entity identified in section 245C.03, as provided in section 245C.22, subdivision 4; or

(3) the license holder has been granted a variance for the disqualified individual under section 245C.30.

(c) The commissioner shall not disqualify an individual under this subdivision based on (1) a record of conviction that was expunged under chapter 609A and the order was directed specifically to the commissioner, or (2) any underlying fact or element from an expunged record of an arrest, criminal charge, or conviction and the order was directed specifically to the commissioner. Nothing in this paragraph prohibits the commissioner from disqualifying an individual based upon a separate administrative determination under section 245C.15, subdivision 4, paragraph (b), unless there is a court order directed specifically to the commissioner to expunge an administrative order.

Subd. 2. **Disqualification from access.** (a) If an individual who is studied under section 245C.03, subdivision 1, paragraph (a), clauses (2), (5), and (6), is disqualified from direct contact under subdivision 1, the commissioner shall also disqualify the individual from access to a person receiving services from the license holder.

(b) No individual who is disqualified following a background study under section 245C.03, subdivision 1, paragraph (a), clauses (2), (5), and (6), or as provided elsewhere in statute who is disqualified as a result of this section, may be allowed access to persons served by the program unless the commissioner has provided written notice under section 245C.17 stating that:

(1) the individual may remain in direct contact during the period in which the individual may request reconsideration as provided in section 245C.21, subdivision 2;

(2) the commissioner has set aside the individual's disqualification for that licensed program or entity identified in section 245C.03 as provided in section 245C.22, subdivision 4; or

(3) the license holder has been granted a variance for the disqualified individual under section 245C.30.

(c) The commissioner shall not disqualify an individual under this subdivision based on (1) a record of conviction that was expunged under chapter 609A and the order was directed specifically to the commissioner, or (2) any underlying fact or element from an expunged record of an arrest, criminal charge, or conviction and the order was directed specifically to the commissioner. Nothing in this paragraph prohibits the commissioner from disqualifying an individual based upon a separate administrative determination under section 245C.15, subdivision 4, paragraph (b), unless there is a court order directed specifically to the commissioner to expunge an administrative order.

Sec. 14. Minnesota Statutes 2016, section 245C.15, is amended by adding a subdivision to read:

Subd. 6. **Expunged criminal records.** The commissioner shall not disqualify an individual subject to a background study under this chapter based on (1) a record of conviction that was expunged under chapter 609A and the order was directed specifically to the commissioner, or (2) any underlying fact or element from an expunged record of an arrest, criminal charge, or conviction and the order was directed specifically to the commissioner. Nothing in this subdivision prohibits the commissioner from disqualifying an individual based upon a separate administrative determination under section 245C.15, subdivision 4, paragraph (b), unless there is a court order directed specifically to the commissioner to expunge an administrative order.

Sec. 15. Minnesota Statutes 2017 Supplement, section 245C.16, subdivision 1, is amended to read:

Subdivision 1. **Determining immediate risk of harm.** (a) If the commissioner determines that the individual studied has a disqualifying characteristic, the commissioner shall review the information immediately available and make a determination as to the subject's immediate risk of harm to persons served by the program where the individual studied will have direct contact with, or access to, people receiving services.

(b) The commissioner shall consider all relevant information available, including the following factors in determining the immediate risk of harm:

(1) the recency of the disqualifying characteristic;

(2) the recency of discharge from probation for the crimes;

(3) the number of disqualifying characteristics;

(4) the intrusiveness or violence of the disqualifying characteristic;

(5) the vulnerability of the victim involved in the disqualifying characteristic;

(6) the similarity of the victim to the persons served by the program where the individual studied will have direct contact;

(7) whether the individual has a disqualification from a previous background study that has not been set aside; and

(8) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 1, or the individual is a child care staff person who has a felony-level conviction for a drug-related offense in the last five years, the commissioner may order the immediate removal of the individual from any position allowing direct contact with, or access to, persons receiving services from the program.

(c) This section does not apply when the subject of a background study is regulated by a health-related licensing board as defined in chapter 214, and the subject is determined to be responsible for substantiated maltreatment under section 626.556 or 626.557.

(d) This section does not apply to a background study related to an initial application for a child foster care license.

(e) Except for paragraph ~~(f)~~ (g), this section does not apply to a background study that is also subject to the requirements under section 256B.0659, subdivisions 11 and 13, for a personal care assistant or a qualified professional as defined in section 256B.0659, subdivision 1.

(f) This section does not apply if the subject of a background study has a conviction that was expunged under chapter 609A and the order was directed specifically to the commissioner, or any underlying fact or element from an expunged record of an arrest, criminal charge, or conviction and the order was directed specifically to the commissioner. Nothing in this paragraph prohibits the commissioner from disqualifying an individual based upon a separate administrative determination under section 245C.15, subdivision 4, paragraph (b), unless there is a court order directed specifically to the commissioner to expunge an administrative order.

~~(f)~~ (g) If the commissioner has reason to believe, based on arrest information or an active maltreatment investigation, that an individual poses an imminent risk of harm to persons receiving services, the commissioner may order that the person be continuously supervised or immediately removed pending the conclusion of the maltreatment investigation or criminal proceedings.

Sec. 16. Minnesota Statutes 2016, section 245C.22, is amended by adding a subdivision to read:

Subd. 8. **Expunged records.** This section does not apply if the subject of a background study has a conviction that was expunged under chapter 609A, and the order was directed specifically to the commissioner, or any underlying fact or element from an expunged record of an arrest, criminal charge, or conviction and the order was directed specifically to the commissioner. Nothing in this subdivision prohibits the commissioner from disqualifying an individual based upon a separate administrative determination under section 245C.15, subdivision 4, paragraph (b), unless there is a court order directed specifically to the commissioner to expunge an administrative order.

Sec. 17. Minnesota Statutes 2016, section 245C.24, is amended by adding a subdivision to read:

Subd. 5. **Expunged criminal records.** The commissioner shall not disqualify an individual subject to a background study under this chapter based on (1) a record of conviction that was expunged under chapter 609A and the order was directed specifically to the commissioner, or (2) any underlying fact or element from an expunged record of an arrest, criminal charge, or conviction and the order was directed specifically to the commissioner. Nothing in this subdivision prohibits the commissioner from disqualifying an individual based upon a separate administrative determination under section 245C.15, subdivision 4, paragraph (b), unless there is a court order directed specifically to the commissioner to expunge an administrative order.

Sec. 18. Minnesota Statutes 2016, section 254A.035, subdivision 2, is amended to read:

Subd. 2. **Membership terms, compensation, removal and expiration.** The membership of this council shall be composed of 17 persons who are American Indians and who are appointed by the commissioner. The commissioner shall appoint one representative from each of the following groups: Red Lake Band of Chippewa Indians; Fond du Lac Band, Minnesota Chippewa Tribe; Grand Portage Band, Minnesota Chippewa Tribe; Leech Lake Band, Minnesota Chippewa Tribe; Mille Lacs Band, Minnesota Chippewa Tribe; Bois Forte Band, Minnesota Chippewa Tribe; White Earth Band, Minnesota Chippewa Tribe; Lower Sioux Indian Reservation; Prairie Island Sioux Indian Reservation; Shakopee Mdewakanton Sioux Indian Reservation; Upper Sioux Indian Reservation; International Falls Northern Range; Duluth Urban Indian Community; and two representatives from the Minneapolis Urban Indian Community and two from the St. Paul Urban Indian Community. The terms, compensation, and removal of American Indian Advisory Council members shall be as provided in section 15.059. The council expires June 30, ~~2018~~ 2023.

Sec. 19. Minnesota Statutes 2016, section 256K.45, subdivision 2, is amended to read:

Subd. 2. **Homeless youth report.** The commissioner shall prepare a biennial report, beginning in February 2015, which provides meaningful information to the legislative committees having jurisdiction over the issue of homeless youth, that includes, but is not limited to: (1) a list of the areas of the state with the greatest need for services and housing for homeless youth, and the level and nature of the needs identified; (2) details about grants made; (3) the distribution of funds throughout the state based on population need; (4) follow-up information, if available, on the status of homeless youth and whether they have stable housing two years after services are provided; and (5) any other outcomes for populations served to determine the effectiveness of the programs and use of funding. The commissioner is exempt from preparing this report in 2019 and must instead update the 2007 report on homeless youth under section 29.

Sec. 20. Minnesota Statutes 2016, section 256M.41, subdivision 3, is amended to read:

Subd. 3. **Payments ~~based on performance.~~** ~~(a)~~ The commissioner shall make payments under this section to each county ~~board on a calendar year basis in an amount determined under paragraph (b)~~ on or before July 10 of each year.

~~(b) Calendar year allocations under subdivision 1 shall be paid to counties in the following manner:~~

~~(1) 80 percent of the allocation as determined in subdivision 1 must be paid to counties on or before July 10 of each year;~~

~~(2) ten percent of the allocation shall be withheld until the commissioner determines if the county has met the performance outcome threshold of 90 percent based on face-to-face contact with alleged child victims. In order to receive the performance allocation, the county child protection workers must have a timely face-to-face contact with at least 90 percent of all alleged child victims of screened-in maltreatment reports. The standard requires that each initial face-to-face contact occur consistent with timelines defined in section 626.556, subdivision 10, paragraph (i). The commissioner shall make threshold determinations in January of each year and payments to counties meeting the performance outcome threshold shall occur in February of each year. Any withheld funds from this appropriation for counties that do not meet this requirement shall be reallocated by the commissioner to those counties meeting the requirement; and~~

~~(3) ten percent of the allocation shall be withheld until the commissioner determines that the county has met the performance outcome threshold of 90 percent based on face-to-face visits by the case manager. In order to receive the performance allocation, the total number of visits made by caseworkers on a monthly basis to children in foster care and children receiving child protection services while residing in their home must be at least 90 percent of the total number of such visits that would occur if every child were visited once per month. The commissioner shall make such determinations in January of each year and payments to counties meeting the performance outcome threshold shall occur in February of each year. Any withheld funds from this appropriation for counties that do not meet this requirement shall be reallocated by the commissioner to those counties meeting the requirement. For 2015, the commissioner shall only apply the standard for monthly foster care visits.~~

~~(c) The commissioner shall work with stakeholders and the Human Services Performance Council under section 402A.16 to develop recommendations for specific outcome measures that counties should meet in order to receive funds withheld under paragraph (b), and include in those recommendations a determination as to whether the performance measures under paragraph (b) should be modified or phased out. The commissioner shall report the recommendations to the legislative committees having jurisdiction over child protection issues by January 1, 2018.~~

Sec. 21. Minnesota Statutes 2016, section 256M.41, is amended by adding a subdivision to read:

Subd. 4. **County performance on child protection measures.** The commissioner shall set child protection measures and standards. The commissioner shall require an underperforming county to demonstrate that the county designated sufficient funds and implemented a reasonable strategy to improve child protection performance, including the provision of a performance improvement plan and additional remedies identified by the commissioner. The commissioner may redirect up to 20 percent of a county's funds under this section toward the performance improvement plan for a county not meeting child protection standards and not demonstrating significant improvement. Sanctions under section 256M.20, subdivision 3, related to noncompliance with federal performance standards also apply.

Sec. 22. Minnesota Statutes 2016, section 256N.24, is amended by adding a subdivision to read:

Subd. 2a. **Minnesota assessment of parenting for children and youth (MAPCY) revision.** The commissioner, in consultation with representatives from communities of color, including but not limited to advisory councils and ombudspersons, shall review and revise the MAPCY tool and incorporate changes that take into consideration different cultures and the diverse needs of communities of color.

Sec. 23. Minnesota Statutes 2016, section 260.835, subdivision 2, is amended to read:

Subd. 2. **Expiration.** The American Indian Child Welfare Advisory Council expires June 30, ~~2018~~ 2023.

Sec. 24. **[260C.008] FOSTER CARE SIBLING BILL OF RIGHTS.**

Subdivision 1. **Statement of rights.** (a) A child placed in foster care who has a sibling has the right to:

(1) be placed in foster care homes with the child's siblings, when possible and when it is in the best interest of each sibling, in order to sustain family relationships;

(2) be placed in close geographical distance to the child's siblings, if placement together is not possible, to facilitate frequent and meaningful contact;

(3) have frequent contact with the child's siblings in foster care and, whenever possible, with the child's siblings who are not in foster care, unless the responsible social services agency has documented that contact is not in the best interest of any sibling. Contact includes, but is not limited to, telephone calls, text messaging, social media and other Internet use, and video calls;

(4) annually receive a telephone number, address, and e-mail address for all siblings in foster care, and receive updated photographs of siblings regularly, by regular mail or e-mail;

(5) participate in regular face-to-face visits with the child's siblings in foster care and, whenever possible, with the child's siblings who are not in foster care. Participation in these visits shall not be withheld or restricted as a consequence for behavior, and shall only be restricted if the responsible social services agency documents that the visits are contrary to the safety or well-being of any sibling. Social workers, parents, foster care providers, and older children must cooperate to ensure regular visits and must coordinate dates, times, transportation, and other accommodations as necessary. The timing and regularity of visits shall be outlined in each sibling's service plan, based on the individual circumstances and needs of each child. A social worker need not give explicit permission for each visit or possible overnight visit, but foster care providers shall communicate with social workers about these visits;

(6) be actively involved in each other's lives and share celebrations, if they choose to do so, including but not limited to birthdays, holidays, graduations, school and extracurricular activities, cultural customs in the siblings' native language, and other milestones;

(7) be promptly informed about changes in sibling placements or circumstances, including but not limited to new placements, discharge from placements, significant life events, and discharge from foster care;

(8) be included in permanency planning decisions for siblings, if appropriate; and

(9) be informed of the expectations for and possibility of continued contact with a sibling after an adoption or transfer of permanent physical and legal custody to a relative.

(b) Adult siblings of children in foster care shall have the right to be considered as foster care providers, adoptive parents, and relative custodians for their siblings, if they choose to do so.

Subd. 2. **Interpretation.** The rights under this section are established for the benefit of siblings in foster care. This statement of rights does not replace or diminish other rights, liberties, and responsibilities that may exist relative to children in foster care, adult siblings of children in foster care, foster care providers, parents, relatives, or responsible social services agencies.

Subd. 3. **Disclosure.** Child welfare agency staff shall provide a copy of these rights to a child who has a sibling at the time the child enters foster care, to any adult siblings of a child entering foster care, if known, and to the foster care provider, in a format specified by the commissioner of human services. The copy shall contain the address and telephone number of the Office of Ombudsman for Families and a brief statement describing how to file a complaint with the office.

EFFECTIVE DATE. This section is effective for children entering foster care on or after August 1, 2018. Subdivision 3 is effective August 1, 2018, and applies to all children in foster care on that date, regardless of when the child entered foster care.

Sec. 25. **[260C.81] CHILD WELFARE TRAINING SYSTEM.**

Subdivision 1. **Child welfare training system.** (a) The commissioner of human services shall modify the Child Welfare Training System developed pursuant to section 626.5591, subdivision 2, as provided in this section. The new training framework shall be known as the Child Welfare Training Academy.

(b) The Child Welfare Training Academy shall be administered through five regional hubs in northwest, northeast, southwest, southeast, and central Minnesota. Each hub shall deliver training targeted to the needs of its particular region, taking into account varying demographics, resources, and practice outcomes.

(c) The Child Welfare Training Academy shall use training methods best suited to the training content. National best practices in adult learning must be used to the greatest extent possible, including online learning methodologies, coaching, mentoring, and simulated skill application.

(d) Each child welfare worker and supervisor shall be required to complete a certification, including a competency-based knowledge test and a skills demonstration, at the completion of the worker's initial training and biennially thereafter. The commissioner shall develop ongoing training requirements and a method for tracking certifications.

(e) Each regional hub shall have a regional organizational effectiveness specialist trained in continuous quality improvement strategies. The specialist shall provide organizational change assistance to counties and tribes, with priority given to efforts intended to impact child safety.

(f) The Child Welfare Training Academy shall include training and resources that address worker well-being and secondary traumatic stress.

(g) The Child Welfare Training Academy shall serve the primary training audiences of: (1) county and tribal child welfare workers; (2) county and tribal child welfare supervisors; and (3) staff at private agencies providing out-of-home placement services for children involved in Minnesota's county and tribal child welfare system.

(h) The commissioner of human services shall enter: (1) into a partnership with the University of Minnesota to collaborate in the administration of workforce training; and (2) enter into a partnership with one or more agencies to provide consultation, subject matter expertise, and capacity building in organizational resilience and child welfare workforce well-being.

Subd. 2. **Rulemaking.** The commissioner of human services may adopt rules by December 31, 2020, as necessary to establish the Child Welfare Training Academy. If the commissioner of human services does not adopt rules by December 31, 2020, rulemaking authority under this section is repealed. Rulemaking authority under this section is not continuing authority to amend or repeal rules. Any additional action on rules after adoption must be under specific statutory authority to take the additional action.

Sec. 26. Minnesota Statutes 2016, section 626.556, is amended by adding a subdivision to read:

Subd. 17. **Child protection safety and risk-based framework response system planning initiative.** (a) The commissioner shall partner with select Minnesota counties and tribal child welfare agencies, including Hennepin County and at least one rural county, and other counties that must represent a balance around the state, to make recommendations for the creation of a safety and risk-based framework that will improve appropriate, timely, and adequate responses to a child's safety needs using a trauma-informed lens. As part of this work, the commissioner, county, and tribal child welfare agencies shall review Minnesota's child maltreatment statutes, administrative rules, guidelines, and practices, and make recommendations on modifications needed to implement a safety and risk-based framework and a response system that enhances the protection of children and best focuses county and tribal child protection resources in accordance with the risk and safety needs of children. In forming these recommendations, the commissioner shall consult with county attorneys, law enforcement, parents, attorneys representing parents, the guardian ad litem program, mental and physical health care providers, child development experts, and other stakeholders that the commissioner deems appropriate.

(b) By January 31, 2019, the commissioner shall make recommendations regarding the creation of a safety and risk-based framework to the relevant legislative committees.

Sec. 27. **2018 REPORT TO LEGISLATURE ON HOMELESS YOUTH.**

Subdivision 1. **Report development.** In lieu of the biennial homeless youth report under Minnesota Statutes, section 256K.45, subdivision 2, the commissioner of human services shall update the information in the 2007 legislative report on runaway and homeless youth. In developing the updated report, the commissioner may use existing data, studies, and analysis provided by state, county, and other entities including, but not limited to:

(1) Minnesota Housing Finance Agency analysis on housing availability;

(2) Minnesota state plan to end homelessness;

(3) continuum of care counts of youth experiencing homelessness and assessments as provided by Department of Housing and Urban Development (HUD)-required coordinated entry systems;

(4) data collected through the Department of Human Services Homeless Youth Act grant program;

(5) Wilder Research homeless study;

(6) Voices of Youth Count sponsored by Hennepin County; and

(7) privately funded analysis, including:

(i) nine evidence-based principles to support youth in overcoming homelessness;

(ii) return on investment analysis conducted for YouthLink by Foldes Consulting; and

(iii) evaluation of Homeless Youth Act resources conducted by Rainbow Research.

Subd. 2. **Key elements; due date.** (a) The report may include three key elements where significant learning has occurred in the state since the 2007 report, including:

(1) unique causes of youth homelessness;

(2) targeted responses to youth homelessness, including significance of positive youth development as fundamental to each targeted response; and

(3) recommendations based on existing reports and analysis on what it will take to end youth homelessness.

(b) To the extent data is available, the report may include:

(1) general accounting of the federal and philanthropic funds leveraged to support homeless youth activities;

(2) general accounting of the increase in volunteer responses to support youth experiencing homelessness; and

(3) data-driven accounting of geographic areas or distinct populations that have gaps in service or are not yet served by homeless youth responses.

(c) The commissioner of human services may consult with community-based providers of homeless youth services and other expert stakeholders to complete the report. The commissioner shall submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over youth homelessness by February 15, 2019.

Sec. 28. **AFRICAN AMERICAN CHILD WELFARE WORK GROUP.**

The commissioner of human services shall form an African American child welfare work group within the implementation work group for the Governor's Child Protection Task Force to help formulate policies and procedures relating to African American child welfare services and to ensure that African American families are provided with all possible services and opportunities to care for their children in their homes. The work group shall include child welfare policy and social work professionals and paraprofessionals, community members, community leaders, and parents representing all regions of the state. By February 1, 2019, the work group shall report its findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over child protection issues.

Sec. 29. **REVIEW OF BACKGROUND STUDIES AND LICENSING PROCESSES FOR RELATIVE FOSTER CARE.**

(a) The commissioner shall work with six counties, which must include Hennepin County, at least one rural county, and other counties that must represent a balance around the state, to review the background study and licensing processes for relative child foster care. The review must analyze past reports on foster care, licensing data, barriers to timely licensure for relatives, child safety, well-being, and permanency outcomes of children placed in foster care with relatives.

(b) By January 31, 2019, the commissioner shall make recommendations for improving the background study and licensing processes for children placed in foster care with relatives to the relevant legislative committees.

Sec. 30. **DEPARTMENT OF LICENSING, BACKGROUND STUDIES, AND OVERSIGHT.**

(a) It is the goal of the legislature to consolidate into one new state agency the licensing, background study, and related oversight functions currently in the Department of Human Services and Department of Health, including the Office of Inspector General, the Minnesota Adult Abuse Reporting Center (MAARC), and the Office of Health Facility Complaints (OHFC).

(b) The commissioners of human services and health shall work with the revisor of statutes to draft legislation establishing the new state agency, and provide the legislation to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over health and human services by December 15, 2018, with the goal of the new state agency to begin operations on July 1, 2019.

ARTICLE 29

STATE-OPERATED SERVICES; CHEMICAL AND MENTAL HEALTH

Section 1. Minnesota Statutes 2017 Supplement, section 245.4889, subdivision 1, is amended to read:

Subdivision 1. **Establishment and authority.** (a) The commissioner is authorized to make grants from available appropriations to assist:

(1) counties;

(2) Indian tribes;

(3) children's collaboratives under section 124D.23 or 245.493; or

(4) mental health service providers.

(b) The following services are eligible for grants under this section:

(1) services to children with emotional disturbances as defined in section 245.4871, subdivision 15, and their families;

(2) transition services under section 245.4875, subdivision 8, for young adults under age 21 and their families;

(3) respite care services for children with severe emotional disturbances who are at risk of out-of-home placement;

(4) children's mental health crisis services;

(5) mental health services for people from cultural and ethnic minorities;

(6) children's mental health screening and follow-up diagnostic assessment and treatment;

(7) services to promote and develop the capacity of providers to use evidence-based practices in providing children's mental health services;

(8) school-linked mental health services~~, including transportation for children receiving school-linked mental health services when school is not in session~~;

(9) building evidence-based mental health intervention capacity for children birth to age five;

(10) suicide prevention and counseling services that use text messaging statewide;

(11) mental health first aid training;

(12) training for parents, collaborative partners, and mental health providers on the impact of adverse childhood experiences and trauma and development of an interactive Web site to share information and strategies to promote resilience and prevent trauma;

(13) transition age services to develop or expand mental health treatment and supports for adolescents and young adults 26 years of age or younger;

(14) early childhood mental health consultation;

(15) evidence-based interventions for youth at risk of developing or experiencing a first episode of psychosis, and a public awareness campaign on the signs and symptoms of psychosis;

(16) psychiatric consultation for primary care practitioners; and

(17) providers to begin operations and meet program requirements when establishing a new children's mental health program. These may be start-up grants.

(c) Services under paragraph (b) must be designed to help each child to function and remain with the child's family in the community and delivered consistent with the child's treatment plan. Transition services to eligible young adults under this paragraph must be designed to foster independent living in the community.

(d) As a condition of receiving grant funds, a grantee must obtain all available third-party reimbursement sources, if applicable.

Sec. 2. Minnesota Statutes 2016, section 245.4889, is amended by adding a subdivision to read:

Subd. 1a. **School-linked mental health services grants.** (a) An eligible applicant for school-linked mental health services grants under subdivision 1, paragraph (b), clause (8), is an entity that is:

(1) certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(2) a community mental health center under section 256B.0625, subdivision 5;

(3) an Indian health service facility or facility owned and operated by a tribe or tribal organization operating under United States Code, title 25, section 5321;

(4) a provider of children's therapeutic services and supports as defined in section 256B.0943; or

(5) enrolled in medical assistance as a mental health or substance use disorder provider agency and employs at least two full-time equivalent mental health professionals as defined in section 245.4871, subdivision 27, clauses (1) to (6), or two alcohol and drug counselors licensed or exempt from licensure under chapter 148F who are qualified to provide clinical services to children and families.

(b) Allowable grant expenses include transportation for children receiving school-linked mental health services when school is not in session, and may be used to purchase equipment, connection charges, set-up fees, and site fees in order to deliver school-linked mental health services defined in subdivision 1a, via telemedicine consistent with section 256B.0625, subdivision 3b.

Sec. 3. **[246.0415] PLACEMENT OF CLIENTS WHO EXHIBIT ASSAULTIVE OR VIOLENT BEHAVIOR.**

Clients who exhibit assaultive or violent behavior, have severe behavior issues, or are involved with or are at risk of being involved with the criminal justice system must be placed in or moved to a setting that meets the client's needs and ensures the safety of the public. The commissioner shall balance the needs of the client to live in the most integrated setting with public safety. The commissioner shall provide an appropriate placement for clients who have a medium or high risk for committing violent acts, and clients must not be placed in a residential setting that jeopardizes

the safety of others until the commissioner determines that the client is low risk for committing violent acts.

Sec. 4. Minnesota Statutes 2016, section 254B.02, subdivision 1, is amended to read:

Subdivision 1. **Chemical dependency treatment allocation.** The chemical dependency treatment appropriation shall be placed in a special revenue account. ~~The commissioner shall annually transfer funds from the chemical dependency fund to pay for operation of the drug and alcohol abuse normative evaluation system and to pay for all costs incurred by adding two positions for licensing of chemical dependency treatment and rehabilitation programs located in hospitals for which funds are not otherwise appropriated.~~ The ~~remainder of the~~ money in the special revenue account must be used according to the requirements in this chapter.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 5. Minnesota Statutes 2016, section 254B.06, subdivision 1, is amended to read:

Subdivision 1. **State collections.** The commissioner is responsible for all collections from persons determined to be partially responsible for the cost of care of an eligible person receiving services under Laws 1986, chapter 394, sections 8 to 20. The commissioner may initiate, or request the attorney general to initiate, necessary civil action to recover the unpaid cost of care. The commissioner may collect all third-party payments for chemical dependency services provided under Laws 1986, chapter 394, sections 8 to 20, including private insurance and federal Medicaid and Medicare financial participation. ~~The commissioner shall deposit in a dedicated account a percentage of collections to pay for the cost of operating the chemical dependency consolidated treatment fund invoice processing and vendor payment system, billing, and collections.~~ The ~~remaining~~ receipts must be deposited in the chemical dependency fund.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 6. **PERSON-CENTERED TELEPRESENCE PLATFORM EXPANSION WORK GROUP.**

Subdivision 1. **Membership.** (a) The commissioner of human services shall convene a work group for the purpose of exploring opportunities to collaborate and expand strategies for person-centered innovation using Internet telepresence in delivering health and human services, as well as related educational and correctional services. The commissioner, in consultation with the commissioner of health, shall appoint the following members:

(1) three members representing county services in the areas of human services, health, and corrections or law enforcement. These members must represent counties outside the metropolitan area defined in Minnesota Statutes, section 473.121;

(2) one member representing public health;

(3) one member recommended by the Minnesota American Indian Mental Health Advisory Council;

(4) one member recommended by the Minnesota Medical Association who is a primary care provider practicing in outstate Minnesota;

(5) one member recommended by NAMI of Minnesota;

(6) two members recommended by the Minnesota School Boards Association;

(7) one member recommended by the Minnesota Hospital Association representing rural hospital emergency departments;

(8) one member representing community mental health centers;

(9) one member representing adolescent treatment centers;

(10) one member representing child advocacy centers; and

(11) one member recommended by the chief justice of the Supreme Court representing the judicial system.

(b) In addition to the members identified in paragraph (a), the work group shall include:

(1) the commissioner of MN.IT services or a designee;

(2) the commissioner of corrections or a designee;

(3) the commissioner of health or a designee; and

(4) the commissioner of education or a designee.

Subd. 2. **First meeting; chair.** The commissioner shall serve as the chair, and make appointments and convene the first meeting of the work group by September 1, 2018.

Subd. 3. **Duties.** The work group shall:

(1) explore opportunities for improving behavioral health and other health care service delivery through the use of a common interoperable person-centered telepresence platform that provides connectivity and technical support to potential users;

(2) review and coordinate state and local innovation initiatives and investments designed to leverage telepresence connectivity and collaboration;

(3) identify standards and capabilities for a single interoperable telepresence platform;

(4) identify barriers to providing a telepresence technology, including limited availability of bandwidth, limitations in providing certain services via telepresence, and broadband infrastructure needs;

(5) identify and make recommendations for governance to assure person-centered responsiveness;

(6) identify how the business model itself can be innovated to provide an incentive for ongoing innovation in Minnesota's health and human service ecosystems;

(7) evaluate and make recommendations for a potential vendor that could provide a single telepresence platform in terms of delivering the identified standards and capabilities;

(8) identify sustainable financial support for a single telepresence platform, including infrastructure costs and start-up costs for potential users; and

(9) identify the benefits to the state, political subdivisions, and tribal governments, and the constituents they serve in using a common person-centered telepresence platform for delivering behavioral health services.

Subd. 4. **Report.** The commissioner shall report to the chairs and ranking minority members of the committees in the senate and the house of representatives with primary jurisdiction over health and state information technology by January 15, 2019, with recommendations related to expanding the state's telepresence platform and any legislation required to implement the recommendations.

Subd. 5. **Expiration.** The work group expires January 16, 2019.

ARTICLE 30

COMMUNITY SUPPORTS AND CONTINUING CARE

Section 1. Minnesota Statutes 2017 Supplement, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. When approving an exception under this paragraph, the commissioner shall consider the resource need determination process in paragraph (h), the availability of foster care licensed beds in the geographic area in which the licensee seeks to operate, the results of a person's choices during their annual assessment and service plan review, and the recommendation of the local county board. The determination by the commissioner is final and not subject to appeal. Exceptions to the moratorium include:

(1) foster care settings that are required to be registered under chapter 144D;

(2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);

(3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/DD, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or allowing movement to the community for people who no longer require the level of care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24;

(4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital level care;

(5) new foster care licenses or community residential setting licenses determined to be needed by the commissioner for the transition of people from personal care assistance to the home and community-based services;

(6) new foster care licenses or community residential setting licenses determined to be needed by the commissioner for the transition of people from the residential care waiver services to foster care services. This exception applies only when:

(i) the person's case manager provided the person with information about the choice of service, service provider, and location of service to help the person make an informed choice; and

(ii) the person's foster care services are less than or equal to the cost of the person's services delivered in the residential care waiver service setting as determined by the lead agency; ~~or~~

(7) new foster care licenses or community residential setting licenses for people receiving services under chapter 245D and residing in an unlicensed setting before May 1, 2017, and for which a license is required. This exception does not apply to people living in their own home. For purposes of this clause, there is a presumption that a foster care or community residential setting license is required for services provided to three or more people in a dwelling unit when the setting is controlled by the provider. A license holder subject to this exception may rebut the presumption that a license is required by seeking a reconsideration of the commissioner's determination. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The exception is available until June 30, ~~2018~~ 2019. This exception is available when:

(i) the person's case manager provided the person with information about the choice of service, service provider, and location of service, including in the person's home, to help the person make an informed choice; and

(ii) the person's services provided in the licensed foster care or community residential setting are less than or equal to the cost of the person's services delivered in the unlicensed setting as determined by the lead agency~~.~~; or

(8) a vacancy in a setting granted an exception under clause (7), created between January 1, 2017, and the date of the exception request, by the departure of a person receiving services under chapter 245D and residing in the unlicensed setting between January 1, 2017, and May 1, 2017. This exception is available when the lead agency provides documentation to the commissioner on the eligibility criteria being met. This exception is available until June 30, 2019.

(b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

(c) When an adult resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the adult community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department may decrease the statewide licensed capacity for adult foster care settings.

(d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (c) shall be exempt if the license holder's beds are occupied by residents whose primary diagnosis is mental illness and the license holder is certified under the requirements in subdivision 6a or section 245D.33.

(e) A resource need determination process, managed at the state level, using the available reports required by section 144A.351, and other data and information shall be used to determine where the reduced capacity determined under section 256B.493 will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet the informed decisions of those people who want to move out of corporate foster care or community residential settings, long-term service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term services and supports reports and statewide data and information.

(f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(g) License holders of foster care homes identified under paragraph (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under section 256B.0915, 256B.092, or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services.

(h) The commissioner may adjust capacity to address needs identified in section 144A.351. Under this authority, the commissioner may approve new licensed settings or delicense existing settings. Delicensing of settings will be accomplished through a process identified in section 256B.493. Annually, by August 1, the commissioner shall provide information and data on capacity of licensed long-term services and supports, actions taken under the subdivision to manage statewide

long-term services and supports resources, and any recommendations for change to the legislative committees with jurisdiction over the health and human services budget.

(i) The commissioner must notify a license holder when its corporate foster care or community residential setting licensed beds are reduced under this section. The notice of reduction of licensed beds must be in writing and delivered to the license holder by certified mail or personal service. The notice must state why the licensed beds are reduced and must inform the license holder of its right to request reconsideration by the commissioner. The license holder's request for reconsideration must be in writing. If mailed, the request for reconsideration must be postmarked and sent to the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds. If a request for reconsideration is made by personal service, it must be received by the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds.

(j) The commissioner shall not issue an initial license for children's residential treatment services licensed under Minnesota Rules, parts 2960.0580 to 2960.0700, under this chapter for a program that Centers for Medicare and Medicaid Services would consider an institution for mental diseases. Facilities that serve only private pay clients are exempt from the moratorium described in this paragraph. The commissioner has the authority to manage existing statewide capacity for children's residential treatment services subject to the moratorium under this paragraph and may issue an initial license for such facilities if the initial license would not increase the statewide capacity for children's residential treatment services subject to the moratorium under this paragraph.

EFFECTIVE DATE. This section is effective June 29, 2018.

Sec. 2. Minnesota Statutes 2017 Supplement, section 245A.11, subdivision 2a, is amended to read:

Subd. 2a. **Adult foster care and community residential setting license capacity.** (a) The commissioner shall issue adult foster care and community residential setting licenses with a maximum licensed capacity of four beds, including nonstaff roomers and boarders, except that the commissioner may issue a license with a capacity of five beds, including roomers and boarders, according to paragraphs (b) to (g).

(b) The license holder may have a maximum license capacity of five if all persons in care are age 55 or over and do not have a serious and persistent mental illness or a developmental disability.

(c) The commissioner may grant variances to paragraph (b) to allow a facility with a licensed capacity of up to five persons to admit an individual under the age of 55 if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located.

(d) The commissioner may grant variances to paragraph (a) to allow the use of an additional bed, up to five, for emergency crisis services for a person with serious and persistent mental illness or a developmental disability, regardless of age, if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located.

(e) The commissioner may grant a variance to paragraph (b) to allow for the use of an additional bed, up to five, for respite services, as defined in section 245A.02, for persons with disabilities, regardless of age, if the variance complies with sections 245A.03, subdivision 7, and 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed facility is located. Respite care may be provided under the following conditions:

(1) staffing ratios cannot be reduced below the approved level for the individuals being served in the home on a permanent basis;

(2) no more than two different individuals can be accepted for respite services in any calendar month and the total respite days may not exceed 120 days per program in any calendar year;

(3) the person receiving respite services must have his or her own bedroom, which could be used for alternative purposes when not used as a respite bedroom, and cannot be the room of another person who lives in the facility; and

(4) individuals living in the facility must be notified when the variance is approved. The provider must give 60 days' notice in writing to the residents and their legal representatives prior to accepting the first respite placement. Notice must be given to residents at least two days prior to service initiation, or as soon as the license holder is able if they receive notice of the need for respite less than two days prior to initiation, each time a respite client will be served, unless the requirement for this notice is waived by the resident or legal guardian.

(f) The commissioner may issue an adult foster care or community residential setting license with a capacity of five adults if the fifth bed does not increase the overall statewide capacity of licensed adult foster care or community residential setting beds in homes that are not the primary residence of the license holder, as identified in a plan submitted to the commissioner by the county, when the capacity is recommended by the county licensing agency of the county in which the facility is located and if the recommendation verifies that:

(1) the facility meets the physical environment requirements in the adult foster care licensing rule;

(2) the five-bed living arrangement is specified for each resident in the resident's:

(i) individualized plan of care;

(ii) individual service plan under section 256B.092, subdivision 1b, if required; or

(iii) individual resident placement agreement under Minnesota Rules, part 9555.5105, subpart 19, if required;

(3) the license holder obtains written and signed informed consent from each resident or resident's legal representative documenting the resident's informed choice to remain living in the home and that the resident's refusal to consent would not have resulted in service termination; and

(4) the facility was licensed for adult foster care before ~~March 1, 2011~~ June 30, 2016.

(g) The commissioner shall not issue a new adult foster care license under paragraph (f) after June 30, ~~2019~~ 2021. The commissioner shall allow a facility with an adult foster care license issued under paragraph (f) before June 30, ~~2019~~ 2021, to continue with a capacity of five adults if the license holder continues to comply with the requirements in paragraph (f).

Sec. 3. Minnesota Statutes 2017 Supplement, section 245D.03, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The commissioner shall regulate the provision of home and community-based services to persons with disabilities and persons age 65 and older pursuant to this chapter. The licensing standards in this chapter govern the provision of basic support services and intensive support services.

(b) Basic support services provide the level of assistance, supervision, and care that is necessary to ensure the health and welfare of the person and do not include services that are specifically directed toward the training, treatment, habilitation, or rehabilitation of the person. Basic support services include:

(1) in-home and out-of-home respite care services as defined in section 245A.02, subdivision 15, and under the brain injury, community alternative care, community access for disability inclusion, developmental ~~disability~~ disabilities, and elderly waiver plans, excluding out-of-home respite care provided to children in a family child foster care home licensed under Minnesota Rules, parts 2960.3000 to 2960.3100, when the child foster care license holder complies with the requirements under section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, which must be stipulated in the statement of intended use required under Minnesota Rules, part 2960.3000, subpart 4;

(2) adult companion services as defined under the brain injury, community access for disability inclusion, community alternative care, and elderly waiver plans, excluding adult companion services provided under the Corporation for National and Community Services Senior Companion Program established under the Domestic Volunteer Service Act of 1973, Public Law 98-288;

(3) personal support as defined under the developmental ~~disability~~ disabilities waiver plan;

(4) 24-hour emergency assistance, personal emergency response as defined under the community access for disability inclusion and developmental disability waiver plans;

(5) night supervision services as defined under the brain injury, community access for disability inclusion, community alternative care, and developmental disabilities waiver ~~plan~~ plans;

(6) homemaker services as defined under the community access for disability inclusion, brain injury, community alternative care, developmental ~~disability~~ disabilities, and elderly waiver plans, excluding providers licensed by the Department of Health under chapter 144A and those providers providing cleaning services only; and

(7) individual community living support under section 256B.0915, subdivision 3j.

(c) Intensive support services provide assistance, supervision, and care that is necessary to ensure the health and welfare of the person and services specifically directed toward the training, habilitation, or rehabilitation of the person. Intensive support services include:

(1) intervention services, including:

(i) ~~behavioral~~ positive support services as defined under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disabilities waiver plans;

(ii) in-home or out-of-home crisis respite services as defined under the brain injury, community access for disability inclusion, community alternative care, and developmental ~~disability~~ disabilities waiver ~~plan~~ plans; and

(iii) specialist services as defined under the current brain injury, community access for disability inclusion, community alternative care, and developmental ~~disability~~ disabilities waiver ~~plan~~ plans;

(2) in-home support services, including:

(i) in-home family support and supported living services as defined under the developmental ~~disability~~ disabilities waiver plan;

(ii) independent living services training as defined under the brain injury and community access for disability inclusion waiver plans;

(iii) semi-independent living services; and

(iv) individualized home supports services as defined under the brain injury, community alternative care, and community access for disability inclusion waiver plans;

(3) residential supports and services, including:

(i) supported living services as defined under the developmental ~~disability~~ disabilities waiver plan provided in a family or corporate child foster care residence, a family adult foster care residence, a community residential setting, or a supervised living facility;

(ii) foster care services as defined in the brain injury, community alternative care, and community access for disability inclusion waiver plans provided in a family or corporate child foster care residence, a family adult foster care residence, or a community residential setting; and

(iii) residential services provided to more than four persons with developmental disabilities in a supervised living facility, including ICFs/DD;

(4) day services, including:

(i) structured day services as defined under the brain injury waiver plan;

(ii) day training and habilitation services under sections 252.41 to 252.46, and as defined under the developmental ~~disability~~ disabilities waiver plan; and

(iii) prevocational services as defined under the brain injury and community access for disability inclusion waiver plans; and

(5) employment exploration services as defined under the brain injury, community alternative care, community access for disability inclusion, and developmental ~~disability~~ disabilities waiver plans;

(6) employment development services as defined under the brain injury, community alternative care, community access for disability inclusion, and developmental ~~disability~~ disabilities waiver plans; and

(7) employment support services as defined under the brain injury, community alternative care, community access for disability inclusion, and developmental ~~disability~~ disabilities waiver plans.

Sec. 4. Minnesota Statutes 2016, section 245D.071, subdivision 5, is amended to read:

Subd. 5. **Service plan review and evaluation.** (a) The license holder must give the person or the person's legal representative and case manager an opportunity to participate in the ongoing review and development of the service plan and the methods used to support the person and accomplish outcomes identified in subdivisions 3 and 4. At least once per year, or within 30 days of a written request by the person, the person's legal representative, or the case manager, the license holder, in coordination with the person's support team or expanded support team, must meet with the person, the person's legal representative, and the case manager, and participate in service plan review meetings following stated timelines established in the person's coordinated service and support plan or coordinated service and support plan addendum ~~or within 30 days of a written request by the person, the person's legal representative, or the case manager, at a minimum of once per year~~. The purpose of the service plan review is to determine whether changes are needed to the service plan based on the assessment information, the license holder's evaluation of progress towards accomplishing outcomes, or other information provided by the support team or expanded support team.

(b) At least once per year, the license holder, in coordination with the person's support team or expanded support team, must meet with the person, the person's legal representative, and the case manager to discuss how technology might be used to meet the person's desired outcomes. The coordinated service and support plan or support plan addendum must include a summary of this discussion. The summary must include a statement regarding any decision made related to the use of technology and a description of any further research that must be completed before a decision regarding the use of technology can be made. Nothing in this paragraph requires the coordinated service and support plan to include the use of technology for the provision of services.

~~(b)~~ (c) The license holder must summarize the person's status and progress toward achieving the identified outcomes and make recommendations and identify the rationale for changing, continuing, or discontinuing implementation of supports and methods identified in subdivision 4 in a report available at the time of the progress review meeting. The report must be sent at least five working days prior to the progress review meeting if requested by the team in the coordinated service and support plan or coordinated service and support plan addendum.

~~(c)~~ (d) The license holder must send the coordinated service and support plan addendum to the person, the person's legal representative, and the case manager by mail within ten working days of the progress review meeting. Within ten working days of the mailing of the coordinated service and support plan addendum, the license holder must obtain dated signatures from the person or the person's legal representative and the case manager to document approval of any changes to the coordinated service and support plan addendum.

~~(d)~~ (e) If, within ten working days of submitting changes to the coordinated service and support plan and coordinated service and support plan addendum, the person or the person's legal representative or case manager has not signed and returned to the license holder the coordinated service and support plan or coordinated service and support plan addendum or has not proposed written modifications to the license holder's submission, the submission is deemed approved and the coordinated service and support plan addendum becomes effective and remains in effect until the legal representative or case manager submits a written request to revise the coordinated service and support plan addendum.

Sec. 5. Minnesota Statutes 2016, section 245D.091, subdivision 2, is amended to read:

Subd. 2. **~~Behavior~~ Positive support professional qualifications.** A ~~behavior~~ positive support professional providing ~~behavioral~~ positive support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), must have competencies in the following areas as required under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disability waiver plans or successor plans:

(1) ethical considerations;

(2) functional assessment;

(3) functional analysis;

(4) measurement of behavior and interpretation of data;

(5) selecting intervention outcomes and strategies;

(6) behavior reduction and elimination strategies that promote least restrictive approved alternatives;

(7) data collection;

(8) staff and caregiver training;

(9) support plan monitoring;

(10) co-occurring mental disorders or neurocognitive disorder;

(11) demonstrated expertise with populations being served; and

(12) must be a:

(i) psychologist licensed under sections 148.88 to 148.98, who has stated to the Board of Psychology competencies in the above identified areas;

(ii) clinical social worker licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the areas identified in clauses (1) to (11);

(iii) physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry with competencies in the areas identified in clauses (1) to (11);

(iv) licensed professional clinical counselor licensed under sections 148B.29 to 148B.39 with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services who has demonstrated competencies in the areas identified in clauses (1) to (11);

(v) person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services with demonstrated competencies in the areas identified in clauses (1) to (11); ~~or~~

(vi) person with a master's degree or PhD in one of the behavioral sciences or related fields with demonstrated expertise in positive support services; or

(vii) registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist or as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization, or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services.

Sec. 6. Minnesota Statutes 2016, section 245D.091, subdivision 3, is amended to read:

Subd. 3. **~~Behavior~~ Positive support analyst qualifications.** (a) A ~~behavior~~ positive support analyst providing ~~behavioral~~ positive support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), must have competencies in the following areas as required under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disability waiver plans or successor plans:

(1) have obtained a baccalaureate degree, master's degree, or PhD in a social services discipline; ~~or~~

(2) meet the qualifications of a mental health practitioner as defined in section 245.462, subdivision 17~~.~~; or

(3) be a board certified behavior analyst or board certified assistant behavior analyst by the Behavior Analyst Certification Board, Incorporated.

(b) In addition, a ~~behavior~~ positive support analyst must:

(1) have four years of supervised experience ~~working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder~~ conducting functional behavior assessments and designing, implementing, and evaluating effectiveness of positive practices behavior support strategies for people who exhibit challenging behaviors as well as co-occurring mental disorders and neurocognitive disorder;

(2) have received ~~ten hours of instruction in functional assessment and functional analysis;~~ training prior to hire or within 90 calendar days of hire that includes:

(i) ten hours of instruction in functional assessment and functional analysis;

(ii) 20 hours of instruction in the understanding of the function of behavior;

(iii) ten hours of instruction on design of positive practices behavior support strategies;

(iv) 20 hours of instruction preparing written intervention strategies, designing data collection protocols, training other staff to implement positive practice strategies, summarizing and reporting program evaluation data, analyzing program evaluation data to identify design flaws in behavioral interventions or failures in implementation fidelity, and recommending enhancements based on evaluation data; and

(v) eight hours of instruction on principles of person-centered thinking;

~~(3) have received 20 hours of instruction in the understanding of the function of behavior;~~

~~(4) have received ten hours of instruction on design of positive practices behavior support strategies;~~

~~(5) have received 20 hours of instruction on the use of behavior reduction approved strategies used only in combination with behavior positive practices strategies;~~

~~(6)~~ (3) be determined by a ~~behavior~~ positive support professional to have the training and prerequisite skills required to provide positive practice strategies as well as behavior reduction approved and permitted intervention to the person who receives ~~behavioral~~ positive support; and

~~(7)~~ (4) be under the direct supervision of a ~~behavior~~ positive support professional.

(c) Meeting the qualifications for a positive support professional under subdivision 2 shall substitute for meeting the qualifications listed in paragraph (b).

Sec. 7. Minnesota Statutes 2016, section 245D.091, subdivision 4, is amended to read:

Subd. 4. **~~Behavior~~ Positive support specialist qualifications.** (a) A ~~behavior~~ positive support specialist providing ~~behavioral~~ positive support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), must have competencies in the following areas as required under the brain injury ~~and~~, community access for disability inclusion, community alternative care, and developmental disability waiver plans or successor plans:

(1) have an associate's degree in a social services discipline; or

(2) have two years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder.

(b) In addition, a behavior specialist must:

(1) have received training prior to hire or within 90 calendar days of hire that includes:

(i) a minimum of four hours of training in functional assessment;

~~(2) have received~~ (ii) 20 hours of instruction in the understanding of the function of behavior;

~~(3) have received~~ (iii) ten hours of instruction on design of positive practices behavioral support strategies; and

(iv) eight hours of instruction on principles of person-centered thinking;

~~(4)~~ (2) be determined by a ~~behavior~~ positive support professional to have the training and prerequisite skills required to provide positive practices strategies as well as behavior reduction approved intervention to the person who receives ~~behavioral~~ positive support; and

~~(5)~~ (3) be under the direct supervision of a ~~behavior~~ positive support professional.

(c) Meeting the qualifications for a positive support professional under subdivision 2 shall substitute for meeting the qualifications listed in paragraphs (a) and (b).

Sec. 8. Minnesota Statutes 2016, section 256B.0659, subdivision 3a, is amended to read:

Subd. 3a. **Assessment; defined.** (a) "Assessment" means a review and evaluation of a recipient's need for personal care assistance services conducted in person. Assessments for personal care assistance services shall be conducted by the county public health nurse or a certified public health nurse under contract with the county except when a long-term care consultation assessment is being conducted for the purposes of determining a person's eligibility for home and community-based waiver services including personal care assistance services according to section 256B.0911. During the transition to MnCHOICES, a certified assessor may complete the assessment defined in this subdivision. An in-person assessment must include: documentation of health status, determination of need, evaluation of service effectiveness, identification of appropriate services, service plan development or modification, coordination of services, referrals and follow-up to appropriate payers and community resources, completion of required reports, recommendation of service authorization, and consumer education. Once the need for personal care assistance services is determined under this section, the county public health nurse or certified public health nurse under contract with the county is responsible for communicating this recommendation to the commissioner and the recipient. An in-person assessment must occur at least annually or when there is a significant change in the recipient's condition or when there is a change in the need for personal care assistance services. A service update may substitute for the annual face-to-face assessment when there is not a significant change in recipient condition or a change in the need for personal care assistance service. A service update may be completed by telephone, used when there is no need for an increase in personal care

assistance services, and used for two consecutive assessments if followed by a face-to-face assessment. A service update must be completed on a form approved by the commissioner. A service update or review for temporary increase includes a review of initial baseline data, evaluation of service effectiveness, redetermination of service need, modification of service plan and appropriate referrals, update of initial forms, obtaining service authorization, and on going consumer education. Assessments or reassessments must be completed on forms provided by the commissioner within 30 days of a request for home care services by a recipient or responsible party.

(b) This subdivision expires when notification is given by the commissioner as described in section 256B.0911, subdivision 3a.

Sec. 9. Minnesota Statutes 2016, section 256B.0659, subdivision 11, is amended to read:

Subd. 11. **Personal care assistant; requirements.** (a) A personal care assistant must meet the following requirements:

(1) be at least 18 years of age with the exception of persons who are 16 or 17 years of age with these additional requirements:

(i) supervision by a qualified professional every 60 days; and

(ii) employment by only one personal care assistance provider agency responsible for compliance with current labor laws;

(2) be employed by a personal care assistance provider agency;

(3) enroll with the department as a personal care assistant after clearing a background study. Except as provided in subdivision 11a, before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study on the personal care assistant under chapter 245C, and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) is disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22;

(4) be able to effectively communicate with the recipient and personal care assistance provider agency;

(5) be able to provide covered personal care assistance services according to the recipient's personal care assistance care plan, respond appropriately to recipient needs, and report changes in the recipient's condition to the supervising qualified professional or physician;

(6) not be a consumer of personal care assistance services;

(7) maintain daily written records including, but not limited to, time sheets under subdivision 12;

(8) effective January 1, 2010, complete standardized training as determined by the commissioner before completing enrollment. The training must be available in languages other than English and to those who need accommodations due to disabilities. Personal care assistant training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of personal care assistants including information about assistance with lifting and transfers for recipients, emergency preparedness, orientation to positive behavioral practices, fraud issues, and completion of time sheets. Upon completion of the training components, the personal care assistant must demonstrate the competency to provide assistance to recipients;

(9) complete training and orientation on the needs of the recipient; and

(10) be limited to providing and being paid for up to 275 hours per month of personal care assistance services regardless of the number of recipients being served or the number of personal care assistance provider agencies enrolled with. The number of hours worked per day shall not be disallowed by the department unless in violation of the law.

(b) A legal guardian may be a personal care assistant if the guardian is not being paid for the guardian services and meets the criteria for personal care assistants in paragraph (a).

(c) Persons who do not qualify as a personal care assistant include parents, stepparents, and legal guardians of minors; spouses; paid legal guardians of adults; family foster care providers, except as otherwise allowed in section 256B.0625, subdivision 19a; and staff of a residential setting.

(d) Personal care services qualify for the enhanced rate described in subdivision 17a if the personal care assistant providing the services:

(1) provides services, according to the care plan in subdivision 7, to a recipient who qualifies for 12 or more hours per day of PCA services; and

(2) satisfies the current requirements of Medicare for training and competency or competency evaluation of home health aides or nursing assistants, as provided in the Code of Federal Regulations, title 42, section 483.151 or 484.36, or alternative state approved training or competency requirements.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 10. Minnesota Statutes 2016, section 256B.0659, is amended by adding a subdivision to read:

Subd. 17a. **Enhanced rate.** An enhanced rate of 105 percent of the rate paid for PCA services shall be paid for services provided to persons who qualify for 12 or more hours of PCA service per day when provided by a PCA who meets the requirements of subdivision 11, paragraph (d). The enhanced rate for PCA services includes, and is not in addition to, any rate adjustments implemented by the commissioner on July 1, 2018, to comply with the terms of a collective bargaining agreement between the state of Minnesota and an exclusive representative of individual providers under section 179A.54 that provides for wage increases for individual providers who serve participants assessed to need 12 or more hours of PCA services per day.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 11. Minnesota Statutes 2016, section 256B.0659, subdivision 21, is amended to read:

Subd. 21. **Requirements for provider enrollment of personal care assistance provider agencies.** (a) All personal care assistance provider agencies must provide, at the time of enrollment, reenrollment, and revalidation as a personal care assistance provider agency in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the personal care assistance provider agency's current contact information including address, telephone number, and e-mail address;

(2) proof of surety bond coverage. Upon new enrollment, or if the provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If the Medicaid revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond;

(3) proof of fidelity bond coverage in the amount of $20,000;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a description of the personal care assistance provider agency's organization identifying the names of all owners, managing employees, staff, board of directors, and the affiliations of the directors, owners, or staff to other service providers;

(7) a copy of the personal care assistance provider agency's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

(8) copies of all other forms the personal care assistance provider agency uses in the course of daily business including, but not limited to:

(i) a copy of the personal care assistance provider agency's time sheet if the time sheet varies from the standard time sheet for personal care assistance services approved by the commissioner, and a letter requesting approval of the personal care assistance provider agency's nonstandard time sheet;

(ii) the personal care assistance provider agency's template for the personal care assistance care plan; and

(iii) the personal care assistance provider agency's template for the written agreement in subdivision 20 for recipients using the personal care assistance choice option, if applicable;

(9) a list of all training and classes that the personal care assistance provider agency requires of its staff providing personal care assistance services;

(10) documentation that the personal care assistance provider agency and staff have successfully completed all the training required by this section, including the requirements under subdivision 11, paragraph (d), if enhanced PCA services are provided and submitted for an enhanced rate under subdivision 17a;

(11) documentation of the agency's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that is used or could be used for providing home care services;

(13) documentation that the agency will use the following percentages of revenue generated from the medical assistance rate paid for personal care assistance services for employee personal care assistant wages and benefits: 72.5 percent of revenue in the personal care assistance choice option and 72.5 percent of revenue from other personal care assistance providers. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation; and

(14) effective May 15, 2010, documentation that the agency does not burden recipients' free exercise of their right to choose service providers by requiring personal care assistants to sign an agreement not to work with any particular personal care assistance recipient or for another personal care assistance provider agency after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) Personal care assistance provider agencies shall provide the information specified in paragraph (a) to the commissioner at the time the personal care assistance provider agency enrolls as a vendor or upon request from the commissioner. The commissioner shall collect the information specified in paragraph (a) from all personal care assistance providers beginning July 1, 2009.

(c) All personal care assistance provider agencies shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner before enrollment of the agency as a provider. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a personal care assistance provider agency do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. By September 1, 2010, the required training must be available with meaningful access according to title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Health and Human Services Department. The required training must be available online or by electronic remote connection. The required training must provide for competency testing. Personal care assistance provider agency billing staff shall complete training about personal care assistance program financial management. This training is effective July 1, 2009. Any personal care assistance provider agency enrolled before that date shall, if it has not already, complete the provider training within 18 months of July 1, 2009. Any new owners or employees in management and supervisory positions involved in the day-to-day operations

are required to complete mandatory training as a requisite of working for the agency. Personal care assistance provider agencies certified for participation in Medicare as home health agencies are exempt from the training required in this subdivision. When available, Medicare-certified home health agency owners, supervisors, or managers must successfully complete the competency test.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 12. Minnesota Statutes 2016, section 256B.0659, subdivision 24, is amended to read:

Subd. 24. **Personal care assistance provider agency; general duties.** A personal care assistance provider agency shall:

(1) enroll as a Medicaid provider meeting all provider standards, including completion of the required provider training;

(2) comply with general medical assistance coverage requirements;

(3) demonstrate compliance with law and policies of the personal care assistance program to be determined by the commissioner;

(4) comply with background study requirements;

(5) verify and keep records of hours worked by the personal care assistant and qualified professional;

(6) not engage in any agency-initiated direct contact or marketing in person, by phone, or other electronic means to potential recipients, guardians, or family members;

(7) pay the personal care assistant and qualified professional based on actual hours of services provided;

(8) withhold and pay all applicable federal and state taxes;

(9) ~~effective January 1, 2010,~~ document that the agency uses a minimum of 72.5 percent of the revenue generated by the medical assistance rate for personal care assistance services for employee personal care assistant wages and benefits. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation;

(10) make the arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

(11) enter into a written agreement under subdivision 20 before services are provided;

(12) report suspected neglect and abuse to the common entry point according to section 256B.0651;

(13) provide the recipient with a copy of the home care bill of rights at start of service; ~~and~~

(14) request reassessments at least 60 days prior to the end of the current authorization for personal care assistance services, on forms provided by the commissioner; and

(15) document that the agency uses the additional revenue due to the enhanced rate under subdivision 17a for the wages and benefits of the PCAs whose services meet the requirements under subdivision 11, paragraph (d).

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 13. Minnesota Statutes 2016, section 256B.0659, subdivision 28, is amended to read:

Subd. 28. **Personal care assistance provider agency; required documentation.** (a) Required documentation must be completed and kept in the personal care assistance provider agency file or the recipient's home residence. The required documentation consists of:

(1) employee files, including:

(i) applications for employment;

(ii) background study requests and results;

(iii) orientation records about the agency policies;

(iv) trainings completed with demonstration of competence, including verification of the completion of training required under subdivision 11, paragraph (d), for any billing of the enhanced rate under subdivision 17a;

(v) supervisory visits;

(vi) evaluations of employment; and

(vii) signature on fraud statement;

(2) recipient files, including:

(i) demographics;

(ii) emergency contact information and emergency backup plan;

(iii) personal care assistance service plan;

(iv) personal care assistance care plan;

(v) month-to-month service use plan;

(vi) all communication records;

(vii) start of service information, including the written agreement with recipient; and

(viii) date the home care bill of rights was given to the recipient;

(3) agency policy manual, including:

(i) policies for employment and termination;

(ii) grievance policies with resolution of consumer grievances;

(iii) staff and consumer safety;

(iv) staff misconduct; and

(v) staff hiring, service delivery, staff and consumer safety, staff misconduct, and resolution of consumer grievances;

(4) time sheets for each personal care assistant along with completed activity sheets for each recipient served; and

(5) agency marketing and advertising materials and documentation of marketing activities and costs.

(b) The commissioner may assess a fine of up to $500 on provider agencies that do not consistently comply with the requirements of this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 14. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, the following definitions apply:

(a) Until additional requirements apply under paragraph (b), "long-term care consultation services" means:

(1) intake for and access to assistance in identifying services needed to maintain an individual in the most inclusive environment;

(2) providing recommendations for and referrals to cost-effective community services that are available to the individual;

(3) development of an individual's person-centered community support plan;

(4) providing information regarding eligibility for Minnesota health care programs;

(5) face-to-face long-term care consultation assessments, which may be completed in a hospital, nursing facility, intermediate care facility for persons with developmental disabilities (ICF/DDs), regional treatment centers, or the person's current or planned residence;

(6) determination of home and community-based waiver and other service eligibility as required under sections 256B.0913, 256B.0915, and 256B.49, including level of care determination for individuals who need an institutional level of care as determined under subdivision 4e, based on assessment and community support plan development, appropriate referrals to obtain necessary

diagnostic information, and including an eligibility determination for consumer-directed community supports;

(7) providing recommendations for institutional placement when there are no cost-effective community services available;

(8) providing access to assistance to transition people back to community settings after institutional admission; and

(9) providing information about competitive employment, with or without supports, for school-age youth and working-age adults and referrals to the Disability Linkage Line and Disability Benefits 101 to ensure that an informed choice about competitive employment can be made. For the purposes of this subdivision, "competitive employment" means work in the competitive labor market that is performed on a full-time or part-time basis in an integrated setting, and for which an individual is compensated at or above the minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities.

(b) Upon statewide implementation of lead agency requirements in subdivisions 2b, 2c, and 3a, "long-term care consultation services" also means:

(1) service eligibility determination for state plan ~~home care~~ services identified in:

(i) section 256B.0625, subdivisions ~~7,~~ 19a~~,~~ and 19c;

(ii) consumer support grants under section 256.476; or

(iii) section 256B.85;

(2) notwithstanding provisions in Minnesota Rules, parts 9525.0004 to 9525.0024, determination of eligibility for case management services available under sections 256B.0621, subdivision 2, ~~paragraph~~ clause (4), and 256B.0924 ~~and Minnesota Rules, part 9525.0016~~;

(3) determination of institutional level of care, home and community-based service waiver, and other service eligibility as required under section 256B.092, ~~determination of eligibility for family support grants under section 252.32,~~ semi-independent living services under section 252.275, and day training and habilitation services under section 256B.092; ~~and~~

(4) obtaining necessary diagnostic information to determine eligibility under clauses (2) and (3); and

(5) notwithstanding Minnesota Rules, parts 9525.0004 to 9525.0024, initial eligibility determination for case management services available under Minnesota Rules, part 9525.0016.

(c) "Long-term care options counseling" means the services provided by the linkage lines as mandated by sections 256.01, subdivision 24, and 256.975, subdivision 7, and also includes telephone assistance and follow up once a long-term care consultation assessment has been completed.

(d) "Minnesota health care programs" means the medical assistance program under this chapter and the alternative care program under section 256B.0913.

(e) "Lead agencies" means counties administering or tribes and health plans under contract with the commissioner to administer long-term care consultation assessment and support planning services.

(f) "Person-centered planning" is a process that includes the active participation of a person in the planning of the person's services, including in making meaningful and informed choices about the person's own goals, talents, and objectives, as well as making meaningful and informed choices about the services the person receives. For the purposes of this section, "informed choice" means a voluntary choice of services by a person from all available service options based on accurate and complete information concerning all available service options and concerning the person's own preferences, abilities, goals, and objectives. In order for a person to make an informed choice, all available options must be developed and presented to the person to empower the person to make decisions.

Sec. 15. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 3a, is amended to read:

Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment, services planning, or other assistance intended to support community-based living, including persons who need assessment in order to determine waiver or alternative care program eligibility, must be visited by a long-term care consultation team within 20 calendar days after the date on which an assessment was requested or recommended. Upon statewide implementation of subdivisions 2b, 2c, and 5, this requirement also applies to an assessment of a person requesting personal care assistance services ~~and home care nursing. The commissioner shall provide at least a 90-day notice to lead agencies prior to the effective date of this requirement~~. Face-to-face assessments must be conducted according to paragraphs (b) to (i).

(b) Upon implementation of subdivisions 2b, 2c, and 5, lead agencies shall use certified assessors to conduct the assessment. For a person with complex health care needs, a public health or registered nurse from the team must be consulted.

(c) The MnCHOICES assessment provided by the commissioner to lead agencies must be used to complete a comprehensive, conversation-based, person-centered assessment. The assessment must include the health, psychological, functional, environmental, and social needs of the individual necessary to develop a community support plan that meets the individual's needs and preferences.

(d) The assessment must be conducted in a face-to-face conversational interview with the person being assessed ~~and~~. The person's legal representative must provide input during the assessment process and may do so remotely if requested. At the request of the person, other individuals may participate in the assessment to provide information on the needs, strengths, and preferences of the person necessary to develop a community support plan that ensures the person's health and safety. Except for legal representatives or family members invited by the person, persons participating in the assessment may not be a provider of service or have any financial interest in the provision of services. For persons who are to be assessed for elderly waiver customized living or adult day services under section 256B.0915, with the permission of the person being assessed or the person's

designated or legal representative, the client's current or proposed provider of services may submit a copy of the provider's nursing assessment or written report outlining its recommendations regarding the client's care needs. The person conducting the assessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment prior to the assessment. For a person who is to be assessed for waiver services under section 256B.092 or 256B.49, with the permission of the person being assessed or the person's designated legal representative, the person's current provider of services may submit a written report outlining recommendations regarding the person's care needs prepared by a direct service employee with at least 20 hours of service to that client. The person conducting the assessment or reassessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment and the person or the person's legal representative, and must be considered prior to the finalization of the assessment or reassessment.

(e) The person or the person's legal representative must be provided with a written community support plan within ~~40 calendar days of the assessment visit~~ the timelines established by the commissioner, regardless of whether the individual is eligible for Minnesota health care programs. The timeline for completing the community support plan and any required coordinated service and support plan must not exceed 56 calendar days from the assessment visit.

(f) For a person being assessed for elderly waiver services under section 256B.0915, a provider who submitted information under paragraph (d) shall receive the final written community support plan when available and the Residential Services Workbook.

(g) The written community support plan must include:

(1) a summary of assessed needs as defined in paragraphs (c) and (d);

(2) the individual's options and choices to meet identified needs, including all available options for case management services and providers, including service provided in a non-disability-specific setting;

(3) identification of health and safety risks and how those risks will be addressed, including personal risk management strategies;

(4) referral information; and

(5) informal caregiver supports, if applicable.

For a person determined eligible for state plan home care under subdivision 1a, paragraph (b), clause (1), the person or person's representative must also receive a copy of the home care service plan developed by the certified assessor.

(h) A person may request assistance in identifying community supports without participating in a complete assessment. Upon a request for assistance identifying community support, the person must be transferred or referred to long-term care options counseling services available under sections 256.975, subdivision 7, and 256.01, subdivision 24, for telephone assistance and follow up.

(i) The person has the right to make the final decision between institutional placement and community placement after the recommendations have been provided, except as provided in section 256.975, subdivision 7a, paragraph (d).

(j) The lead agency must give the person receiving assessment or support planning, or the person's legal representative, materials, and forms supplied by the commissioner containing the following information:

(1) written recommendations for community-based services and consumer-directed options;

(2) documentation that the most cost-effective alternatives available were offered to the individual. For purposes of this clause, "cost-effective" means community services and living arrangements that cost the same as or less than institutional care. For an individual found to meet eligibility criteria for home and community-based service programs under section 256B.0915 or 256B.49, "cost-effectiveness" has the meaning found in the federally approved waiver plan for each program;

(3) the need for and purpose of preadmission screening conducted by long-term care options counselors according to section 256.975, subdivisions 7a to 7c, if the person selects nursing facility placement. If the individual selects nursing facility placement, the lead agency shall forward information needed to complete the level of care determinations and screening for developmental disability and mental illness collected during the assessment to the long-term care options counselor using forms provided by the commissioner;

(4) the role of long-term care consultation assessment and support planning in eligibility determination for waiver and alternative care programs, and state plan home care, case management, and other services as defined in subdivision 1a, paragraphs (a), clause (6), and (b);

(5) information about Minnesota health care programs;

(6) the person's freedom to accept or reject the recommendations of the team;

(7) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13;

(8) the certified assessor's decision regarding the person's need for institutional level of care as determined under criteria established in subdivision 4e and the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clause (6), and (b); and

(9) the person's right to appeal the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clauses (6), (7), and (8), and (b), and incorporating the decision regarding the need for institutional level of care or the lead agency's final decisions regarding public programs eligibility according to section 256.045, subdivision 3. The certified assessor must verbally communicate this appeal right to the person and must visually point out where in the document the right to appeal is stated.

(k) Face-to-face assessment completed as part of eligibility determination for the alternative care, elderly waiver, developmental disabilities, community access for disability inclusion, community alternative care, and brain injury waiver programs under sections 256B.0913, 256B.0915, 256B.092, and 256B.49 is valid to establish service eligibility for no more than 60 calendar days after the date of assessment.

(l) The effective eligibility start date for programs in paragraph (k) can never be prior to the date of assessment. If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated and documented in the department's Medicaid Management Information System (MMIS). Notwithstanding retroactive medical assistance coverage of state plan services, the effective date of eligibility for programs included in paragraph (k) cannot be prior to the date the most recent updated assessment is completed.

(m) If an eligibility update is completed within 90 days of the previous face-to-face assessment and documented in the department's Medicaid Management Information System (MMIS), the effective date of eligibility for programs included in paragraph (k) is the date of the previous face-to-face assessment when all other eligibility requirements are met.

(n) At the time of reassessment, the certified assessor shall assess each person receiving waiver services currently residing in a community residential setting, or licensed adult foster care home that is not the primary residence of the license holder, or in which the license holder is not the primary caregiver, to determine if that person would prefer to be served in a community-living setting as defined in section 256B.49, subdivision 23. The certified assessor shall offer the person, through a person-centered planning process, the option to receive alternative housing and service options.

Sec. 16. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 3f, is amended to read:

Subd. 3f. **Long-term care reassessments and community support plan updates.** (a) Prior to a face-to-face reassessment, the certified assessor must review the person's most recent assessment. Reassessments must be tailored using the professional judgment of the assessor to the person's known needs, strengths, preferences, and circumstances. Reassessments provide information to support the person's informed choice and opportunities to express choice regarding activities that contribute to quality of life, as well as information and opportunity to identify goals related to desired employment, community activities, and preferred living environment. Reassessments ~~allow for~~ require a review of the most recent assessment, review of the current coordinated service and support plan's effectiveness, monitoring of services, and the development of an updated person-centered community support plan. Reassessments verify continued eligibility or offer alternatives as warranted and provide an opportunity for quality assurance of service delivery. Face-to-face ~~assessments~~ reassessments must be conducted annually or as required by federal and state laws and rules. For reassessments, the certified assessor and the individual responsible for developing the coordinated service and support plan must ensure the continuity of care for the person receiving services and complete the updated community support plan and the updated coordinated service and support plan within the timelines established by the commissioner.

(b) The commissioner shall develop mechanisms for providers and case managers to share information with the assessor to facilitate a reassessment and support planning process tailored to the person's current needs and preferences.

Sec. 17. Minnesota Statutes 2017 Supplement, section 256B.0911, subdivision 5, is amended to read:

Subd. 5. **Administrative activity.** (a) The commissioner shall streamline the processes, including timelines for when assessments need to be completed, required to provide the services in this section and shall implement integrated solutions to automate the business processes to the extent necessary for community support plan approval, reimbursement, program planning, evaluation, and policy development.

(b) The commissioner of human services shall work with lead agencies responsible for conducting long-term consultation services to modify the MnCHOICES application and assessment policies to create efficiencies while ensuring federal compliance with medical assistance and long-term services and supports eligibility criteria.

(c) The commissioner shall work with lead agencies responsible for conducting long-term consultation services to develop a set of measurable benchmarks sufficient to demonstrate quarterly improvement in the average time per assessment and other mutually agreed upon measures of increasing efficiency. The commissioner shall collect data on these benchmarks and provide to the lead agencies and the chairs and ranking minority members of the legislative committees with jurisdiction over human services an annual trend analysis of the data in order to demonstrate the commissioner's compliance with the requirements of this subdivision.

Sec. 18. Minnesota Statutes 2016, section 256B.0915, subdivision 6, is amended to read:

Subd. 6. **Implementation of coordinated service and support plan.** (a) Each elderly waiver client shall be provided a copy of a written coordinated service and support plan ~~which~~ that:

(1) is developed with and signed by the recipient within ~~ten working days after the case manager receives the assessment information and written community support plan as described in section 256B.0911, subdivision 3a, from the certified assessor~~ the timelines established by the commissioner. The timeline for completing the community support plan under section 256B.0911, subdivision 3a, and the coordinated service and support plan must not exceed 56 calendar days from the assessment visit;

(2) includes the person's need for service and identification of service needs that will be or that are met by the person's relatives, friends, and others, as well as community services used by the general public;

(3) reasonably ensures the health and welfare of the recipient;

(4) identifies the person's preferences for services as stated by the person or the person's legal guardian or conservator;

(5) reflects the person's informed choice between institutional and community-based services, as well as choice of services, supports, and providers, including available case manager providers;

(6) identifies long-range and short-range goals for the person;

(7) identifies specific services and the amount, frequency, duration, and cost of the services to be provided to the person based on assessed needs, preferences, and available resources;

(8) includes information about the right to appeal decisions under section 256.045; and

(9) includes the authorized annual and estimated monthly amounts for the services.

(b) In developing the coordinated service and support plan, the case manager should also include the use of volunteers, religious organizations, social clubs, and civic and service organizations to support the individual in the community. The lead agency must be held harmless for damages or injuries sustained through the use of volunteers and agencies under this paragraph, including workers' compensation liability.

Sec. 19. Minnesota Statutes 2016, section 256B.092, subdivision 1b, is amended to read:

Subd. 1b. **Coordinated service and support plan.** (a) Each recipient of home and community-based waivered services shall be provided a copy of the written coordinated service and support plan ~~which~~ that:

(1) is developed with and signed by the recipient within ~~ten working days after the case manager receives the assessment information and written community support plan as described in section 256B.0911, subdivision 3a, from the certified assessor~~ the timelines established by the commissioner. The timeline for completing the community support plan under section 256B.0911, subdivision 3a, and the coordinated service and support plan must not exceed 56 calendar days from the assessment visit;

(2) includes the person's need for service, including identification of service needs that will be or that are met by the person's relatives, friends, and others, as well as community services used by the general public;

(3) reasonably ensures the health and welfare of the recipient;

(4) identifies the person's preferences for services as stated by the person, the person's legal guardian or conservator, or the parent if the person is a minor, including the person's choices made on self-directed options and on services and supports to achieve employment goals;

(5) provides for an informed choice, as defined in section 256B.77, subdivision 2, paragraph (o), of service and support providers, and identifies all available options for case management services and providers;

(6) identifies long-range and short-range goals for the person;

(7) identifies specific services and the amount and frequency of the services to be provided to the person based on assessed needs, preferences, and available resources. The coordinated service and support plan shall also specify other services the person needs that are not available;

(8) identifies the need for an individual program plan to be developed by the provider according to the respective state and federal licensing and certification standards, and additional assessments to be completed or arranged by the provider after service initiation;

(9) identifies provider responsibilities to implement and make recommendations for modification to the coordinated service and support plan;

(10) includes notice of the right to request a conciliation conference or a hearing under section 256.045;

(11) is agreed upon and signed by the person, the person's legal guardian or conservator, or the parent if the person is a minor, and the authorized county representative;

(12) is reviewed by a health professional if the person has overriding medical needs that impact the delivery of services; and

(13) includes the authorized annual and monthly amounts for the services.

(b) In developing the coordinated service and support plan, the case manager is encouraged to include the use of volunteers, religious organizations, social clubs, and civic and service organizations to support the individual in the community. The lead agency must be held harmless for damages or injuries sustained through the use of volunteers and agencies under this paragraph, including workers' compensation liability.

(c) Approved, written, and signed changes to a consumer's services that meet the criteria in this subdivision shall be an addendum to that consumer's individual service plan.

Sec. 20. Minnesota Statutes 2016, section 256B.092, subdivision 1g, is amended to read:

Subd. 1g. **Conditions not requiring development of coordinated service and support plan.** (a) Unless otherwise required by federal law, the county agency is not required to complete a coordinated service and support plan as defined in subdivision 1b for:

(1) persons whose families are requesting respite care for their family member who resides with them, or whose families are requesting a family support grant and are not requesting purchase or arrangement of habilitative services; and

(2) persons with developmental disabilities, living independently without authorized services or receiving funding for services at a rehabilitation facility as defined in section 268A.01, subdivision 6, and not in need of or requesting additional services.

(b) Unless otherwise required by federal law, the county agency is not required to conduct or arrange for an annual needs reassessment by a certified assessor. The case manager who works on behalf of the person to identify the person's needs and to minimize the impact of the disability on

the person's life must develop a person-centered service plan based on the person's assessed needs and preferences. The person-centered service plan must be reviewed annually. This paragraph applies to persons with developmental disabilities who are receiving case management services under Minnesota Rules, part 9525.0036, and who make an informed choice to decline an assessment under section 256B.0911.

Sec. 21. Minnesota Statutes 2017 Supplement, section 256B.49, subdivision 13, is amended to read:

Subd. 13. **Case management.** (a) Each recipient of a home and community-based waiver shall be provided case management services by qualified vendors as described in the federally approved waiver application. The case management service activities provided must include:

(1) finalizing the written coordinated service and support plan within ~~ten working days after the case manager receives the plan from the certified assessor~~ the timelines established by the commissioner. The timeline for completing the community support plan under section 256B.0911, subdivision 3a, and the coordinated service and support plan must not exceed 56 calendar days from the assessment visit;

(2) informing the recipient or the recipient's legal guardian or conservator of service options;

(3) assisting the recipient in the identification of potential service providers and available options for case management service and providers, including services provided in a non-disability-specific setting;

(4) assisting the recipient to access services and assisting with appeals under section 256.045; and

(5) coordinating, evaluating, and monitoring of the services identified in the service plan.

(b) The case manager may delegate certain aspects of the case management service activities to another individual provided there is oversight by the case manager. The case manager may not delegate those aspects which require professional judgment including:

(1) finalizing the coordinated service and support plan;

(2) ongoing assessment and monitoring of the person's needs and adequacy of the approved coordinated service and support plan; and

(3) adjustments to the coordinated service and support plan.

(c) Case management services must be provided by a public or private agency that is enrolled as a medical assistance provider determined by the commissioner to meet all of the requirements in the approved federal waiver plans. Case management services must not be provided to a recipient by a private agency that has any financial interest in the provision of any other services included in the recipient's coordinated service and support plan. For purposes of this section, "private agency" means any agency that is not identified as a lead agency under section 256B.0911, subdivision 1a, paragraph (e).

(d) For persons who need a positive support transition plan as required in chapter 245D, the case manager shall participate in the development and ongoing evaluation of the plan with the expanded support team. At least quarterly, the case manager, in consultation with the expanded support team, shall evaluate the effectiveness of the plan based on progress evaluation data submitted by the licensed provider to the case manager. The evaluation must identify whether the plan has been developed and implemented in a manner to achieve the following within the required timelines:

(1) phasing out the use of prohibited procedures;

(2) acquisition of skills needed to eliminate the prohibited procedures within the plan's timeline; and

(3) accomplishment of identified outcomes.

If adequate progress is not being made, the case manager shall consult with the person's expanded support team to identify needed modifications and whether additional professional support is required to provide consultation.

Sec. 22. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them, unless the context clearly indicates otherwise.

(b) "Commissioner" means the commissioner of human services.

(c) "Component value" means underlying factors that are part of the cost of providing services that are built into the waiver rates methodology to calculate service rates.

(d) "Customized living tool" means a methodology for setting service rates that delineates and documents the amount of each component service included in a recipient's customized living service plan.

(e) "Direct care staff" means employees providing direct service provision to people receiving services under this section. Direct care staff does not include executive, managerial, and administrative staff.

(f) "Disability waiver rates system" means a statewide system that establishes rates that are based on uniform processes and captures the individualized nature of waiver services and recipient needs.

~~(f)~~ (g) "Individual staffing" means the time spent as a one-to-one interaction specific to an individual recipient by staff to provide direct support and assistance with activities of daily living, instrumental activities of daily living, and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; and an assessment tool. Provider observation of an individual's needs must also be considered.

~~(g)~~ (h) "Lead agency" means a county, partnership of counties, or tribal agency charged with administering waivered services under sections 256B.092 and 256B.49.

~~(h)~~ (i) "Median" means the amount that divides distribution into two equal groups, one-half above the median and one-half below the median.

~~(i)~~ (j) "Payment or rate" means reimbursement to an eligible provider for services provided to a qualified individual based on an approved service authorization.

~~(j)~~ (k) "Rates management system" means a Web-based software application that uses a framework and component values, as determined by the commissioner, to establish service rates.

~~(k)~~ (l) "Recipient" means a person receiving home and community-based services funded under any of the disability waivers.

~~(l)~~ (m) "Shared staffing" means time spent by employees, not defined under paragraph ~~(f)~~ (g), providing or available to provide more than one individual with direct support and assistance with activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (b); instrumental activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (i); ancillary activities needed to support individual services; and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; an assessment tool; and provider observation of an individual's service need. Total shared staffing hours are divided proportionally by the number of individuals who receive the shared service provisions.

~~(m)~~ (n) "Staffing ratio" means the number of recipients a service provider employee supports during a unit of service based on a uniform assessment tool, provider observation, case history, and the recipient's services of choice, and not based on the staffing ratios under section 245D.31.

~~(n)~~ (o) "Unit of service" means the following:

(1) for residential support services under subdivision 6, a unit of service is a day. Any portion of any calendar day, within allowable Medicaid rules, where an individual spends time in a residential setting is billable as a day;

(2) for day services under subdivision 7:

(i) for day training and habilitation services, a unit of service is either:

(A) a day unit of service is defined as six or more hours of time spent providing direct services and transportation; or

(B) a partial day unit of service is defined as fewer than six hours of time spent providing direct services and transportation; and

(C) for new day service recipients after January 1, 2014, 15 minute units of service must be used for fewer than six hours of time spent providing direct services and transportation;

(ii) for adult day and structured day services, a unit of service is a day or 15 minutes. A day unit of service is six or more hours of time spent providing direct services;

(iii) for prevocational services, a unit of service is a day or an hour. A day unit of service is six or more hours of time spent providing direct service;

(3) for unit-based services with programming under subdivision 8:

(i) for supported living services, a unit of service is a day or 15 minutes. When a day rate is authorized, any portion of a calendar day where an individual receives services is billable as a day; and

(ii) for all other services, a unit of service is 15 minutes; and

(4) for unit-based services without programming under subdivision 9, a unit of service is 15 minutes.

Sec. 23. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 3, is amended to read:

Subd. 3. **Applicable services.** Applicable services are those authorized under the state's home and community-based services waivers under sections 256B.092 and 256B.49, including the following, as defined in the federally approved home and community-based services plan:

(1) 24-hour customized living;

(2) adult day care;

(3) adult day care bath;

~~(4) behavioral programming;~~

~~(5)~~ (4) companion services;

~~(6)~~ (5) customized living;

~~(7)~~ (6) day training and habilitation;

(7) employment development services;

(8) employment exploration services;

(9) employment support services;

~~(8)~~ (10) housing access coordination;

~~(9)~~ (11) independent living skills;

(12) independent living skills specialist services;

(13) individualized home supports;

~~(10)~~ (14) in-home family support;

~~(11)~~ (15) night supervision;

~~(12)~~ (16) personal support;

(17) positive support service;

~~(13)~~ (18) prevocational services;

~~(14)~~ (19) residential care services;

~~(15)~~ (20) residential support services;

~~(16)~~ (21) respite services;

~~(17)~~ (22) structured day services;

~~(18)~~ (23) supported employment services;

~~(19)~~ (24) supported living services;

~~(20)~~ (25) transportation services;

~~(21) individualized home supports;~~

~~(22) independent living skills specialist services;~~

~~(23) employment exploration services;~~

~~(24) employment development services;~~

~~(25) employment support services;~~ and

(26) other services as approved by the federal government in the state home and community-based services plan.

Sec. 24. Minnesota Statutes 2016, section 256B.4914, subdivision 4, is amended to read:

Subd. 4. **Data collection for rate determination.** (a) Rates for applicable home and community-based waivered services, including rate exceptions under subdivision 12, are set by the rates management system.

(b) Data for services under section 256B.4913, subdivision 4a, shall be collected in a manner prescribed by the commissioner.

(c) Data and information in the rates management system may be used to calculate an individual's rate.

(d) Service providers, with information from the community support plan and oversight by lead agencies, shall provide values and information needed to calculate an individual's rate into the rates management system. The determination of service levels must be part of a discussion with members of the support team as defined in section 245D.02, subdivision 34. This discussion must occur prior to the final establishment of each individual's rate. The values and information include:

(1) shared staffing hours;

(2) individual staffing hours;

(3) direct registered nurse hours;

(4) direct licensed practical nurse hours;

(5) staffing ratios;

(6) information to document variable levels of service qualification for variable levels of reimbursement in each framework;

(7) shared or individualized arrangements for unit-based services, including the staffing ratio;

(8) number of trips and miles for transportation services; and

(9) service hours provided through monitoring technology.

(e) Updates to individual data must include:

(1) data for each individual that is updated annually when renewing service plans; and

(2) requests by individuals or lead agencies to update a rate whenever there is a change in an individual's service needs, with accompanying documentation.

(f) Lead agencies shall review and approve all services reflecting each individual's needs, and the values to calculate the final payment rate for services with variables under subdivisions 6, 7, 8, and 9 for each individual. Lead agencies must notify the individual and the service provider of the final agreed-upon values and rate, and provide information that is identical to what was entered into the rates management system. If a value used was mistakenly or erroneously entered and used to calculate a rate, a provider may petition lead agencies to correct it. Lead agencies must respond to these requests. When responding to the request, the lead agency must consider:

(1) meeting the health and welfare needs of the individual or individuals receiving services by service site, identified in their coordinated service and support plan under section 245D.02, subdivision 4b, and any addendum under section 245D.02, subdivision 4c;

(2) meeting the requirements for staffing under subdivision 2, paragraphs ~~(f)~~ (g), ~~(i)~~ (m), and ~~(m)~~ (n); and meeting or exceeding the licensing standards for staffing required under section 245D.09, subdivision 1; and

(3) meeting the staffing ratio requirements under subdivision 2, paragraph (n), and meeting or exceeding the licensing standards for staffing required under section 245D.31.

Sec. 25. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 5, is amended to read:

Subd. 5. **Base wage index and standard component values.** (a) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services. For purposes of developing and calculating the proposed base wage, Minnesota-specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics as defined in the most recent edition of the Occupational Handbook must be used. The base wage index must be calculated as follows:

(1) for residential direct care staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for personal and home health aide (SOC code 39-9021); 30 percent of the median wage for nursing assistant (SOC code 31-1014); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and

(ii) 85 percent of the subtotal of 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(2) for day services, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(3) for residential asleep-overnight staff, the wage is the minimum wage in Minnesota for large employers, except in a family foster care setting, the wage is 36 percent of the minimum wage in Minnesota for large employers;

(4) for behavior program analyst staff, 100 percent of the median wage for mental health counselors (SOC code 21-1014);

(5) for behavior program professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(6) for behavior program specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(7) for supportive living services staff, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(8) for housing access coordination staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099);

(9) for in-home family support staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 30 percent of the median wage for community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(10) for individualized home supports services staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(11) for independent living skills staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(12) for independent living skills specialist staff, 100 percent of mental health and substance abuse social worker (SOC code 21-1023);

(13) for supported employment staff, 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(14) for employment support services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(15) for employment exploration services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(16) for employment development services staff, 50 percent of the median wage for education, guidance, school, and vocational counselors (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(17) for adult companion staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(18) for night supervision staff, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing assistant (SOC code 31-1014); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(19) for respite staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(20) for personal support staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing assistant (SOC code 31-1014);

(21) for supervisory staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099), with the exception of the supervisor of behavior professional, behavior analyst, and behavior specialists, which is 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(22) for registered nurse staff, 100 percent of the median wage for registered nurses (SOC code 29-1141); and

(23) for licensed practical nurse staff, 100 percent of the median wage for licensed practical nurses (SOC code 29-2061).

(b) Component values for residential support services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(c) Component values for family foster care are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 3.3 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence factor: 1.7 percent.

(d) Component values for day services for all services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 5.6 percent;

(5) client programming and support ratio: ten percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 1.8 percent; and

(8) absence and utilization factor ratio: 9.4 percent.

(e) Component values for unit-based services with programming are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan supports ratio: 15.5 percent;

(5) client programming and supports ratio: 4.7 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 6.1 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(f) Component values for unit-based services without programming except respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 7.0 percent;

(5) client programming and support ratio: 2.3 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 2.9 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(g) Component values for unit-based services without programming for respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 2.9 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(h) On July 1, 2017, the commissioner shall update the base wage index in paragraph (a) based on the wage data by standard occupational code (SOC) from the Bureau of Labor Statistics available on December 31, 2016. The commissioner shall publish these updated values and load them into the rate management system. On July 1, 2022, and every five years thereafter, the commissioner shall update the base wage index in paragraph (a) based on the most recently available wage data by SOC from the Bureau of Labor Statistics. The commissioner shall publish these updated values and load them into the rate management system.

(i) On July 1, 2017, the commissioner shall update the framework components in paragraph (d), clause (5); paragraph (e), clause (5); and paragraph (f), clause (5); subdivision 6, clauses (8) and (9); and subdivision 7, clauses (10), (16), and (17), for changes in the Consumer Price Index. The commissioner will adjust these values higher or lower by the percentage change in the Consumer Price Index-All Items, United States city average (CPI-U) from January 1, 2014, to January 1, 2017. The commissioner shall publish these updated values and load them into the rate management system. On July 1, 2022, and every five years thereafter, the commissioner shall update the framework components in paragraph (d), clause (5); paragraph (e), clause (5); and paragraph (f), clause (5); subdivision 6, clauses (8) and (9); and subdivision 7, clauses (10), (16), and (17), for changes in the Consumer Price Index. The commissioner shall adjust these values higher or lower by the percentage change in the CPI-U from the date of the previous update to the date of the data most recently available prior to the scheduled update. The commissioner shall publish these updated values and load them into the rate management system.

(j) In this subdivision, if Bureau of Labor Statistics occupational codes or Consumer Price Index items are unavailable in the future, the commissioner shall recommend to the legislature codes or items to update and replace missing component values.

(k) The commissioner shall increase the updated base wage index in paragraph (h) with a competitive workforce factor as follows:

(1) upon federal approval, the competitive workforce factor is 8.35 percent;

(2) effective July 1, 2019, the competitive workforce factor is decreased to 5.5 percent; and

(3) effective July 1, 2020, the competitive workforce factor is decreased to 1.8 percent.

The lead agencies must implement changes to the competitive workforce factor on the dates listed in clauses (1) to (3), and not as reassessments, reauthorizations, or service plan renewals occur.

EFFECTIVE DATE. This section is effective upon federal approval. The commissioner shall inform the revisor of statutes when federal approval is obtained.

Sec. 26. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 10, is amended to read:

Subd. 10. **Updating payment values and additional information.** (a) From January 1, 2014, through December 31, 2017, the commissioner shall develop and implement uniform procedures to refine terms and adjust values used to calculate payment rates in this section.

(b) No later than July 1, 2014, the commissioner shall, within available resources, begin to conduct research and gather data and information from existing state systems or other outside sources on the following items:

(1) differences in the underlying cost to provide services and care across the state; and

(2) mileage, vehicle type, lift requirements, incidents of individual and shared rides, and units of transportation for all day services, which must be collected from providers using the rate management worksheet and entered into the rates management system; and

(3) the distinct underlying costs for services provided by a license holder under sections 245D.05, 245D.06, 245D.07, 245D.071, 245D.081, and 245D.09, and for services provided by a license holder certified under section 245D.33.

(c) Beginning January 1, 2014, through December 31, 2018, using a statistically valid set of rates management system data, the commissioner, in consultation with stakeholders, shall analyze for each service the average difference in the rate on December 31, 2013, and the framework rate at the individual, provider, lead agency, and state levels. The commissioner shall issue semiannual reports to the stakeholders on the difference in rates by service and by county during the banding period under section 256B.4913, subdivision 4a. The commissioner shall issue the first report by October 1, 2014, and the final report shall be issued by December 31, 2018.

(d) No later than July 1, 2014, the commissioner, in consultation with stakeholders, shall begin the review and evaluation of the following values already in subdivisions 6 to 9, or issues that impact all services, including, but not limited to:

(1) values for transportation rates;

(2) values for services where monitoring technology replaces staff time;

(3) values for indirect services;

(4) values for nursing;

(5) values for the facility use rate in day services, and the weightings used in the day service ratios and adjustments to those weightings;

(6) values for workers' compensation as part of employee-related expenses;

(7) values for unemployment insurance as part of employee-related expenses;

(8) any changes in state or federal law with a direct impact on the underlying cost of providing home and community-based services; ~~and~~

(9) direct care staff labor market measures; and

(10) outcome measures, determined by the commissioner, for home and community-based services rates determined under this section.

(e) The commissioner shall report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance with the information and data gathered under paragraphs (b) to (d), and subdivision 10, paragraph (g), clause (6), on the following dates:

(1) January 15, 2015, with preliminary results and data;

(2) January 15, 2016, with a status implementation update, and additional data and summary information;

(3) January 15, 2017, with the full report; and

(4) January 15, 2020, with another full report, and a full report once every four years thereafter.

(f) The commissioner shall implement a regional adjustment factor to all rate calculations in subdivisions 6 to 9, effective no later than January 1, 2015. Beginning July 1, 2017, the commissioner shall renew analysis and implement changes to the regional adjustment factors when adjustments required under subdivision 5, paragraph (h), occur. Prior to implementation, the commissioner shall consult with stakeholders on the methodology to calculate the adjustment.

(g) The commissioner shall provide a public notice via LISTSERV in October of each year beginning October 1, 2014, containing information detailing legislatively approved changes in:

(1) calculation values including derived wage rates and related employee and administrative factors;

(2) service utilization;

(3) county and tribal allocation changes; and

(4) information on adjustments made to calculation values and the timing of those adjustments.

The information in this notice must be effective January 1 of the following year.

(h) When the available shared staffing hours in a residential setting are insufficient to meet the needs of an individual who enrolled in residential services after January 1, 2014, or insufficient to meet the needs of an individual with a service agreement adjustment described in section 256B.4913, subdivision 4a, paragraph (f), then individual staffing hours shall be used.

(i) The commissioner shall study the underlying cost of absence and utilization for day services. Based on the commissioner's evaluation of the data collected under this paragraph, the commissioner shall make recommendations to the legislature by January 15, 2018, for changes, if any, to the absence and utilization factor ratio component value for day services.

(j) Beginning July 1, 2017, the commissioner shall collect transportation and trip information for all day services through the rates management system.

Sec. 27. Minnesota Statutes 2017 Supplement, section 256B.4914, subdivision 10a, is amended to read:

Subd. 10a. **Reporting and analysis of cost data.** (a) The commissioner must ensure that wage values and component values in subdivisions 5 to 9 reflect the cost to provide the service. As determined by the commissioner, in consultation with stakeholders identified in section 256B.4913, subdivision 5, a provider enrolled to provide services with rates determined under this section must submit requested cost data to the commissioner to support research on the cost of providing services that have rates determined by the disability waiver rates system. Requested cost data may include, but is not limited to:

(1) worker wage costs;

(2) benefits paid;

(3) supervisor wage costs;

(4) executive wage costs;

(5) vacation, sick, and training time paid;

(6) taxes, workers' compensation, and unemployment insurance costs paid;

(7) administrative costs paid;

(8) program costs paid;

(9) transportation costs paid;

(10) vacancy rates; and

(11) other data relating to costs required to provide services requested by the commissioner.

(b) At least once in any five-year period, a provider must submit cost data for a fiscal year that ended not more than 18 months prior to the submission date. The commissioner shall provide each provider a 90-day notice prior to its submission due date. If a provider fails to submit required reporting data, the commissioner shall provide notice to providers that have not provided required data 30 days after the required submission date, and a second notice for providers who have not provided required data 60 days after the required submission date. The commissioner shall temporarily suspend payments to the provider if cost data is not received 90 days after the required submission date. Withheld payments shall be made once data is received by the commissioner.

(c) The commissioner shall conduct a random validation of data submitted under paragraph (a) to ensure data accuracy. The commissioner shall analyze cost documentation in paragraph (a) and provide recommendations for adjustments to cost components.

(d) The commissioner shall analyze cost documentation in paragraph (a) and, in consultation with stakeholders identified in section 256B.4913, subdivision 5, may submit recommendations on component values and inflationary factor adjustments to the chairs and ranking minority members

of the legislative committees with jurisdiction over human services every four years beginning January 1, 2020. The commissioner shall make recommendations in conjunction with reports submitted to the legislature according to subdivision 10, paragraph (e). The commissioner shall release cost data in an aggregate form, and cost data from individual providers shall not be released except as provided for in current law.

(e) The commissioner, in consultation with stakeholders identified in section 256B.4913, subdivision 5, shall develop and implement a process for providing training and technical assistance necessary to support provider submission of cost documentation required under paragraph (a).

(f) Beginning January 1, 2019, providers enrolled to provide services with rates determined under this section shall submit labor market data to the commissioner annually.

(g) Beginning January 15, 2020, the commissioner shall publish annual reports on provider and state-level labor market data, including, but not limited to:

(1) number of direct care staff;

(2) wages of direct care staff;

(3) benefits provided to direct care staff;

(4) direct care staff job vacancies;

(5) direct care staff retention rates; and

(6) an evaluation of the effectiveness of the competitive workforce factors.

Sec. 28. Minnesota Statutes 2017 Supplement, section 256I.03, subdivision 8, is amended to read:

Subd. 8. **Supplementary services.** "Supplementary services" means housing support services provided to individuals in addition to room and board including, but not limited to, oversight and up to 24-hour supervision, medication reminders, assistance with transportation, arranging for meetings and appointments, and arranging for medical and social services. Providers must comply with section 256I.04, subdivision 2h.

Sec. 29. Minnesota Statutes 2017 Supplement, section 256I.04, subdivision 2b, is amended to read:

Subd. 2b. **Housing support agreements.** (a) Agreements between agencies and providers of housing support must be in writing on a form developed and approved by the commissioner and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the Department of Health or the Department of Human Services; the specific license or registration from the Department of Health or the Department of Human Services held by the provider and the number of beds subject to that license; the address of the location or locations at which group residential housing is provided under this agreement; the per

diem and monthly rates that are to be paid from housing support funds for each eligible resident at each location; the number of beds at each location which are subject to the agreement; whether the license holder is a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code; and a statement that the agreement is subject to the provisions of sections 256I.01 to 256I.06 and subject to any changes to those sections.

(b) Providers are required to verify the following minimum requirements in the agreement:

(1) current license or registration, including authorization if managing or monitoring medications;

(2) all staff who have direct contact with recipients meet the staff qualifications;

(3) the provision of housing support;

(4) the provision of supplementary services, if applicable;

(5) reports of adverse events, including recipient death or serious injury; ~~and~~

(6) submission of residency requirements that could result in recipient eviction~~.~~; and

(7) confirmation that the provider will not limit or restrict the number of hours an applicant or recipient chooses to be employed, as specified in subdivision 5.

(c) Agreements may be terminated with or without cause by the commissioner, the agency, or the provider with two calendar months prior notice. The commissioner may immediately terminate an agreement under subdivision 2d.

Sec. 30. Minnesota Statutes 2016, section 256I.04, is amended by adding a subdivision to read:

Subd. 2h. **Required supplementary services.** Providers of supplementary services shall ensure that recipients have, at a minimum, assistance with services as identified in the recipient's professional statement of need under section 256I.03, subdivision 12. Providers of supplementary services shall maintain case notes with the date and description of services provided to individual recipients.

Sec. 31. Minnesota Statutes 2016, section 256I.04, is amended by adding a subdivision to read:

Subd. 5. **Employment.** A provider is prohibited from limiting or restricting the number of hours an applicant or recipient is employed.

Sec. 32. Minnesota Statutes 2017 Supplement, section 256I.05, subdivision 3, is amended to read:

Subd. 3. **Limits on rates.** When a room and board rate is used to pay for an individual's room and board, the rate payable to the residence must not exceed the rate paid by an individual not receiving a room and board rate ~~under this chapter~~ but who is eligible under section 256I.04, subdivision 1.

Sec. 33. Laws 2014, chapter 312, article 27, section 76, is amended to read:

Sec. 76. **DISABILITY WAIVER REIMBURSEMENT RATE ADJUSTMENTS.**

Subdivision 1. **Historical rate.** The commissioner of human services shall adjust the historical rates calculated in Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), in effect during the banding period under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (a), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.

~~Subd. 2. **Residential support services.** The commissioner of human services shall adjust the rates calculated in Minnesota Statutes, section 256B.4914, subdivision 6, paragraphs (b), clause (4), and (c), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

~~Subd. 3. **Day programs.** The commissioner of human services shall adjust the rates calculated in Minnesota Statutes, section 256B.4914, subdivision 7, paragraph (a), clauses (15) to (17), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

~~Subd. 4. **Unit-based services with programming.** The commissioner of human services shall adjust the rate calculated in Minnesota Statutes, section 256B.4914, subdivision 8, paragraph (a), clause (14), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

~~Subd. 5. **Unit-based services without programming.** The commissioner of human services shall adjust the rate calculated in Minnesota Statutes, section 256B.4914, subdivision 9, paragraph (a), clause (23), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.~~

EFFECTIVE DATE. This section is effective upon federal approval of the competitive workforce factor under section 25, or January 1, 2019, whichever occurs first. The commissioner of human services shall notify the revisor if this section becomes effective prior to January 1, 2019.

Sec. 34. Laws 2017, First Special Session chapter 6, article 1, section 52, is amended to read:

Sec. 52. **RANDOM MOMENT TIME STUDY EVALUATION REQUIRED.**

The commissioner of human services shall implement administrative efficiencies and evaluate the random moment time study methodology for reimbursement of costs associated with county duties required under Minnesota Statutes, section 256B.0911. The evaluation must determine whether random moment is efficient and effective in supporting functions of assessment and support planning and the purpose under Minnesota Statutes, section 256B.0911, subdivision 1. The commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over health and human services by January 15, 2019. The report must include at least one option for a flat-rate payment methodology for long-term care consultation assessment and support planning services, draft legislation to implement the flat-rate options, a fiscal analysis of the flat-rate options, and a policy analysis of the flat-rate options,

including the commissioner's rationale for supporting or opposing the option that is, in the commissioner's opinion, the best of the flat-rate options.

Sec. 35. Laws 2017, First Special Session chapter 6, article 3, section 49, is amended to read:

Sec. 49. **ELECTRONIC ~~SERVICE DELIVERY DOCUMENTATION SYSTEM~~ VISIT VERIFICATION.**

Subdivision 1. **Documentation; establishment.** The commissioner of human services shall establish implementation requirements and standards for ~~an~~ electronic ~~service delivery documentation system~~ visit verification to comply with the 21st Century Cures Act, Public Law 114-255. Within available appropriations, the commissioner shall take steps to comply with the electronic visit verification requirements in the 21st Century Cures Act, Public Law 114-255.

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

(b) "Electronic ~~service delivery documentation~~ visit verification" means the electronic documentation of the:

(1) type of service performed;

(2) individual receiving the service;

(3) date of the service;

(4) location of the service delivery;

(5) individual providing the service; and

(6) time the service begins and ends.

(c) "Electronic ~~service delivery documentation~~ visit verification system" means a system that provides electronic ~~service delivery documentation~~ verification of services that complies with the 21st Century Cures Act, Public Law 114-255, and the requirements of subdivision 3.

(d) "Service" means one of the following:

(1) personal care assistance services as defined in Minnesota Statutes, section 256B.0625, subdivision 19a, and provided according to Minnesota Statutes, section 256B.0659; ~~or~~

(2) community first services and supports under Minnesota Statutes, section 256B.85;

(3) home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; or

(4) other medical supplies and equipment or home and community-based services that are required to be electronically verified by the 21st Century Cures Act, Public Law 114-255.

Subd. 3. **System requirements.** (a) In developing implementation requirements for ~~an~~ electronic ~~service delivery documentation system~~ visit verification, the commissioner shall ~~consider electronic~~

~~visit verification systems and other electronic service delivery documentation methods. The commissioner shall convene stakeholders that will be impacted by an electronic service delivery system, including service providers and their representatives, service recipients and their representatives, and, as appropriate, those with expertise in the development and operation of an electronic service delivery documentation system, to~~ ensure that the requirements:

(1) are minimally administratively and financially burdensome to a provider;

(2) are minimally burdensome to the service recipient and the least disruptive to the service recipient in receiving and maintaining allowed services;

(3) consider existing best practices and use of electronic ~~service delivery documentation~~ visit verification;

(4) are conducted according to all state and federal laws;

(5) are effective methods for preventing fraud when balanced against the requirements of clauses (1) and (2); and

(6) are consistent with the Department of Human Services' policies related to covered services, flexibility of service use, and quality assurance.

(b) The commissioner shall make training available to providers on the electronic ~~service delivery documentation~~ visit verification system requirements.

(c) The commissioner shall establish baseline measurements related to preventing fraud and establish measures to determine the effect of electronic ~~service delivery documentation~~ visit verification requirements on program integrity.

(d) The commissioner shall make a state-selected electronic visit verification system available to providers of services.

Subd. 3a. **Provider requirements.** (a) Providers of services may select their own electronic visit verification system that meets the requirements established by the commissioner.

(b) All electronic visit verification systems used by providers to comply with the requirements established by the commissioner must provide data to the commissioner in a format and at a frequency to be established by the commissioner.

(c) Providers must implement the electronic visit verification systems required under this section by January 1, 2019, for personal care services and by January 1, 2023, for home health services in accordance with the 21st Century Cures Act, Public Law 114-255, and the Centers for Medicare and Medicaid Services guidelines. For the purposes of this paragraph, "personal care services" and "home health services" have the meanings given in United States Code, title 42, section 1396b(l)(5).

~~Subd. 4. **Legislative report.** (a) The commissioner shall submit a report by January 15, 2018, to the chairs and ranking minority members of the legislative committees with jurisdiction over human services with recommendations, based on the requirements of subdivision 3, to establish~~

~~electronic service delivery documentation system requirements and standards. The report shall identify:~~

~~(1) the essential elements necessary to operationalize a base-level electronic service delivery documentation system to be implemented by January 1, 2019; and~~

~~(2) enhancements to the base-level electronic service delivery documentation system to be implemented by January 1, 2019, or after, with projected operational costs and the costs and benefits for system enhancements.~~

~~(b) The report must also identify current regulations on service providers that are either inefficient, minimally effective, or will be unnecessary with the implementation of an electronic service delivery documentation system.~~

Sec. 36. **ANALYSIS OF LICENSING ADULT FOSTER CARE.**

The commissioner shall complete an analysis of settings identified by the commissioner, in collaboration with county licensing agencies, as needing a license under Minnesota Statutes, section 245A.03, subdivision 7, paragraph (a), clause (7), to determine if revisions to the definition of residential program for recipients of home and community-based waiver services are needed. The commissioner shall engage stakeholders, including licensed providers of services governed by Minnesota Statutes, chapter 245D, and family members who own and maintain control of the residence in which the service recipients live, in the process of determining if revisions are needed and developing recommendations. The commissioner shall provide a summary of the analysis and stakeholder input along with recommendations, if any, to revise the definition of residential program under Minnesota Statutes, section 245A.02, subdivision 14, to the chairs and ranking minorities members of the legislative committees with jurisdiction over human services by February 15, 2019.

Sec. 37. **DIRECTION TO COMMISSIONER.**

Between July 1, 2018, and December 31, 2018, or until federal approval of the competitive workforce factor under section 25 if federal approval is obtained before December 31, 2018, the commissioner of human services shall continue to reimburse the Centers for Medicare and Medicaid Services for the disallowed federal share of the rate increases described in Laws 2014, chapter 312, article 27, section 76, subdivisions 2 to 5.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 38. **DIRECTION TO COMMISSIONER; BI AND CADI WAIVER CUSTOMIZED LIVING SERVICES PROVIDER LOCATED IN HENNEPIN COUNTY.**

(a) The commissioner of human services shall allow a housing with services establishment located in Minneapolis that provides customized living and 24-hour customized living services for clients enrolled in the brain injury (BI) or community access for disability inclusion (CADI) waiver and had a capacity to serve 66 clients as of July 1, 2017, to transfer service capacity of up to 66 clients to no more than three new housing with services establishments located in Hennepin County.

(b) Notwithstanding Minnesota Statutes, section 256B.492, the commissioner shall determine whether the new housing with services establishments described under paragraph (a) meet the BI and CADI waiver customized living and 24-hour customized living size limitation exception for clients receiving those services at the new housing with services establishments described under paragraph (a).

Sec. 39. **DIRECTION TO COMMISSIONER.**

(a) The commissioner of human services must ensure that the MnCHOICES 2.0 assessment and support planning tool incorporates a qualitative approach with open-ended questions and a conversational, culturally sensitive approach to interviewing that captures the assessor's professional judgment based on the person's responses.

(b) If the commissioner of human services convenes a working group or consults with stakeholders for the purposes of modifying the assessment and support planning process or tool, the commissioner must include members of the disability community, including representatives of organizations and individuals involved in assessment and support planning.

Sec. 40. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall codify Laws 2017, First Special Session chapter 6, article 3, section 49, as amended in this act, in Minnesota Statutes, chapter 256B.

Sec. 41. **REPEALER.**

Minnesota Statutes 2016, section 256B.0705, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2019.

ARTICLE 31

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **HUMAN SERVICES APPROPRIATION.**

The dollar amounts shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2017, First Special Session chapter 6, article 18, from the general fund or any fund named to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

APPROPRIATIONS
Available for the Year
Ending June 30

			2018	2019
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**				
Subdivision 1. **Total Appropriation**		$	(208,963,000)	$ (88,363,000)
	Appropriations by Fund			
General Fund	(210,083,000)	(103,535,000)		
Health Care Access Fund	7,620,000	9,258,000		
Federal TANF	(6,500,000)	5,914,000		
Subd. 2. **Forecasted Programs**				
(a) **MFIP/DWP**				
	Appropriations by Fund			
General Fund	(3,749,000)	(11,267,000)		
Federal TANF	(7,418,000)	4,565,000		
(b) **MFIP Child Care Assistance**			(7,995,000)	(521,000)
(c) **General Assistance**			(4,850,000)	(3,770,000)
(d) **Minnesota Supplemental Aid**			(1,179,000)	(821,000)
(e) **Housing Support**			(3,260,000)	(3,038,000)
(f) **Northstar Care for Children**			(5,168,000)	(6,458,000)
(g) **MinnesotaCare**			7,620,000	9,258,000
These appropriations are from the health care access fund.				
(h) **Medical Assistance**				
	Appropriations by Fund			
General Fund	(199,817,000)	(106,124,000)		
Health Care Access Fund	-0-	-0-		
(i) **Alternative Care Program**			-0-	-0-
(j) **CCDTF Entitlements**			15,935,000	28,464,000
Subd. 3. **Technical Activities**			918,000	1,349,000
These appropriations are from the federal TANF fund.				

EFFECTIVE DATE. This section is effective June 1, 2018.

ARTICLE 32

APPROPRIATIONS

Section 1. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2017, First Special Session chapter 6, article 18, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the addition to or subtraction from appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. Base level adjustments mean the addition or subtraction from the base level adjustments in Laws 2017, First Special Session chapter 6, article 18. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2018, are effective June 30, 2018, unless a different effective date is specified.

	APPROPRIATIONS Available for the Year Ending June 30	
	2018	**2019**
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 30,176,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Central Office; Operations**	-0-	5,318,000
(a) **Person-Centered Telepresence Platform Expansion Work Group.** $23,000 in fiscal year 2019 is for the Person-Centered Telepresence Platform Expansion Work Group in article 29, section 6. This is a onetime appropriation.		
(b) **Base Level Adjustment.** The general fund base is increased by $6,564,000 in fiscal		

year 2020 and increased by $6,587,000 in fiscal year 2021.

Subd. 3. **Central Office; Children and Families**	-0-	1,933,000
Child Welfare Training. $1,933,000 in fiscal year 2019 is for initial costs for the child welfare training in Minnesota Statutes, section 260C.81. No money from this appropriation may be used for indirect costs by an entity under contract to implement Minnesota Statutes, section 260C.81. This is a onetime appropriation and is available until June 30, 2021.		
Subd. 4. **Central Office; Health Care**	-0-	1,024,000
Base Level Adjustment. The general fund base is increased by $1,507,000 in fiscal year 2020 and increased by $1,513,000 in fiscal year 2021.		
Subd. 5. **Central Office; Continuing Care for Older Adults**	-0-	418,000
Base Level Adjustment. The general fund base is increased by $425,000 in fiscal year 2020 and increased by $425,000 in fiscal year 2021.		
Subd. 6. **Central Office; Community Supports**	-0-	3,942,000
Base Level Adjustment. The general fund base is increased by $3,968,000 in fiscal year 2020 and increased by $3,968,000 in fiscal year 2021.		
Subd. 7. **Forecasted Programs; Medical Assistance**	-0-	26,670,000
Subd. 8. **Forecasted Programs; Alternative Care**	-0-	(28,000)
Subd. 9. **Forecasted Programs; Chemical Dependency Treatment Fund**	-0-	(14,243,000)
Subd. 10. **Grant Programs; Children's Services Grants**	-0-	365,000
American Indian Child Welfare Initiative. $365,000 in fiscal year 2019 is for planning efforts to expand the American Indian Child Welfare Initiative authorized under		

Minnesota Statutes, section 256.01, subdivision 14b. Of this appropriation, $240,000 is for grants to the Mille Lacs Band of Ojibwe and $125,000 is for grants to the Red Lake Nation. This is a onetime appropriation.

Subd. 11. **Adult Mental Health Grants**

Peer-Run Respite Services in Todd County. On June 1, 2018, any unexpended balance from the appropriation in Laws 2017, First Special Session chapter 6, article 18, section 2, subdivision 30, paragraph (a), is canceled. In fiscal year 2018, the unexpended balance in the general fund from this law is for Todd County for the planning and development of a peer-run respite center for individuals experiencing mental health conditions or co-occurring substance abuse disorder. This is a onetime appropriation and is available until June 30, 2021. The grant is contingent on Todd County providing to the commissioner of human services a plan to fund, operate, and sustain the program and services after the onetime state grant is expended. Todd County must outline the proposed funding stream or mechanism, and any necessary local funding commitment, which will ensure the program will result in a sustainable program. The funding stream may include state funding for programs and services for which the individuals served under this paragraph may be eligible. The commissioner of human services, in collaboration with Todd County, may explore a plan for continued funding using existing appropriations through eligibility for group residential housing under Minnesota Statutes, chapter 256I.

The peer-run respite center must:

(1) admit individuals who are in need of peer support and supportive services while addressing an increase in symptoms or

stressors or exacerbation of their mental health or substance abuse;

(2) admit individuals to reside at the center on a short-term basis, no longer than five days;

(3) be operated by a nonprofit organization;

(4) employ individuals who have personal experience with mental health or co-occurring substance abuse conditions who meet the qualifications of a mental health certified peer specialist under Minnesota Statutes, section 256B.0615, or a recovery peer;

(5) provide at least three but no more than six beds in private rooms; and

(6) not provide clinical services.

By November 1, 2018, the commissioner of human services, in consultation with Todd County, shall report to the committees in the senate and house of representatives with jurisdiction over mental health issues, the status of planning and development of the peer-run respite center, and the plan to financially support the program and services after the state grant is expended.

Subd. 12. **Grant Programs; Child Mental Health Grants** -0- 4,777,000

(a) **School-Linked Mental Health Services by Telemedicine.** $4,777,000 in fiscal year 2019 is to sustain and expand grants under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (8), including the delivery of school-linked mental health services by telemedicine. The base for this appropriation is $4,752,000 in fiscal year 2020 and $4,752,000 in fiscal year 2021.

(b) **Base Level Adjustment.** The general fund base is increased by $4,752,000 in fiscal

year 2020 and increased by $4,752,000 in fiscal year 2021.

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation** **$** **-0-** **$** **7,785,000**

Appropriations by Fund	2018	2019
General	-0-	6,591,000
State Government Special Revenue	-0-	1,284,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Health Improvement**

Appropriations by Fund		
General Fund	-0-	3,551,000
State Government Special Revenue	-0-	1,259,000

(a) **Opioid Overdose Reduction Pilot Program.** $1,062,000 in fiscal year 2019 is for the opioid overdose reduction pilot program in article 23, section 16. Of this appropriation, the commissioner may use up to $112,000 to administer the program. This is a onetime appropriation and is available until June 30, 2021.

(b) **Low-Value Health Services Study.** $389,000 in fiscal year 2019 is for the low-value health services study in article 23, section 15. The base for this appropriation is $106,000 in fiscal year 2020.

(c) **Statewide Tobacco Cessation Services.** $291,000 in fiscal year 2019 is appropriated from the health care access fund for statewide tobacco cessation services under Minnesota Statutes, section 144.397. The base for this appropriation is $1,550,000 in fiscal year 2020, and $2,955,000 in fiscal year 2021.

(d) **Reduction of Statewide Health Improvement Program Appropriation.** The appropriation in Laws 2017, First Special Session chapter 6, article 18, section 3, subdivision 2, from the health care access fund for the statewide health improvement program under Minnesota Statutes, section 145.986, is reduced by $291,000 in fiscal year 2019. The base for this reduction is $1,550,000 in fiscal year 2020, and $2,955,000 in fiscal year 2021.

(e) **Additional Funding for Opioid Prevention Pilot Projects.** $2,000,000 in fiscal year 2019 is appropriated for opioid abuse prevention pilot projects under Laws 2017, First Special Session chapter 6, article 10, section 144. Of this amount, $1,400,000 is for the opioid abuse prevention pilot project through CHI St. Gabriel's Health Family Medical Center, also known as Unity Family Health Care. $600,000 is for Project Echo through CHI St. Gabriel's Health Family Medical Center for e-learning sessions centered around opioid case management and best practices for opioid abuse prevention. This is a onetime appropriation.

(f) **Medical Cannabis.** $1,259,000 in fiscal year 2019 is from the state government special revenue fund for administration of the medical cannabis program. The base for this appropriation is $1,759,000 in fiscal year 2020 and $2,259,000 in fiscal year 2021.

(g) **Voice Response Suicide Prevention and Mental Health Crisis Response Program.** $100,000 in fiscal year 2019 is from the general fund for a grant to a Minnesota nonprofit that is experienced in and currently providing voice response mental health crisis services and is Minnesota's provider of the National Suicide Prevention Lifeline. The grant is to continue providing free and confidential emotional support to people in

suicidal crisis or emotional distress 24 hours a day, seven days a week. This is a onetime appropriation.

(h) **Base Level Adjustments.** The general fund base is increased by $106,000 in fiscal year 2020. The state government special revenue fund base is increased by $1,759,000 in fiscal year 2020 and increased by $2,259,000 in fiscal year 2021.

Subd. 3. **Health Protection**

	Appropriations by Fund	
General	-0-	3,040,000
State Government Special Revenue	-0-	25,000

(a) **Regulation of Low-Dose X-Ray Security Screening Systems.** $29,000 in fiscal year 2019 is from the state government special revenue fund for rulemaking under Minnesota Statutes, section 144.121. The base for this appropriation is $21,000 in fiscal year 2020 and $21,000 in fiscal year 2021.

(b) **Assisted Living Report Card Work Group.** $59,000 in fiscal year 2019 is from the general fund for the assisted living report card work group. This is a onetime appropriation.

(c) **Base Level Adjustment.** The general fund base is increased by $3,923,000 in fiscal year 2020 and increased by $3,923,000 in fiscal year 2021. The state government special revenue fund base is increased by $17,000 in fiscal year 2020 and increased by $17,000 in fiscal year 2021.

Sec. 4. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation** **$ -0- $ 278,000**

This appropriation is from the state government special revenue fund. The

amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Board of Pharmacy**	-0-	278,000

This appropriation is for migration to a new information technology platform for the prescription monitoring program. This is a onetime appropriation

Sec. 5. **LEGISLATIVE COORDINATING COMMISSION.**	**$**	**-0-**	**$** **137,000**

(a) **Health Policy Commission.** $137,000 in fiscal year 2019 is for administration of the Health Policy Commission under Minnesota Statutes, section 62J.90. The base for this appropriation is $405,000 in fiscal year 2020 and $410,000 in fiscal year 2021.

(b) **Base Level Adjustment.** The base is increased by $405,000 in fiscal year 2020 and is increased by $410,000 in fiscal year 2021.

Sec. 6. **TRANSFERS.**

By June 30, 2019, the commissioner of management and budget shall transfer $3,174,000 from the general fund to the health care access fund. Notwithstanding section 7, by June 30, 2020, the commissioner of management and budget shall transfer $3,174,000 from the health care access fund to the general fund. These are onetime transfers.

By June 30, 2018, the commissioner of management and budget shall transfer $14,000,000 from the systems operations account in the special revenue fund to the general fund. This is a onetime transfer.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 7. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2019, unless a different expiration date is specified.

Sec. 8. **EFFECTIVE DATE.**

This article is effective July 1, 2018, unless a different effective date is specified.

ARTICLE 33

SCHOOL SAFETY

Section 1. Minnesota Statutes 2016, section 123B.61, is amended to read:

123B.61 PURCHASE OF CERTAIN EQUIPMENT.

(a) The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to:

~~(a)~~ (1) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, public announcement systems, emergency communications devices, other equipment related to violence prevention and facility security, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes;

~~(b)~~ (2) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; and

~~(c)~~ (3) prepay special assessments.

(b) The certificates or notes must be payable in not more than ten years and must be issued on the terms and in the manner determined by the board, except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55.

(c) A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the lesser of the sum of the amount of the district's total operating capital revenue and safe schools revenue or the sum of the district's levy in the general and community service funds excluding the adjustments under this section for the year preceding the year the initial debt service levies are certified.

(d) The district's general fund levy for each year must be reduced by the sum of:

(1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes issued under this section as required by section 475.61~~.~~;

(2) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on bonds issued under section 123B.62~~.~~; and

(3) any excess amount in the debt redemption fund used to retire bonds, certificates, or notes issued under this section or section 123B.62 after April 1, 1997, other than amounts used to pay capitalized interest.

(e) If the district's general fund levy is less than the amount of the reduction, the balance shall be deducted first from the district's community service fund levy, and next from the district's general fund or community service fund levies for the following year.

(f) A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 2. Minnesota Statutes 2016, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS ~~LEVY~~ REVENUE.

Subdivision 1. **Safe schools revenue.** ~~(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to $36 multiplied by the district's adjusted pupil units for the school year.~~ For fiscal year 2019 and later, safe schools revenue for a school district equals the sum of its safe schools levy and its safe schools aid.

Subd. 2. **Safe schools levy.** (a) For fiscal year 2019 and later, a district's safe schools levy equals the sum of its initial safe schools levy and its cooperative safe schools levy.

(b) For fiscal year 2019 and later, the initial safe schools levy for a district equals $36 times the district's adjusted pupil units for the school year.

(c) For fiscal year 2019 and later, the cooperative safe schools levy for a school district that is a member of an intermediate school district equals $15 times the district's adjusted pupil units for the school year.

Subd. 3. **Safe schools aid.** (a) For fiscal year 2019 and later, a district's safe schools aid equals the sum of its initial safe schools aid and its cooperative safe schools aid.

(b) For fiscal year 2019 and later, the initial safe schools aid for a district equals the greater of (1) $25,000 minus the permitted levy under subdivision 2, paragraph (b), or (2) $3.65 times the district's adjusted pupil units for the school year.

(c) For fiscal year 2019 only, the cooperative safe schools aid for a school district that is a member of a cooperative unit other than an intermediate district that enrolls students equals $7.50 times the district's adjusted pupil units for the school year.

Subd. 3a. **Intermediate district and cooperative unit revenue transfer.** Revenue raised under subdivision 2, paragraph (c), and subdivision 3, paragraph (c), must be transferred to the intermediate school district or other cooperative unit of which the district is a member and used only for costs associated with safe schools activities authorized under subdivision 5, paragraph (a), clauses (1) to

(10). If the district is a member of more than one cooperative unit that enrolls students, the revenue must be allocated among the cooperative units.

Subd. 4. **Safe schools revenue for a charter school.** (a) For fiscal year 2019 and later, safe schools revenue for a charter school equals $3.65 times the adjusted pupil units for the school year.

(b) The revenue must be reserved and used only for costs associated with safe schools activities authorized under subdivision 5, paragraph (a), clauses (1) to (10), or for building lease expenses not funded by charter school building lease aid that are attributable to facility security enhancements made by the landlord after March 1, 2018.

Subd. 4a. **Fiscal year 2019 additional safe schools revenue.** (a) For fiscal year 2019 only, safe schools aid for a school district under subdivision 3 is increased by an amount equal to $16.23 times the district's adjusted pupil units for the school year.

(b) For fiscal year 2019 only, safe schools revenue for a charter school under subdivision 4 is increased by an amount equal to $16.23 times the charter school's adjusted pupil units for the school year.

Subd. 5. **Uses of safe schools revenue.** The ~~proceeds of the levy~~ revenue must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; ~~or~~

(9) to pay costs for colocating and collaborating with mental health ~~professionals~~ providers who are not district employees or contractors or to purchase equipment, connection charges, set-up fees, and site fees in order to deliver mental health services via telemedicine in school;

(10) to pay the costs of enhancing cybersecurity in the district's information systems; or

(11) by board resolution, to transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on obligations issued under sections 123B.61 and 123B.62 for purposes included in clause (7).

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(c) ~~A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed $15 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.~~ Notwithstanding paragraph (a), safe schools aid for a school district and safe schools revenue for a charter school must not be used for the purpose under paragraph (a), clause (8).

Subd. 6. **Report.** By January 15 of each year, the commissioner of education must deliver to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education a report detailing district-level expenditures of safe schools revenue for the prior fiscal year for each of the authorized purposes under subdivision 5.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2019 and later.

Sec. 3. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 34, is amended to read:

Subd. 34. **Sanneh Foundation.** (a) For a grant to the Sanneh Foundation to provide all-day, in-school, and before- and after-school academic and behavioral interventions for low-performing and chronically absent students with a focus on low-income students and students of color throughout the school year and during the summer to decrease absenteeism, encourage school engagement, and improve grades and graduation rates.

$	1,000,000	.....	2018
$	250,000	.....	2019

(b) Funds appropriated ~~in this section~~ for fiscal year 2018 must be used to establish and provide services in schools where the Sanneh Foundation does not currently operate, and must not be used for programs operating in schools as of June 30, 2017. Funds appropriated for fiscal year 2019 may be used to provide services under paragraph (a) in any school.

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

Sec. 4. **TRANSFER OF UNSPENT CONSOLIDATION TRANSITION AID FOR INCENTIVE GRANTS FOR CHARACTER DEVELOPMENT EDUCATION.**

Notwithstanding Minnesota Statutes, section 123A.485, if no school district is eligible for a consolidation transition aid entitlement for fiscal year 2019, the consolidation transition aid appropriation for fiscal year 2019 in article 41, section 2 is transferred to the commissioner of education for additional incentive grants for character development education under article 33, section 5, subdivision 3. This is a onetime transfer for fiscal year 2019 only.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 5. **APPROPRIATION.**

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

Subd. 2. **Safe schools revenue.** For safe schools revenue under Minnesota Statutes, section 126C.44, subdivision 1:

$ 19,814,000 2019

The 2019 appropriation includes $0 for 2018 and $19,814,000 for 2019.

Subd. 3. **Incentive grants for character development education.** (a) For incentive grants to public schools and charter schools that offer the Congressional Medal of Honor character development program:

$ 455,000 2019

(b) The commissioner must award grants to public schools and charter schools that demonstrate use of the Congressional Medal of Honor character development program. The commissioner must allocate the appropriation proportionally among the public schools and charter schools that apply, not to exceed $5,000 per school per fiscal year. If the entire appropriation is not expended in fiscal year 2019, the commissioner must award additional grants in fiscal years 2020 and 2021. The grant award may be used for any school-related purpose consistent with Minnesota Statutes, section 120B.232.

(c) This is a onetime appropriation. The appropriation is available until June 30, 2021.

Subd. 4. **Suicide prevention training for teachers.** (a) For a grant to Kognito to offer evidence-based online training for teachers on suicide prevention and engaging students experiencing mental distress:

$ 273,000 2019

(b) Training funded under this subdivision must be accessible to teachers in every school district, charter school, intermediate school district, service cooperative, and tribal school in Minnesota. This is a onetime appropriation.

ARTICLE 34

GENERAL EDUCATION

Section 1. Minnesota Statutes 2016, section 124D.09, subdivision 4, is amended to read:

Subd. 4. **Alternative pupil.** (a) "Alternative pupil" means an 11th or 12th grade student not enrolled in a public school district, and includes students attending nonpublic schools and students who are home schooled.

(b) "Alternative pupil" includes a 10th grade student who:

(1) is not enrolled in a public school district, including a student attending a nonpublic school or who is home schooled;

(2) is applying to enroll in a career or technical education course offered by a Minnesota state college or university; and

(3) has received a passing score on the 8th grade Minnesota Comprehensive Assessment, or if the student did not take the 8th grade Minnesota Comprehensive Assessment in reading, another reading assessment accepted by the enrolling postsecondary institution.

The alternative 10th grade pupil's enrollment in courses is subject to the same conditions and restrictions as applies to all other 10th grade students under this section.

(c) An alternative pupil is considered a pupil for purposes of this section only. An alternative pupil must register with the commissioner of education before participating in the postsecondary enrollment options program. The commissioner shall prescribe the form and manner of the registration, in consultation with the Nonpublic Education Council under section 123B.445, and may request any necessary information from the alternative pupil.

EFFECTIVE DATE. This section is effective for fiscal year 2019 and later.

Sec. 2. Minnesota Statutes 2016, section 124D.09, subdivision 22, is amended to read:

Subd. 22. **Transportation.** (a) A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled or the pupil's home and the postsecondary institution that the pupil attends. The state shall provide state aid to a district in an amount sufficient to reimburse the parent or guardian for the necessary transportation costs when the family's or guardian's income is at or below the poverty level, as determined by the federal government. The reimbursement shall be the pupil's actual cost of transportation or ~~15 cents~~ the United States Internal Revenue Service business standard mileage rate per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest postsecondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school or the pupil's home and the nearest postsecondary institution times ten. The state must pay aid to the district according to this subdivision.

(b) A parent or guardian of an alternative pupil enrolled in a course for secondary credit may apply to the pupil's postsecondary institution for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled or the pupil's home and the postsecondary institution in an amount sufficient to reimburse the parent or guardian for the necessary transportation costs when the family's or guardian's income is at or below the poverty level, as determined by the federal government. The amount of the reimbursement shall be determined as in paragraph (a). The state must pay aid to the postsecondary institution according to this subdivision.

(c) "Necessary transportation costs" under this subdivision includes the costs of transportation in a private vehicle, bus, taxi, or other shared vehicle.

EFFECTIVE DATE. This section is effective for fiscal year 2019 and later.

Sec. 3. Minnesota Statutes 2017 Supplement, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is behind in satisfactorily completing coursework or obtaining credits for graduation;

(3) is pregnant or is a parent;

(4) has been assessed as chemically dependent;

(5) has been excluded or expelled according to sections 121A.40 to 121A.56;

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

(7) is a victim of physical or sexual abuse;

(8) has experienced mental health problems;

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;

(10) speaks English as a second language or is an English learner; or

(11) has withdrawn from school or has been chronically truant; or

(12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

(b) For fiscal ~~years 2017 and 2018~~ year 2019 only, a pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age, is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, and was in an early middle college program during the previous school year is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 4. Minnesota Statutes 2016, section 124E.20, subdivision 1, is amended to read:

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

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

(c) Notwithstanding paragraph (a), the general education revenue for an eligible special education charter school as defined in section 124E.21, subdivision 2, equals the sum of the amount determined under paragraph (a) and the school's unreimbursed cost as defined in section 124E.21, subdivision 2, for educating students not eligible for special education services.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2020 and later.

Sec. 5. Minnesota Statutes 2016, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) For fiscal year 2019, local optional revenue for a school district equals $424 times the adjusted pupil units of the district for that school year. For fiscal year 2020 and later, local optional revenue for a school district equals the sum of the district's first tier local optional revenue and second tier local optional revenue. A district's first tier local optional revenue equals $300 times the adjusted pupil units of the district for that school year. A district's second tier local optional revenue equals $424 times the adjusted pupil units of the district for that school year.

(b) For fiscal year 2019, a district's local optional levy equals its local optional revenue times the lesser of one or the ratio of its referendum market value per resident pupil unit to $510,000. For fiscal year 2020 and later, a district's local optional levy equals the sum of the first tier local optional levy and the second tier local optional levy. A district's first tier local optional levy equals the district's first tier local optional revenue times the lesser of one or the ratio of the district's referendum

market value per resident pupil unit to $880,000. A district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $510,000. The local optional revenue levy must be spread on referendum market value. A district may levy less than the permitted amount.

(c) A district's local optional aid equals its local optional revenue less its local optional levy~~, times the ratio of the actual amount levied to the permitted levy~~. If a district's actual levy for first or second tier local optional revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 6. Minnesota Statutes 2016, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted pupil unit amount of basic revenue, transition revenue, first tier local optional revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue ~~for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4,~~ equals the product of (1) the district's adjusted pupil units for that year; times (2) the sum of (i) $14, plus (ii) $80, times the school district's equity index computed under subdivision 27.

~~(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units for that year times $14.~~

~~(d)~~ (c) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's adjusted pupil units times the difference between ten percent of the statewide average amount of referendum revenue and first tier local optional revenue per adjusted pupil unit for that year and the sum of the district's referendum revenue and first tier local optional revenue per adjusted pupil unit. A school district's revenue under this paragraph must not exceed $100,000 for that year.

~~(e)~~ (d) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b)~~,~~ and (c)~~, and (d)~~ multiplied by 1.25.

~~(f)~~ (e) For fiscal years 2017, 2018, and 2019 for a school district not included in paragraph ~~(e)~~ (d), a district's equity revenue equals the amount computed in paragraphs (b)~~,~~ and (c)~~, and (d)~~ multiplied by 1.16. For fiscal year 2020 and later for a school district not included in paragraph ~~(e)~~ (d), a district's equity revenue equals the amount computed in paragraphs (b)~~,~~ and (c)~~, and (d)~~ multiplied by 1.25.

~~(g)~~ (f) A school district's additional equity revenue equals $50 times its adjusted pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 7. Minnesota Statutes 2016, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **Referendum allowance.** (a) A district's initial referendum allowance for fiscal year 2020 and later equals the result of the following calculations:

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

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

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

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

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

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

(1) subtract $424 from the district's allowance under Minnesota Statutes 2016, section 126C.17, subdivision 1, paragraph (a), clause (5);

(2) if the result of clause (1) is less than zero, set the allowance to zero;

(3) add to the result in clause (2) any new referendum allowance authorized between July 1, 2013, and December 31, 2013, under Minnesota Statutes 2013, section 126C.17, subdivision 9a;

(4) add to the result in clause (3) any additional referendum allowance per adjusted pupil unit authorized between January 1, 2014, and June 30, 2018;

(5) subtract from the result in clause (4) any allowances expiring in fiscal year 2016, 2017, 2018, or 2019;

(6) subtract $300 from the result in clause (5); and

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

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance, plus any new referendum allowance authorized ~~between July 1, 2013, and December 31, 2013, under subdivision 9a, plus any additional referendum allowance per adjusted pupil unit authorized after December 31, 2013,~~ after July 1, 2018, minus any allowances expiring in fiscal year ~~2016~~ 2020 or later, plus any inflation adjustments for fiscal year 2020 and later approved by the voters prior to July 1, 2018, provided that the allowance may not be less than zero. ~~For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated under paragraph (a), clause (3), must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under Minnesota Statutes 2012, section 126C.17.~~ For a district with more than one allowance for fiscal year 2015 that expires in the same year, the reduction under paragraph (a), ~~clause~~ clauses (1) and (6), ~~to offset local optional revenue~~ shall be made first from any allowances that do not have an inflation adjustment approved by the voters.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 8. Minnesota Statutes 2016, section 126C.17, subdivision 2, is amended to read:

Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal year ~~2015~~ 2020 and later, a district's referendum allowance must not exceed ~~the annual inflationary increase as calculated under paragraph (b) times~~ the greatest of:

(1) ~~$1,845~~ the product of the annual inflationary increase as calculated under paragraph (b), and $2,012.53, minus $300;

(2) the product of the annual inflationary increase as calculated under paragraph (b), and the sum of the referendum revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on elections held before July 1, 2013, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015, minus $300;

(3) ~~the product of the referendum allowance limit the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and the resident marginal cost pupil units the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; minus $424~~ for a newly reorganized district created on July 1, 2019, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its adjusted pupil units for the year preceding reorganization, minus $300; or

(4) for a newly reorganized district created after July 1, ~~2013~~ 2020, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its adjusted pupil units for the year preceding reorganization.

(b) For purposes of this subdivision, for fiscal year ~~2016~~ 2021 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year ~~2015~~ 2020. ~~For fiscal year 2016 and later, for purposes of paragraph (a), clause (3), the inflationary increase equals one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2015.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 9. Minnesota Statutes 2016, section 126C.17, subdivision 5, is amended to read:

Subd. 5. **Referendum equalization revenue.** (a) A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue~~, and the third tier referendum equalization revenue~~.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's adjusted pupil units for that year.

(c) A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~$300~~ $460.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's adjusted pupil units for that year.

(e) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~$760, minus the district's first tier referendum equalization allowance.~~

~~(f) A district's third tier referendum equalization revenue equals the district's third tier referendum equalization allowance times the district's adjusted pupil units for that year.~~

~~(g) A district's third tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or~~ 25 percent of the formula allowance, minus the sum of $300 and the district's first tier referendum equalization allowance ~~and second tier referendum equalization allowance~~.

~~(h)~~ (f) Notwithstanding paragraph ~~(g)~~ (e), the ~~third~~ second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the ~~sum of the~~ district's first tier referendum equalization allowance ~~and second tier referendum equalization allowance~~.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 10. Minnesota Statutes 2016, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy equals the sum of the first tier referendum equalization levy~~,~~ and the second tier referendum equalization levy~~, and the third tier referendum equalization levy~~.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~$880,000~~ $510,000.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~$510,000~~ $290,000.

~~(d) A district's third tier referendum equalization levy equals the district's third tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $290,000.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 11. Minnesota Statutes 2016, section 126C.17, subdivision 7, is amended to read:

Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first~~,~~ or second~~, or third~~ tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district~~, where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue,~~ must not exceed (1) the difference between 25 percent of the formula allowance and $300 times (2) the district's adjusted pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 12. Minnesota Statutes 2016, section 126C.17, subdivision 7a, is amended to read:

Subd. 7a. **Referendum tax base replacement aid.** For each school district that had a referendum allowance for fiscal year 2002 exceeding $415, for each separately authorized referendum levy, the commissioner of revenue, in consultation with the commissioner of education, shall certify the amount of the referendum levy in taxes payable year 2001 attributable to the portion of the referendum allowance exceeding $415 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting of the house, garage, and surrounding one acre of land. The resulting amount must be used to reduce the district's referendum levy or first tier local optional levy amount otherwise determined, and must be paid to the district each year that the referendum or first tier local optional authority remains in effect, is renewed, or new referendum authority is approved. The aid payable under this subdivision must be subtracted from the district's referendum equalization aid under

subdivision 7. The referendum equalization aid and the first tier local optional aid after the subtraction must not be less than zero.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2020 and later.

Sec. 13. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 2, is amended to read:

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

	~~7,032,051,000~~		
$	7,078,769,000	.....	2018
	~~7,227,809,000~~		
$	7,239,247,000	.....	2019

The 2018 appropriation includes $686,828,000 for 2017 and ~~$6,345,223,000~~ $6,391,941,000 for 2018.

The 2019 appropriation includes ~~$705,024,000~~ $683,110,000 for 2018 and ~~$6,522,785,000~~ $6,556,137,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 14. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 3, is amended to read:

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

	~~29,000~~		
$	25,000	.....	2018
	~~31,000~~		
$	29,000	.....	2019

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 15. **REPEALER.**

(a) Minnesota Statutes 2016, section 126C.17, subdivision 9a, is repealed.

(b) Minnesota Statutes 2016, section 126C.16, subdivisions 1 and 3, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective for revenue for fiscal year 2020 and later. Paragraph (b) is effective July 1, 2018.

ARTICLE 35

EDUCATION EXCELLENCE

Section 1. **[120B.25] ACADEMIC BALANCE POLICY.**

A school board must adopt a written academic balance policy. At a minimum, the policy must prohibit discrimination against students on the basis of political, ideological, or religious beliefs. A student must not be required to publicly identify their personal beliefs, views, and values for the purpose of academic credit, classroom, or extracurricular participation. The policy must include reporting procedures and appropriate disciplinary actions for policy violations. The disciplinary actions must conform with collective bargaining agreements and sections 121A.41 to 121A.56. A district must post the policy on the district's Web site during the 2018-2019 school year, provide a copy to each district employee, and include the policy in subsequent editions of the student handbook.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 2. Minnesota Statutes 2016, section 122A.63, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The commissioner may award a joint grant to each of the following:

(1) the Duluth campus of the University of Minnesota and Independent School District No. 709, Duluth;

(2) Bemidji State University and Independent School District No. 38, Red Lake;

(3) Moorhead State University and one of the school districts located within the White Earth Reservation; and

(4) Augsburg College, Independent School District No. 625, St. Paul, and Special School District No. 1, Minneapolis.

(b) If additional funds are available, the commissioner may award additional joint grants to other postsecondary institutions and school districts.

(c) Grantees may enter into contracts with tribal, technical, and community colleges and four-year postsecondary institutions to identify and provide grants to students at those institutions interested in the field of education. Each grantee is eligible to and may contract with partner institutions to provide professional development and supplemental services to a tribal, technical, or community college or four-year postsecondary institution, including identification of prospective students, provision of instructional supplies and materials, and provision of grant money to students. A contract with a tribal, technical, or community college or four-year postsecondary institution includes coordination of student identification, professional development, and mentorship services.

Sec. 3. Minnesota Statutes 2016, section 122A.63, subdivision 4, is amended to read:

Subd. 4. **Grant amount.** The commissioner may award a joint grant in the amount it determines to be appropriate. The grant shall include money for the postsecondary institution, school district, and student ~~scholarships, and student loans~~ grants.

Sec. 4. Minnesota Statutes 2016, section 122A.63, subdivision 5, is amended to read:

Subd. 5. **Information to student applicants.** At the time a student applies for a ~~scholarship and loan~~ grant, the student shall be provided information about the fields of licensure needed by school districts in the part of the state within which the district receiving the joint grant is located. The information shall be acquired and periodically updated by the recipients of the joint grant and their contracted partner institutions. Information provided to students shall clearly state that scholarship and loan decisions are not based upon the field of licensure selected by the student.

Sec. 5. Minnesota Statutes 2016, section 122A.63, subdivision 6, is amended to read:

Subd. 6. **Eligibility for ~~scholarships and loans~~ student grants.** The following Indian people are eligible for ~~scholarships~~ student grants:

(1) a student having origins in any of the original peoples of North America and maintaining cultural identification through tribal affiliation or community recognition;

~~(1)~~ (2) a student, including a teacher aide employed by a district receiving a joint grant or their contracted partner school, who intends to become a teacher or who is interested in the field of education and who is enrolled in a postsecondary institution or their contracted partner institutions receiving a joint grant;

~~(2)~~ (3) a licensed employee of a district receiving a joint grant or a contracted partner school, who is enrolled in a master of education program; and

~~(3)~~ (4) a student who, after applying for federal and state financial aid and an Indian scholarship according to section 136A.126, has financial needs that remain unmet. Financial need shall be determined according to the congressional methodology for needs determination or as otherwise set in federal law.

~~A person who has actual living expenses in addition to those addressed by the congressional methodology for needs determination, or as otherwise set in federal law, may receive a loan according to criteria established by the commissioner. A contract shall be executed between the state and the student for the amount and terms of the loan.~~ Priority shall be given to a student who is tribally enrolled and then to first- and second-generation descendants.

Sec. 6. Minnesota Statutes 2016, section 122A.63, is amended by adding a subdivision to read:

Subd. 9. **Eligible programming.** (a) The grantee institutions and the contracted partner institutions may provide grants to students progressing toward educational goals in any area of teacher licensure, including an associate of arts, bachelor's, master's, or doctoral degree in the following:

(1) any educational certification necessary for employment;

(2) early childhood family education or prekindergarten licensure;

(3) elementary and secondary education;

(4) school administration; or

(5) any educational program that provides services to American Indian students in prekindergarten through grade 12.

The grantee institutions and the contracted partner institutions must give priority to grants for students progressing towards an associate of arts or a bachelor's degree. Students progressing towards a master's or doctoral degree may be awarded a grant if they were enrolled in the degree granting program before May 1, 2018.

(b) For purposes of recruitment, the grantees or their partner contracted institutions shall agree to work with their respective organizations to hire an American Indian work-study student or other American Indian staff to conduct initial information queries and to contact persons working in schools to provide programming regarding education professions to a high school student who may be interested in education as a profession.

(c) At least 80 percent of the grants awarded under this section must be used for student grants. No more than 20 percent of the grants awarded under this section may be used for recruitment or administration of the student grants.

Sec. 7. **[123B.022] PROHIBITING SCHOOL EMPLOYEES FROM USING PUBLIC RESOURCES FOR ADVOCACY; ENDORSING TIMELY AND CURRENT FACTUAL INFORMATION.**

(a) A school board must adopt and implement a districtwide policy that prohibits district employees from using district funds or other publicly funded district resources, including time, materials, equipment, facilities, social media, and communication technologies, among other resources, to advocate for electing or defeating a candidate, or passing or defeating a ballot question. The policy must apply when the employee performs the duties assigned to the employee under the employee's employment contract with the district, and includes the periods when the employee represents the district in an official capacity, among other duties. The policy must not apply when an employee disseminates factual information consistent with the employee's contractual duties.

(b) The school board must provide the district's electorate with timely factual information about a pending ballot question.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 8. **[124D.5222] ADULT BASIC EDUCATION AID FOR COMMUNITY-BASED PROVIDERS.**

(a) The International Education Center, the American Indian Opportunities Industrialization Center, and the Minnesota Office of Communication Service for the Deaf are eligible for additional adult basic education aid for fiscal year 2019 only.

(b) The additional aid for each eligible organization equals $400,000 times the ratio of (1) the number of students served for the previous fiscal year by the organization to (2) the sum of the number of students served for the previous fiscal year by all eligible organizations.

(c) The additional aid under this section must be paid in the same form and manner as the aid under section 124D.531.

EFFECTIVE DATE. This section is effective for fiscal year 2019 only.

Sec. 9. Minnesota Statutes 2017 Supplement, section 124E.03, subdivision 2, is amended to read:

Subd. 2. **Certain federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A charter school must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(d) A charter school is a district for the purposes of tort liability under chapter 466.

(e) A charter school must comply with the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(f) A charter school and charter school board of directors must comply with chapter 181 governing requirements for employment.

(g) A charter school must comply with continuing truant notification under section 260A.03.

(h) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13), and place students in classrooms in accordance with section 122A.40, subdivision 8, paragraph (d). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

(i) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

(j) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56.

(k) A charter school must adopt an academic balance policy under section 120B.25.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 10. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 12, is amended to read:

Subd. 12. **Museums and education centers.** For grants to museums and education centers:

$	460,000	.....	2018
	~~460,000~~		
$	507,000	.....	2019

(a) $319,000 each year is for the Minnesota Children's Museum. Of the amount in this paragraph, $50,000 in each year is for the Minnesota Children's Museum, Rochester.

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

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

(d) $50,000 each year is for the Headwaters Science Center.

(e) $47,000 in fiscal year 2019 only is for the Judy Garland Museum for the Children's Discovery Museum of Grand Rapids.

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

The base in fiscal year 2020 is $460,000.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 11. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 22, is amended to read:

Subd. 22. **Race 2 Reduce.** (a) For grants to support expanded Race 2 Reduce water conservation programming in Minnesota schools:

$	307,000	.....	2018
	~~0~~		
$	100,000	.....	2019

(b) For fiscal year 2018, $143,000 is for H2O for Life; $98,000 is for Independent School District No. 624, White Bear Lake; and $66,000 is for Independent School District No. 832, Mahtomedi.

(c) For fiscal year 2019, $57,000 is for H2O for Life, and $43,000 is for Independent School District No. 624, White Bear Lake.

~~The appropriation is available until June 30, 2019.~~ (d) Any balance in the first year does not cancel but is available in the second year. The base for fiscal year 2020 is $0.

Sec. 12. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 23, is amended to read:

Subd. 23. ~~**Paraprofessional pathway**~~ **Grow Your Own Pathways to teacher licensure.** (a) For grants to school districts for Grow Your Own new teacher programs:

$	1,500,000	.....	2018
$	1,500,000	.....	2019

(b) The grants in paragraph (a) are for school districts ~~with more than 30 percent minority~~ and charter schools where at least 30 percent of the school district's or charter school's students served are students of color or American Indian students.

(c) $900,000 of the fiscal year 2019 appropriation is for ~~a Board of Teaching-approved~~ established and effective Professional Educator Licensing and Standards Board-approved nonconventional teacher residency pilot ~~program~~ programs. The program must provide tuition scholarships or stipends to enable school district and charter school employees or community members affiliated with a school district or charter school who seek an education license to participate in a nonconventional teacher preparation program. School districts and charter schools that receive funds under this subdivision are strongly encouraged to recruit candidates of color and American Indian candidates to participate in the Grow Your Own new teacher programs. Districts or schools providing financial support may require a commitment as determined by the district to teach in the district or school for a reasonable amount of time that does not exceed five years.

~~(c) School districts and charter schools may also apply for grants to develop~~ (d) $600,000 of the fiscal year 2019 appropriation is for grants to provide financial assistance, mentoring, and experiences to enable persons who are of color or who are American Indian, and who work or live in the local community, to become teachers. Districts or schools providing financial support may require a commitment as determined by the district or school to teach in the district or school for a reasonable amount of time that does not exceed five years. Grants may be used for:

(1) tuition scholarships or stipends to eligible teaching assistants, cultural liaisons, or other nonlicensed employees who are of color or who are American Indian and who are enrolled in any teacher preparation program approved by the Professional Educator Licensing and Standards Board;

(2) supporting the development of innovative residency programs for persons of color and American Indians seeking an education license through a school-based, board-approved program; and

(3) developing innovative expanded Grow Your Own programs that:

(i) encourage secondary school students to pursue teaching, including developing and offering dual-credit postsecondary course options in schools for "Introduction to Teaching" or "Introduction to Education" courses consistent with Minnesota Statutes, section 124D.09, subdivision 10; and

(ii) support future teacher clubs involving middle and high school students who are of color or who are American Indian to provide experiential learning, support the success of younger students, and pursue teaching careers.

(e) A school district must apply for grants under this subdivision in the form and manner specified by the commissioner. Each year, the commissioner must review all grant applications by September 15 and notify grant recipients of the amount of their grant by September 30.

~~(d)~~ (f) Programs must annually report to the commissioner by the date determined by the commissioner on their activities under this section, including the number of participants, the percentage of participants who are of color or who are American Indian, and an assessment of program effectiveness, including participant feedback, areas for improvement, the percentage of participants continuing to pursue teacher licensure, and the number of participants hired in the school or district as teachers after completing preparation programs.

~~(e)~~ (g) The department may retain up to three percent of the appropriation amount to monitor and administer the grant program.

~~(f)~~ (h) Any balance in ~~the first~~ fiscal year 2018 does not cancel but is available in ~~the second~~ fiscal year 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 13. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Online access to music education.** (a) For a grant to the MacPhail Center for Music to broaden access to music education in rural Minnesota:

$ 125,000 2019

(b) The MacPhail Center must use the grant under paragraph (a) to broaden access to music education in rural Minnesota. The program must supplement and enhance an existing program and may provide individual instruction, sectional ensembles, and other group activities, workshops, and early childhood music activities. The MacPhail Center must design its program in consultation with music educators who teach in rural Minnesota. The grants may be used by the MacPhail Center for employee costs and for any related travel costs.

(c) Upon request from a school's music educator, the MacPhail Center may enter into an agreement with the school to provide a program according to paragraph (b). In an early childhood setting, the MacPhail Center may provide a program upon a request initiated by an early childhood educator.

(d) By January 15, 2020, the MacPhail Center shall prepare and submit a report to the legislature describing the online programs offered, program outcomes, the students served, an estimate of the unmet need for music education, and a detailed list of expenditures for the previous fiscal year.

(e) This is a onetime appropriation.

Subd. 3. **Academic balance policy review.** (a) For the commissioner of education to conduct a review of academic balance policies under Minnesota Statutes, section 120B.25.

$ 25,000 2019

(b) The commissioner must review a sample of policies adopted by school districts and charter schools for compliance with the requirements of Minnesota Statutes, section 120B.25, and may make recommendations to the legislative committees having jurisdiction over early childhood through grade 12 education by January 18, 2019, regarding any necessary statutory changes.

(c) This is a onetime appropriation.

Sec. 14. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall codify Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 23, as amended, in the next publication of Minnesota Statutes.

Sec. 15. **REPEALER.**

(a) Minnesota Statutes 2016, section 122A.63, subdivisions 7 and 8, are repealed.

(b) Laws 2016, chapter 189, article 25, section 62, subdivision 16, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2018. Paragraph (b) is effective June 30, 2018.

ARTICLE 36

TEACHERS

Section 1. Minnesota Statutes 2017 Supplement, section 122A.187, is amended by adding a subdivision to read:

Subd. 7. **Background check.** The Professional Educator Licensing and Standards Board must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on a licensed teacher applying for a renewal license who has not had a background check within the preceding five years. The board may request payment from the teacher renewing their license in an amount equal to the actual cost of the background check.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 2. Minnesota Statutes 2017 Supplement, section 123B.03, subdivision 1, is amended to read:

Subdivision 1. **Background check required.** (a) A school hiring authority ~~shall~~ must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all individuals who are offered employment in a school and on all individuals, except enrolled student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to a school, regardless of whether any compensation is paid. In order for an individual to be eligible for employment or to provide the services, the individual must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension

and the school district of conducting the criminal history background check. A school hiring authority deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data as defined in section 13.87. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an individual who holds an initial entrance license issued by the Professional Educator Licensing and Standards Board or the commissioner of education within the 12 months preceding an offer of employment.

(b) A school hiring authority may use the results of a criminal background check conducted at the request of another school hiring authority if:

(1) the results of the criminal background check are on file with the other school hiring authority or otherwise accessible;

(2) the other school hiring authority conducted a criminal background check within the previous 12 months;

(3) the individual who is the subject of the criminal background check executes a written consent form giving a school hiring authority access to the results of the check; and

(4) there is no reason to believe that the individual has committed an act subsequent to the check that would disqualify the individual for employment.

(c) A school hiring authority may, at its discretion, request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on any individual who seeks to enter a school or its grounds for the purpose of serving as a school volunteer or working as an independent contractor or student employee. In order for an individual to enter a school or its grounds under this paragraph when the school hiring authority decides to request a criminal history background check on the individual, the individual first must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school district in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual unless a school hiring authority decides to pay the costs of conducting a background check under this paragraph. If the school hiring authority pays the costs, the individual who is the subject of the background check need not pay for it.

(d) In addition to the initial background check required for all individuals offered employment in accordance with paragraph (a), a school hiring authority must request a new criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all employees every three years. Notwithstanding any law to the contrary, in order for an individual to be eligible for continued employment, an individual must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal

history background check. A school hiring authority deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. A school bus driver who has had a criminal history background check under section 171.3215 and has had their existing bus driver's endorsement renewed, is exempt from this requirement. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an employee who provides the hiring authority with a copy of the results of a criminal history background check conducted within the previous 36 months. A school hiring authority may, at its discretion, decide to pay the costs of conducting a background check under this paragraph.

~~(d)~~ (e) For all nonstate residents who are offered employment in a school, a school hiring authority shall request a criminal history background check on such individuals from the superintendent of the Bureau of Criminal Apprehension and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. Such individuals must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school hiring authority in an amount equal to the actual cost to the government agencies and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

~~(e)~~ (f) At the beginning of each school year or when a student enrolls, a school hiring authority must notify parents and guardians about the school hiring authority's policy requiring a criminal history background check on employees and other individuals who provide services to the school, and identify those positions subject to a background check and the extent of the hiring authority's discretion in requiring a background check. The school hiring authority may include the notice in the student handbook, a school policy guide, or other similar communication. Nothing in this paragraph affects a school hiring authority's ability to request a criminal history background check on an individual under paragraph (c).

ARTICLE 37

SPECIAL EDUCATION

Section 1. Minnesota Statutes 2016, section 120A.20, subdivision 2, is amended to read:

Subd. 2. **Education, residence, and transportation of homeless.** (a) Notwithstanding subdivision 1, a district must not deny free admission to a homeless pupil solely because the district cannot determine that the pupil is a resident of the district.

(b) The school district of residence for a homeless pupil shall be the school district in which the parent or legal guardian resides, unless: (1) parental rights have been terminated by court order; (2) the parent or guardian is not living within the state; or (3) the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections. If any of clauses (1) to (3) apply, the school district of residence shall be the school district in which the pupil resided when the qualifying

event occurred. If no other district of residence can be established, the school district of residence shall be the school district in which the pupil currently resides. If there is a dispute between school districts regarding residency, the district of residence is the district designated by the commissioner of education.

(c) Except as provided in paragraph (d), the serving district is responsible for transporting a homeless pupil to and from the pupil's district of residence. The district may transport from a permanent home in another district but only through the end of the academic school year. When a pupil is enrolled in a charter school, the district or school that provides transportation for other pupils enrolled in the charter school is responsible for providing transportation. When a homeless student with or without an individualized education program attends a public school other than an independent or special school district or charter school, the district of residence is responsible for transportation.

(d) For a homeless pupil with an individualized education plan enrolled in a program authorized by an intermediate school district, special education cooperative, service cooperative, or education district, the serving district at the time of the pupil's enrollment in the program remains responsible for transporting that pupil for the remainder of the school year, unless the initial serving district and the current serving district mutually agree that the current serving district is responsible for transporting the homeless pupil.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 2. Laws 2017, First Special Session chapter 5, article 2, section 56, is amended to read:

Sec. 56. **INTERMEDIATE SCHOOL DISTRICT MENTAL HEALTH INNOVATION GRANT PROGRAM; APPROPRIATION.**

(a) $2,450,000 in fiscal year 2018 and $2,450,000 in fiscal year 2019 are appropriated from the general fund to the commissioner of human services for a grant program to fund innovative projects to improve mental health outcomes for youth attending a qualifying school unit.

(b) A "qualifying school unit" means an intermediate district organized under Minnesota Statutes, section 136D.01, or a service cooperative organized under Minnesota Statutes, section 123A.21, subdivision 1, paragraph (a), clause (2), that provides instruction to students in a setting of federal instructional level 4 or higher. Grants under paragraph (a) must be awarded to eligible applicants such that the services are proportionately provided among qualifying school units. The commissioner shall calculate the share of the appropriation to be used in each qualifying school unit by dividing the qualifying school unit's average daily membership in a setting of federal instructional level 4 or higher for fiscal year 2016 by the total average daily membership in a setting of federal instructional level 4 or higher for the same year for all qualifying school units.

(c) An eligible applicant is an entity that has demonstrated capacity to serve the youth identified in paragraph (a) and that is:

(1) certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(2) a community mental health center under Minnesota Statutes, section 256B.0625, subdivision 5;

(3) an Indian health service facility or facility owned and operated by a tribe or tribal organization operating under United States Code, title 25, section 5321; ~~or~~

(4) a provider of children's therapeutic services and supports as defined in Minnesota Statutes, section 256B.0943~~.~~; or

(5) enrolled in medical assistance as a mental health or substance use disorder provider agency and must employ at least two full-time equivalent mental health professionals as defined in section 245.4871, subdivision 27, clauses (1) to (6), or alcohol and drug counselors licensed or exempt from licensure under chapter 148F who are qualified to provide clinical services to children and families.

(d) An eligible applicant must employ or contract with at least two licensed mental health professionals as defined in Minnesota Statutes, section 245.4871, subdivision 27, clauses (1) to (6), who have formal training in evidence-based practices.

(e) A qualifying school unit must submit an application to the commissioner in the form and manner specified by the commissioner. The commissioner may approve an application that describes models for innovative projects to serve the needs of the schools and students. The commissioner may provide technical assistance to the qualifying school unit. The commissioner shall then solicit grant project proposals and award grant funding to the eligible applicants whose project proposals best meet the requirements of this section and most closely adhere to the models created by the intermediate districts and service cooperatives.

(f) To receive grant funding, an eligible applicant must obtain a letter of support for the applicant's grant project proposal from each qualifying school unit the eligible applicant is proposing to serve. An eligible applicant must also demonstrate the following:

(1) the ability to seek third-party reimbursement for services;

(2) the ability to report data and outcomes as required by the commissioner; and

(3) the existence of partnerships with counties, tribes, substance use disorder providers, and mental health service providers, including providers of mobile crisis services.

(g) Grantees shall obtain all available third-party reimbursement sources as a condition of receiving grant funds. For purposes of this grant program, a third-party reimbursement source does not include a public school as defined in Minnesota Statutes, section 120A.20, subdivision 1.

(h) The base budget for this program is $0. This appropriation is available until June 30, 2020.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 3. **TRANSFER OF UNSPENT DEPARTMENT OF EDUCATION LITIGATION FUNDS FOR MONTICELLO SPECIAL EDUCATION AID.**

The commissioner of education must transfer any funds remaining unspent as of June 30, 2018, estimated at $800,000, from the amount appropriated for fiscal year 2018 to the Department of Education for legal fees and costs associated with litigation under Laws 2017, First Special Session

chapter 5, article 11, section 9, subdivision 2, paragraph (a), clause (8), to increase special education aid payments to Independent School District No. 882, Monticello, in an equal amount for fiscal year 2019. This is a onetime transfer.

EFFECTIVE DATE. This section is effective June 30, 2018.

ARTICLE 38

FACILITIES, TECHNOLOGY, AND LIBRARIES

Section 1. Minnesota Statutes 2016, section 123B.595, is amended by adding a subdivision to read:

Subd. 13. **Allocation from districts participating in agreements for secondary education or interdistrict cooperation.** For purposes of this section, a district with revenue authority under subdivision 1 for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site and that participates in an agreement under section 123A.30 or 123A.32 may allocate the revenue authority among participating districts.

Sec. 2. Minnesota Statutes 2016, section 125B.26, subdivision 4, is amended to read:

Subd. 4. **District aid.** ~~For fiscal year 2006 and later,~~ A district, charter school, or intermediate school district's Internet access equity aid equals the district, charter school, or intermediate school district's approved cost for the previous fiscal year according to subdivision 1 ~~exceeding $16 times the district's adjusted pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster~~. Equity aid must be distributed to the telecommunications access cluster for districts, charter schools, or intermediate school districts that are members of the cluster or to individual districts, charter schools, or intermediate school districts not part of a telecommunications access cluster.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2019 and later.

Sec. 3. Minnesota Statutes 2016, section 125B.26, is amended by adding a subdivision to read:

Subd. 4a. **Additional telecommunications equity access aid.** A school district or charter school is eligible for additional telecommunications equity access aid equal to the greater of zero or:

(1) the district's approved costs under subdivision 1 minus the district's aid under subdivision 4; minus

(2) $7 times the adjusted pupil units.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2019 and later.

Sec. 4. Minnesota Statutes 2016, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or

lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed $212 times the adjusted pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes colocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed $65 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in ~~2012~~ 2019 to 2023, a school district that ~~is~~ was a member of the "Technology and Information ~~Education Systems~~ Educational Services" data processing joint board~~, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes,~~ during any period of time from when the building lease purchase agreement was entered into in calendar year 2012 through the dissolution of the Technology and Information Educational Services joint powers board may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total annual levy authority under this paragraph shall not exceed the lesser of $632,000 or the remaining lease purchase amounts owed on the facility.

(j) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 5. Minnesota Statutes 2016, section 205A.07, subdivision 2, is amended to read:

Subd. 2. **Sample ballot, posting.** (a) For every school district primary, general, or special election, the school district clerk shall at least four days before the primary, general, or special election, post a sample ballot in the administrative offices of the school district for public inspection, and shall post a sample ballot in each polling place on election day.

(b) For a school district general or special election to issue bonds to finance a capital project requiring review and comment under section 123B.71, the summary of the commissioner's review and comment and supplemental information required under section 123B.71, subdivision 12, paragraph (a), shall be posted in the same manner as the sample ballot under paragraph (a).

EFFECTIVE DATE. This section is effective for elections held on or after August 1, 2018.

Sec. 6. Minnesota Statutes 2016, section 475.58, subdivision 4, is amended to read:

Subd. 4. **Proper use of bond proceeds.** The proceeds of obligations issued after approval of the electors under this section ~~may~~ must only be spent: (1) for the purposes stated in the ballot language; or (2) to pay, redeem, or defease obligations and interest, penalties, premiums, and costs of issuance of the obligations. The proceeds ~~may~~ must not be spent for a different purpose or for an expansion of the original purpose without the approval by a majority of the electors voting on the question of changing or expanding the purpose of the obligations.

Sec. 7. Minnesota Statutes 2017 Supplement, section 475.59, subdivision 1, is amended to read:

Subdivision 1. **Generally; notice.** (a) When the governing body of a municipality resolves to issue bonds for any purpose requiring the approval of the electors, it shall provide for submission of the proposition of their issuance at a general or special election or town or school district meeting. Notice of such election or meeting shall be given in the manner required by law and shall state the maximum amount and the purpose of the proposed issue.

(b) In any school district, the school board or board of education may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance for any one or more of the following, stated conjunctively or in the alternative: acquisition or enlargement of sites, acquisition, betterment, erection, furnishing, equipping of one or more new schoolhouses, remodeling, repairing, improving, adding to, betterment, furnishing, equipping of one or more existing schoolhouses. The ballot question or questions submitted by a school board must state the name of the plan or plans being proposed by the district as submitted to the commissioner of education for review and comment under section 123B.71.

(c) In any city, town, or county, the governing body may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance, stated conjunctively or in the alternative, for the acquisition, construction, or improvement of any facilities at one or more locations.

EFFECTIVE DATE. This section is effective for elections held on or after August 1, 2018.

Sec. 8. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 4, is amended to read:

Subd. 4. **Equity in telecommunications access aid.** For equity in telecommunications access aid under Minnesota Statutes, section 125B.26, subdivision 4:

$	3,750,000	.....	2018
	~~3,750,000~~		
$	3,950,000	.....	2019

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2018 and 2019 shall be prorated.

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

Sec. 9. **CANCELLATION OF UNSPENT REGIONAL LIBRARIES TELECOMMUNICATIONS AID.**

The commissioner of education must cancel any unspent regional libraries telecommunications aid for fiscal years 2018 and 2019, estimated at $350,000, to the general fund on June 30, 2019. Any amount reduced under this section must be reduced from the fiscal year 2019 current year aid payment under Minnesota Statutes, section 127A.45, subdivision 2.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 10. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sum indicated in this section is appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Additional telecommunications equity access aid.** For additional telecommunications equity access aid under Minnesota Statutes, section 125B.26, subdivision 4a:

$ 240,000 2019

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivision 4a, and the revenue for fiscal year 2019 shall be prorated.

ARTICLE 39

EARLY EDUCATION

Section 1. Minnesota Statutes 2016, section 124D.151, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) provide instruction through play-based learning to foster children's social and emotional development, cognitive development, physical and motor development, and language and literacy skills, including the native language and literacy skills of English learners, to the extent practicable;

(2) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and ~~others~~ other age-appropriate versions from the state-approved menu of kindergarten entry profile measures;

(3) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through grade 3 academic standards;

(4) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

(5) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;

(6) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(7) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(8) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(9) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(10) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children;

(11) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(12) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade 3 curricula.

(b) A voluntary prekindergarten program must have teachers knowledgeable in early childhood curriculum content, assessment, native and English language programs, and instruction.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Sec. 2. Minnesota Statutes 2016, section 124D.151, subdivision 3, is amended to read:

Subd. 3. **Mixed delivery of services.** (a) A district or charter school may contract with a charter school, Head Start or child care centers, family child care programs licensed under section 245A.03, or a community-based organization to provide eligible children with developmentally appropriate services that meet the program requirements in subdivision 2. Components of a mixed-delivery plan include strategies for recruitment, contracting, and monitoring of fiscal compliance and program quality.

(b) For fiscal year 2020 and later, for any district or charter school serving more children under this section than in fiscal year 2019, the district or charter school must contract with a three- or

four-star Parent Aware rated program operated by a charter school, Head Start, child care center, licensed family child care, or community-based organization for at least 40 percent of the spaces for the additional eligible children.

Sec. 3. Minnesota Statutes 2017 Supplement, section 124D.151, subdivision 5, is amended to read:

Subd. 5. **Application process; priority for high poverty schools.** (a) ~~To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016.~~ To qualify for program approval ~~for fiscal year 2018 and later,~~ a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner must review all applications submitted ~~for fiscal year 2017 by August 1, 2016, and must review all applications submitted for fiscal year 2018 and later~~ by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded voluntary prekindergarten programs under this section meeting the requirements of paragraph (a) and school readiness plus programs into four groups as follows: the Minneapolis and St. Paul school districts; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. A school site may contract to partner with a community-based provider or Head Start under subdivision 3 or establish an early childhood center and use the concentration of kindergarten students eligible for free or reduced-price meals from a specific school site as long as those eligible children are prioritized and guaranteed services at the mixed-delivery site or early education center. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority; and

(3) whether the district has implemented a mixed delivery system.

(d) The limit on participation for the programs as specified in subdivision 6 must initially be allocated among the four groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. Within each group, the participation limit for fiscal years 2018 and 2019 must first be allocated to school sites approved for aid in the previous year to ensure that those sites are funded for the same number of participants as approved for the previous year. The remainder of the participation limit for each group must be allocated among school sites in priority order until that region's share of the participation limit is reached. If the participation limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis. For fiscal year 2020 and later, the participation limit must first be allocated to school sites approved for aid in fiscal year 2017, and then to school sites approved for aid in fiscal year 2018 based on the statewide rankings under paragraph (c).

(e) Once a school site or a mixed delivery site under subdivision 3 is approved for aid under this subdivision, it shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total number of participants approved based on applications submitted under paragraph (a) is less than the participation limit under subdivision 6, the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

(h) For fiscal year 2020 and later, the commissioner may waive the mixed-delivery requirements under subdivisions 3 and 6 for an otherwise qualified applicant that provides documented evidence that the school district or charter school was unable to provide a mixed-delivery program because of the unavailability of providers willing to contract with the school district or charter school or other factors beyond their control.

Sec. 4. Minnesota Statutes 2017 Supplement, section 124D.151, subdivision 6, is amended to read:

Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

~~(b) In reviewing applications under subdivision 5, the commissioner must limit the estimated state aid entitlement approved under this section to $27,092,000 for fiscal year 2017. If the actual state aid entitlement based on final data exceeds the limit in any year, the aid of the participating districts must be prorated so as not to exceed the limit.~~

~~(c)~~ (b) The commissioner must limit the total number of funded participants in the voluntary prekindergarten program under this section to not more than 3,160.

~~(d)~~ (c) Notwithstanding paragraph ~~(c)~~ (b), the commissioner must limit the total number of participants in the voluntary prekindergarten and school readiness plus programs to not more than 6,160 participants for fiscal year 2018 and 7,160 participants for fiscal year 2019.

(d) For fiscal year 2020 and later, at least 40 percent of the number of program participants served under this section in excess of 3,160 participants must be served through a mixed delivery of services according to subdivision 3.

Sec. 5. Laws 2017, First Special Session chapter 5, article 8, section 9, subdivision 6, is amended to read:

Subd. 6. **No supplanting.** For a site first qualifying in fiscal year 2018 or ~~2019~~ later, ~~mixed delivery revenue, including~~ voluntary prekindergarten and school readiness plus program revenue~~,~~ must be used to supplement not supplant existing state, federal, and local revenue for prekindergarten activities.

ARTICLE 40

STATE AGENCIES

Section 1. Laws 2017, First Special Session chapter 5, article 11, section 9, subdivision 2, is amended to read:

Subd. 2. **Department.** (a) For the Department of Education:

$	27,158,000	.....	2018
	~~24,874,000~~		
$	24,673,000	.....	2019

Of these amounts:

(1) $231,000 each year is for the Board of School Administrators, and beginning in fiscal year 2020, the amount indicated is from the educator licensure account in the special revenue fund;

(2) $1,000,000 each year is for regional centers of excellence under Minnesota Statutes, section 120B.115;

(3) $500,000 each year is for the school safety technical assistance center under Minnesota Statutes, section 127A.052;

(4) $250,000 each year is for the School Finance Division to enhance financial data analysis;

(5) $720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;

(6) $2,750,000 in fiscal year 2018 and $500,000 in fiscal year 2019 are for the Department of Education's mainframe update;

(7) $123,000 each year is for a dyslexia specialist; ~~and~~

(8) $2,000,000 each year is for legal fees and costs associated with litigation; and

(9) $185,000 in fiscal year 2019 is for the Turnaround Arts program.

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

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(f) The agency's base is ~~$22,054,000~~ $22,014,000 for fiscal year 2020 and $21,965,000 for 2021.

Sec. 2. Laws 2017, First Special Session chapter 5, article 11, section 12, is amended to read:

Sec. 12. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

(a) The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

	~~8,173,000~~		
$	7,388,000	.....	2018
	~~6,973,000~~		
$	6,396,000	.....	2019

(b) Of the amounts appropriated in paragraph (a), $370,000 is for fiscal ~~years~~ year 2018 or 2019 only for arts integration and Turnaround Arts programs.

(c) ~~$1,200,000~~ $415,000 in fiscal year 2018 is for severance payments related to the closure of Crosswinds school and is available until June 30, 2019.

(d) The base in fiscal year 2020 is $6,521,000.

ARTICLE 41

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 4, is amended to read:

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

	~~2,374,000~~		
$	2,584,000	.....	2018
	~~2,163,000~~		
$	3,218,000	.....	2019

The 2018 appropriation includes $262,000 for 2017 and ~~$2,112,000~~ $2,322,000 for 2018.

The 2019 appropriation includes ~~$234,000~~ $258,000 for 2018 and ~~$1,929,000~~ $2,960,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 2. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 5, is amended to read:

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

	~~185,000~~		
$	0	.....	2018
	~~382,000~~		
$	270,000	.....	2019

The 2018 appropriation includes $0 for 2017 and ~~$185,000~~ $0 for 2018.

The 2019 appropriation includes ~~$20,000~~ $0 for 2018 and ~~$362,000~~ $270,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 3. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 6, is amended to read:

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

	~~18,197,000~~		
$	17,779,000	.....	2018
	~~19,225,000~~		
$	17,910,000	.....	2019

The 2018 appropriation includes $1,687,000 for 2017 and ~~$16,510,000~~ $16,092,000 for 2018.

The 2019 appropriation includes ~~$1,834,000~~ $1,787,000 for 2018 and ~~$17,391,000~~ $16,123,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 4. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 7, is amended to read:

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

	~~18,372,000~~		
$	17,549,000	.....	2018
	~~18,541,000~~		
$	18,309,000	.....	2019

The 2018 appropriation includes $1,835,000 for 2017 and ~~$16,537,000~~ $15,714,000 for 2018.

The 2019 appropriation includes ~~$1,837,000~~ $1,745,000 for 2018 and ~~$16,704,000~~ $16,564,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 5. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 9, is amended to read:

Subd. 9. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

	~~4,561,000~~		
$	4,757,000	.....	2018
	~~4,125,000~~		
$	4,384,000	.....	2019

The 2018 appropriation includes $476,000 for 2017 and ~~$4,085,000~~ $4,281,000 for 2018.

The 2019 appropriation includes ~~$453,000~~ $475,000 for 2018 and ~~$3,672,000~~ $3,909,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

B. EDUCATION EXCELLENCE

Sec. 6. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 2, is amended to read:

Subd. 2. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

	~~71,249,000~~		
$	71,693,000	.....	2018
	~~73,267,000~~		
$	73,926,000	.....	2019

The 2018 appropriation includes $6,725,000 for 2017 and ~~$64,524,000~~ $64,968,000 for 2018.

The 2019 appropriation includes ~~$7,169,000~~ $7,218,000 for 2018 and ~~$66,098,000~~ $66,708,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 7. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 3, is amended to read:

Subd. 3. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	~~47,264,000~~		
$	46,517,000	.....	2018
	~~47,763,000~~		
$	46,188,000	.....	2019

The 2018 appropriation includes $4,597,000 for 2017 and ~~$42,667,000~~ $41,920,000 for 2018.

The 2019 appropriation includes ~~$4,740,000~~ $4,657,000 for 2018 and ~~$43,023,000~~ $41,531,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 8. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 4, is amended to read:

Subd. 4. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	~~13,337,000~~		
$	14,328,000	.....	2018
	~~14,075,000~~		
$	15,065,000	.....	2019

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 9. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 5, is amended to read:

Subd. 5. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	~~3,623,000~~		
$	2,954,000	.....	2018
	~~4,018,000~~		
$	3,381,000	.....	2019

The 2018 appropriation includes $323,000 for 2017 and ~~$3,300,000~~ $2,631,000 for 2018.

The 2019 appropriation includes ~~$366,000~~ $292,000 for 2018 and ~~$3,652,000~~ $3,089,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 10. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 6, is amended to read:

Subd. 6. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

$	9,244,000	.....	2018
	~~9,464,000~~		
$	9,409,000	.....	2019

The 2018 appropriation includes $886,000 for 2017 and $8,358,000 for 2018.

The 2019 appropriation includes $928,000 for 2018 and ~~$8,536,000~~ $8,481,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 11. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 21, is amended to read:

Subd. 21. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124E.22:

	~~73,341,000~~		
$	73,334,000	.....	2018
	~~78,802,000~~		
$	79,098,000	.....	2019

The 2018 appropriation includes $6,850,000 for 2017 and ~~$66,491,000~~ $66,484,000 for 2018.

The 2019 appropriation includes $7,387,000 for 2018 and ~~$71,415,000~~ $71,711,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 12. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 26, is amended to read:

Subd. 26. **Alternative teacher compensation aid.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

	~~89,863,000~~		
$	90,131,000	.....	2018
	~~89,623,000~~		
$	89,789,000	.....	2019

The 2018 appropriation includes $8,917,000 for 2017 and ~~$80,946,000~~ $81,214,000 for 2018.

The 2019 appropriation includes ~~$8,994,000~~ $9,023,000 for 2018 and ~~$80,629,000~~ $80,766,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

C. SPECIAL EDUCATION

Sec. 13. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 2, as amended by Laws 2017, First Special Session chapter 7, section 12, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

	~~1,341,161,000~~		
$	1,366,903,000	.....	2018
	~~1,426,827,000~~		
$	1,467,921,000	.....	2019

The 2018 appropriation includes $156,403,000 for 2017 and ~~$1,184,758,000~~ $1,210,500,000 for 2018.

The 2019 appropriation includes ~~$166,667,000~~ $170,291,000 for 2018 and ~~$1,260,160,000~~ $1,297,630,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 14. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 3, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

	~~1,597,000~~		
$	1,022,000	.....	2018
	~~1,830,000~~		
$	1,204,000	.....	2019

If the appropriation for either year is insufficient, the appropriation for the other year is available.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 15. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

	~~508,000~~		
$	412,000	.....	2018
	~~532,000~~		
$	421,000	.....	2019

The 2018 appropriation includes $48,000 for 2017 and ~~$460,000~~ $364,000 for 2018.

The 2019 appropriation includes ~~$51,000~~ $40,000 for 2018 and ~~$481,000~~ $381,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 16. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 5, is amended to read:

Subd. 5. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

	~~46,000~~		
$	40,000	.....	2018
	~~47,000~~		
$	41,000	.....	2019

EFFECTIVE DATE. This section is effective June 30, 2018.

D. FACILITIES AND TECHNOLOGY

Sec. 17. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 2, is amended to read:

Subd. 2. **Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

$ 24,908,000 2018

~~22,360,000~~

$ 23,137,000 2019

The 2018 appropriation includes $2,324,000 for 2017 and $22,584,000 for 2018.

The 2019 appropriation includes $2,509,000 for 2018 and ~~$19,851,000~~ $20,628,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 18. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 3, is amended to read:

Subd. 3. **Long-term facilities maintenance equalized aid.** For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

~~80,179,000~~

$ 81,053,000 2018

~~103,460,000~~

$ 102,374,000 2019

The 2018 appropriation includes $5,815,000 for 2017 and ~~$74,364,000~~ $75,238,000 for 2018.

The 2019 appropriation includes ~~$8,262,000~~ $8,359,000 for 2018 and ~~$95,198,000~~ $94,015,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

E. NUTRITION

Sec. 19. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 2, is amended to read:

Subd. 2. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

~~16,721,000~~

$ 16,143,000 2018

~~17,223,000~~

$ 16,477,000 2019

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 20. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

	~~10,601,000~~		
$	10,474,000	.....	2018
	~~11,359,000~~		
$	11,282,000	.....	2019

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 21. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	~~758,000~~		
$	734,000	.....	2018
	~~758,000~~		
$	734,000	.....	2019

EFFECTIVE DATE. This section is effective June 30, 2018.

F. EARLY CHILDHOOD AND FAMILY SUPPORT

Sec. 22. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 5a, is amended to read:

Subd. 5a. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	~~30,405,000~~		
$	29,760,000	.....	2018
	~~31,977,000~~		
$	30,870,000	.....	2019

The 2018 appropriation includes $2,904,000 for 2017 and ~~$27,501,000~~ $26,856,000 for 2018.

The 2019 appropriation includes ~~$3,055,000~~ $2,983,000 for 2018 and ~~$28,922,000~~ $27,887,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 23. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 6, is amended to read:

Subd. 6. **Developmental screening aid.** For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	~~3,606,000~~		
$	3,663,000	.....	2018

~~3,629,000~~
$ 3,688,000 2019

The 2018 appropriation includes $358,000 for 2017 and ~~$3,248,000~~ $3,305,000 for 2018.

The 2019 appropriation includes ~~$360,000~~ $367,000 for 2018 and ~~$3,269,000~~ $3,321,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

Sec. 24. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 12, is amended to read:

Subd. 12. **Home visiting aid.** For home visiting aid under Minnesota Statutes, section 124D.135:

~~527,000~~
$ 503,000 2018
~~571,000~~
$ 525,000 2019

The 2018 appropriation includes $0 for 2017 and ~~$527,000~~ $503,000 for 2018.

The 2019 appropriation includes ~~$58,000~~ $55,000 for 2018 and ~~$513,000~~ $470,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

G. COMMUNITY EDUCATION AND PREVENTION

Sec. 25. Laws 2017, First Special Session chapter 5, article 9, section 2, subdivision 2, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

~~483,000~~
$ 477,000 2018
~~393,000~~
$ 410,000 2019

The 2018 appropriation includes $53,000 for 2017 and ~~$430,000~~ $424,000 for 2018.

The 2019 appropriation includes $47,000 for 2018 and ~~$346,000~~ $363,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 26. Laws 2017, First Special Session chapter 5, article 10, section 6, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	~~50,010,000~~		
$	48,708,000	.....	2018
	~~51,497,000~~		
$	50,109,000	.....	2019

The 2018 appropriation includes $4,881,000 for 2017 and ~~$45,129,000~~ $43,827,000 for 2018.

The 2019 appropriation includes ~~$5,014,000~~ $4,869,000 for 2018 and ~~$46,483,000~~ $45,240,000 for 2019.

EFFECTIVE DATE. This section is effective June 30, 2018.

ARTICLE 42

MISCELLANEOUS FINANCE

Section 1. Minnesota Statutes 2016, section 16A.103, subdivision 1, is amended to read:

Subdivision 1. **State revenue and expenditures.** In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than ~~the end of the first week of~~ December 6. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the Legislative Commission on Planning and Fiscal Policy, delivery to the legislature must include a presentation to the commission.

Sec. 2. Minnesota Statutes 2016, section 16A.103, subdivision 1b, is amended to read:

Subd. 1b. **Forecast variable.** In determining the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chairs and lead minority members of the senate ~~State Government~~ Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate ~~State Government~~ Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Sec. 3. Minnesota Statutes 2016, section 16A.103, is amended by adding a subdivision to read:

Subd. 1i. **Budget close report.** By September 30 of each odd-numbered year, the commissioner shall prepare a detailed fund balance analysis of the general fund for the previous biennium. The analysis shall include a comparison to the most recent publicly available fund balance analysis of the general fund. The commissioner shall provide this analysis to the chairs and ranking minority

members of the house of representatives Ways and Means Committee and the senate Finance Committee, and shall post the analysis on the agency's Web site.

Sec. 4. Minnesota Statutes 2017 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches $1,596,522,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount~~; and~~

~~(5) the clean water fund established in section 114D.50 until $22,000,000 has been transferred into the fund~~.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

~~(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been made.~~

Sec. 5. Minnesota Statutes 2016, section 16A.97, is amended to read:

16A.97 TOBACCO BONDS.

The commissioner may sell and issue debt under ~~either or both of sections 16A.98 and~~ section 16A.99, but the net proceeds of bonds issued and sold under ~~those sections together~~ that section must not exceed $640,000,000 during fiscal years 2012 and 2013.

Sec. 6. Minnesota Statutes 2016, section 16E.21, subdivision 3, is amended to read:

Subd. 3. **Legislative Advisory Commission review.** (a) No funds may be transferred to the information and telecommunications technology systems and services account under subdivision 2 or section 16E.0466 until the commissioner of management and budget has submitted the proposed transfer to the members of the Legislative Advisory Commission for review and recommendation.

(b) If the proposed transfer is less than $500,000 and the commission makes a positive recommendation or no recommendation, or if the commission has not reviewed the request within 20 days after the date the request to transfer funds was submitted, the commissioner of management and budget may approve the request to transfer the funds. If the proposed transfer is less than $500,000 and the commission recommends further review of a request to transfer funds, the commissioner shall provide additional information to the commission within 20 days. If the commission makes a negative recommendation on the request under this paragraph within ~~ten~~ 15 days of receiving further information, the commissioner shall not approve the fund transfer. If the commission makes a positive recommendation or no recommendation within ~~ten~~ 15 days of receiving further information, the commissioner may approve the fund transfer.

(c) If the proposed transfer is $500,000 or more and the commission makes a positive recommendation within 20 days after the date the request to transfer funds was submitted, the commissioner of management and budget may approve the request to transfer the funds. If the proposed transfer is $500,000 or more and the commission recommends further review of a request to transfer funds or makes no recommendation, the commissioner shall provide additional information to the commission within 20 days. If the commission makes a negative recommendation or no recommendation on the request under this paragraph within 15 days of receiving further information, the commissioner shall not approve the fund transfer. If the commission makes a positive recommendation under this paragraph within 15 days of receiving further information, the commissioner may approve the fund transfer.

~~(b)~~ (d) A recommendation of the commission under this section must be made at a meeting of the commission unless a written recommendation is signed by ~~all~~ a majority of members entitled to vote on the item as specified in section 3.30, subdivision 2. A recommendation of the commission must be made by a majority of the commission.

Sec. 7. Minnesota Statutes 2016, section 299A.707, is amended by adding a subdivision to read:

Subd. 6. **Annual transfer.** In fiscal year 2018 and each year thereafter, the commissioner of management and budget shall transfer $461,000 from the general fund to the community justice reinvestment account.

Sec. 8. Laws 2017, First Special Session chapter 1, article 4, section 31, is amended to read:

Sec. 31. **APPROPRIATION; FIRE REMEDIATION GRANTS.**

$1,392,258 is appropriated in fiscal year 2018 from the general fund to the commissioner of public safety for grants to remediate the effects of fires in the city of Melrose on September 8, 2016. The commissioner must allocate the grants as follows:

(1) $1,296,458 to the city of Melrose; and

(2) $95,800 to Stearns County.

A grant recipient must use the money appropriated under this section for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursements for property tax abatements, incurred by public or private entities as a result of the fires. This is a onetime appropriation and is available until June 30, ~~2018~~ 2019.

EFFECTIVE DATE. This section is effective June 1, 2018.

Sec. 9. **TRANSFER; FEDERAL DISASTER, DR-4069.**

The commissioner of management and budget must transfer any unexpended balance appropriated to the Department of Public Safety for Federal Disaster DR-4069 under Laws 2012, First Special Session chapter 1, article 1, section 3, subdivision 2, as amended by Laws 2013, First Special Session chapter 1, section 2, paragraph (a), to the disaster contingency account in Minnesota Statutes, section 12.221, subdivision 6. This is a onetime transfer.

Sec. 10. **REPEALER.**

Minnesota Statutes 2016, section 16A.98, is repealed."

Amend the title accordingly

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

SECOND READING OF SENATE BILLS

S.F. No. 3656 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 3249 and 3551 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Abeler; Eaton; Draheim; Anderson, P.; and Hoffman introduced--

S.F. No. 4033: A bill for an act relating to education finance; creating a grant program for school resource officer training; appropriating money; amending Minnesota Statutes 2016, section 126C.44.

Referred to the Committee on E-12 Finance.

Senators Rest; Dziedzic; Senjem; Anderson, P.; and Franzen introduced--

S.F. No. 4034: A bill for an act relating to taxation; individual income; providing certain business entities the option to file as C corporations; amending Minnesota Statutes 2016, sections 289A.08, by adding a subdivision; 290.0132, by adding a subdivision.

Referred to the Committee on Taxes.

Senator Dibble introduced--

S.F. No. 4035: A bill for an act relating to public safety; enhancing penalties for offenses against protesters; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Senator Little introduced--

S.F. No. 4036: A bill for an act relating to capital investment; modifying description of 2017 appropriation for Dennison sewage treatment system project; amending Laws 2017, First Special Session chapter 8, article 1, section 21, subdivision 8.

Referred to the Committee on Capital Investment.

Senators Dziedzic, Dibble, Hayden, Pappas, and Carlson introduced--

S.F. No. 4037: A bill for an act relating to workforce development; appropriating money for a grant to Somali American Women Action Center.

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

MOTIONS AND RESOLUTIONS

Senator Hawj moved that the name of Senator Bigham be added as a co-author to S.F. No. 3828. The motion prevailed.

Senator Franzen moved that the names of Senators Eken and Hoffman be added as co-authors to S.F. No. 3975. The motion prevailed.

Senator Senjem moved that the name of Senator Nelson be added as a co-author to S.F. No. 4023. The motion prevailed.

Senator Hawj moved that the name of Senator Bigham be added as a co-author to S.F. No. 4024. The motion prevailed.

Senator Gazelka introduced --

Senate Resolution No. 222: A Senate resolution honoring the small businesses of the state and the National Federation of Independent Business on its 75th anniversary.

Referred to the Committee on Rules and Administration.

Senator Gazelka moved that H.F. No. 2887 be taken from the table and given a second reading. The motion prevailed.

H.F. No. 2887: A bill for an act relating to agriculture; prohibiting certain rules related to nitrogen fertilizer unless approved by law; amending Minnesota Statutes 2016, section 103H.275, subdivision 1.

H.F. No. 2887 was read the second time.

Senator Gazelka moved that H.F. No. 2887 be laid on the table. The motion prevailed.

SPECIAL ORDERS

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

H.F. No. 3841, S.F. Nos. 2629, 3525, and H.F. No. 3755.

SPECIAL ORDER

H.F. No. 3841: A bill for an act relating to local government; increasing the contract ranges in the Uniform Municipal Contracting Law; amending Minnesota Statutes 2016, section 471.345, subdivisions 3, 4.

H.F. No. 3841 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Ingebrigtsen	Lourey	Senjem
Anderson, B.	Eaton	Isaacson	Marty	Simonson
Anderson, P.	Eichorn	Jasinski	Mathews	Sparks
Benson	Eken	Jensen	Miller	Tomassoni
Bigham	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	Wiklund
Cwodzinski	Hawj	Lang	Relph	
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	
Draheim	Housley	Little	Ruud	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2629: A bill for an act relating to workforce development; modifying job training program requirements; amending Minnesota Statutes 2016, section 116J.8747, subdivisions 2, 4.

S.F. No. 2629 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Ingebrigtsen	Lourey	Senjem
Anderson, B.	Eaton	Isaacson	Marty	Simonson
Anderson, P.	Eichorn	Jasinski	Mathews	Sparks
Benson	Eken	Jensen	Miller	Tomassoni
Bigham	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	Wiklund
Cwodzinski	Hawj	Lang	Relph	
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	
Draheim	Housley	Little	Ruud	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 3525: A bill for an act relating to local government; exempting the Metropolitan Airports Commission from political subdivision compensation limit; amending Minnesota Statutes 2016, section 473.606, subdivision 5.

S.F. No. 3525 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 2, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Draheim Westrom

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 3755: A bill for an act relating to watercraft; modifying requirements for carbon monoxide detection devices; amending Minnesota Statutes 2016, sections 86B.005, subdivision 8a; 86B.532, subdivision 1.

Senator Franzen moved to amend H.F. No. 3755 as follows:

Page 1, lines 14 and 18, after "motorboat" insert "used for recreational purposes"

Page 2, line 1, after the second "the" insert "main cabin of the"

Page 2, line 2, after "(2)" insert "in each sleeping accommodation or"

Page 2, delete lines 3 and 4

The motion prevailed. So the amendment was adopted.

H.F. No. 3755 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Ingebrigtsen	Lourey	Senjem
Anderson, B.	Eaton	Isaacson	Marty	Simonson
Anderson, P.	Eichorn	Jasinski	Mathews	Sparks
Benson	Eken	Jensen	Miller	Tomassoni
Bigham	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	Wiklund
Cwodzinski	Hawj	Lang	Relph	
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	
Draheim	Housley	Little	Ruud	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Tomassoni moved that S.F. No. 2651 be withdrawn from the Committee on Judiciary and Public Safety Finance and Policy, given a second reading, and placed on General Orders. The motion prevailed.

S.F. No. 2651 was read the second time.

MEMBERS EXCUSED

Senator Bakk was excused from the Session of today.

ADJOURNMENT

Senator Gazelka moved that the Senate do now adjourn until 10:30 a.m., Thursday, April 26, 2018. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate