

THIRTY-SECOND DAY

St. Paul, Minnesota, Thursday, April 4, 2019

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Matt Hausken.

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

The President declared a quorum present.

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

REPORTS OF COMMITTEES

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

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

H.F. No. 495 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
495	125

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 495 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 495, the first engrossment; and insert the language after the enacting clause of S.F. No. 125, the first engrossment; further, delete the title of H.F. No. 495, the first engrossment; and insert the title of S.F. No. 125, the first engrossment.

And when so amended H.F. No. 495 will be identical to S.F. No. 125, and further recommends that H.F. No. 495 be given its second reading and substituted for S.F. No. 125, 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. 2265 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

H.F. No.	S.F. No.
2265	2141

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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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 Gazelka, from the Committee on Rules and Administration, to which was referred

H.F. No. 2276 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
2276	2075

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2276 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2276, the first engrossment; and insert the language after the enacting clause of S.F. No. 2075, the first engrossment; further, delete

the title of H.F. No. 2276, the first engrossment; and insert the title of S.F. No. 2075, the first engrossment.

And when so amended H.F. No. 2276 will be identical to S.F. No. 2075, and further recommends that H.F. No. 2276 be given its second reading and substituted for S.F. No. 2075, and that the Senate File be indefinitely postponed.

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

SECOND READING OF HOUSE BILLS

H.F. Nos. 495, 2265, and 2276 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Chamberlain and Rest introduced--

S.F. No. 2785: A bill for an act relating to taxation; sales and use; amending the requirements for imposition and use of local sales and use taxes; amending Minnesota Statutes 2018, section 297A.99, subdivisions 1, 2, 3, by adding a subdivision.

Referred to the Committee on Taxes.

Senators Jensen, Chamberlain, and Housley introduced--

S.F. No. 2786: A bill for an act relating to juvenile justice; addressing numerous issues relating to juveniles including risk assessments, alternatives to arrest, and use of restraints; amending Minnesota Statutes 2018, section 260B.176, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 260B.

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

Senator Klein introduced--

S.F. No. 2787: A bill for an act relating to human services; establishing a law enforcement and mental health co-response pilot project; requiring a report; appropriating money.

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

Senator Hayden introduced--

S.F. No. 2788: A bill for an act relating to community development; appropriating money for a grant to the Community Stabilization Project.

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

Senator Hayden introduced--

S.F. No. 2789: A bill for an act relating to human services; providing payment to child care providers for emergency closures; clarifying requirements for tracking absences; amending Minnesota Statutes 2018, section 119B.13, subdivision 7.

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

Senator Hayden introduced--

S.F. No. 2790: A bill for an act relating to human services; appropriating money for a grant to Village Arms.

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

Senator Hayden introduced--

S.F. No. 2791: A bill for an act relating to economic development; appropriating money for the East Phillips Neighborhood Institute; requiring reports.

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

Senator Latz introduced--

S.F. No. 2792: A bill for an act relating to corrections; amending life without release for juveniles; amending Minnesota Statutes 2018, sections 244.05, subdivisions 4, 5; 609.106, subdivision 2, by adding a subdivision; 609.3455, subdivision 2.

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

Senators Johnson and Eken introduced--

S.F. No. 2793: A bill for an act relating to natural resources; appropriating money for Red River Basin Commission.

Referred to the Committee on Environment and Natural Resources Finance.

Senators Anderson, P.; Clausen; and Eichorn introduced--

S.F. No. 2794: A bill for an act relating to education; developing suicide prevention policies; proposing coding for new law in Minnesota Statutes, chapter 121A.

Referred to the Committee on E-12 Finance and Policy.

Senator Sparks introduced--

S.F. No. 2795: A bill for an act relating to capital investment; appropriating money for the Blazing Star State Trail; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Sparks introduced--

S.F. No. 2796: A bill for an act relating to natural resources; appropriating money for trail connection to Blazing Star Trail.

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

Senators Bigham, Sparks, Rosen, and Eichorn introduced--

S.F. No. 2797: A bill for an act relating to commerce; requiring restaurants to serve specified drinks as the default beverage for children's meals; proposing coding for new law in Minnesota Statutes, chapter 325F.

Referred to the Committee on Commerce and Consumer Protection Finance and Policy.

MOTIONS AND RESOLUTIONS

Senator Cohen moved that the name of Senator Carlson be added as a co-author to S.F. No. 200. The motion prevailed.

Senator Champion moved that the name of Senator Limmer be added as a co-author to S.F. No. 342. The motion prevailed.

Senator Johnson moved that the name of Senator Clausen be added as a co-author to S.F. No. 753. The motion prevailed.

Senator Benson moved that the name of Senator Jensen be added as a co-author to S.F. No. 1152. The motion prevailed.

Senator Cohen moved that the name of Senator Dziejczak be added as a co-author to S.F. No. 1209. The motion prevailed.

Senator Goggin moved that the name of Senator Sparks be added as a co-author to S.F. No. 1539. The motion prevailed.

Senator Senjem moved that the name of Senator Marty be added as a co-author to S.F. No. 1542. The motion prevailed.

Senator Hall moved that the name of Senator Abeler be added as a co-author to S.F. No. 1638. The motion prevailed.

Senator Goggin moved that the name of Senator Sparks be added as a co-author to S.F. No. 2190. The motion prevailed.

Senator Dibble moved that the name of Senator Jensen be added as a co-author to S.F. No. 2198. The motion prevailed.

Senator Draheim moved that the name of Senator Jasinski be added as a co-author to S.F. No. 2581. The motion prevailed.

Senator Ingebrigtsen moved that the name of Senator Eken be added as a co-author to S.F. No. 2599. The motion prevailed.

Senator Cwodzinski moved that the name of Senator Wiger be added as a co-author to S.F. No. 2749. 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:

S.F. Nos. 278, 13, 1257, 277, and 2130.

SPECIAL ORDER

S.F. No. 278: A bill for an act relating to health care; creating licensure and regulations for pharmacy benefit managers; appropriating money; amending Minnesota Statutes 2018, section 151.21, subdivision 7, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 62W; repealing Minnesota Statutes 2018, sections 151.214, subdivision 2; 151.60; 151.61; 151.62; 151.63; 151.64; 151.65; 151.66; 151.67; 151.68; 151.69; 151.70; 151.71.

Senator Kiffmeyer moved to amend S.F. No. 278 as follows:

Page 17, after line 21, insert:

"Sec. 18. **RULEMAKING AUTHORITY.**

The commissioner of commerce may adopt permanent rules for license application and renewal requirements, forms, procedures, network adequacy, and reporting procedures and compliance, for pharmacy benefit manager licensing under Minnesota Statutes, chapter 62W. The commissioner must not adopt rules to implement Minnesota Statutes, chapter 62W, under any other grant of rulemaking authority. If the commissioner of commerce does not adopt rules by January 1, 2021, rulemaking authority under this section is repealed. Rulemaking authority under this section is not continuing authority to amend or repeal rules. Notwithstanding Minnesota Statutes, section 14.125, any additional action on rules after adoption must be under specific statutory authority to take the additional action."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Wiklund moved to amend S.F. No. 278 as follows:

Page 17, after line 21, insert:

"Sec. 18. Minnesota Statutes 2018, section 151.252, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) No person shall act as a drug manufacturer without first obtaining a license from the board and paying any applicable fee specified in section 151.065.

(b) In addition to the license required under paragraph (a), a manufacturer of insulin must pay the applicable insulin registration fee in section 151.254, by June 1 of each year, beginning June 1, 2020. In the event of a change of ownership of the manufacturer, the new owner must pay the registration fee in section 151.254 that the original owner would have been assessed had it retained ownership. The board may assess a late fee of ten percent per month for any portion of a month that the registration fee is paid after the due date. The registration fee collected under this paragraph, including any late fees, shall be deposited in the insulin assistance account established under section 256.938.

~~(b)~~ (c) Application for a drug manufacturer license under this section shall be made in a manner specified by the board.

~~(c)~~ (d) No license shall be issued or renewed for a drug manufacturer unless the applicant agrees to operate in a manner prescribed by federal and state law and according to Minnesota Rules.

~~(d)~~ (e) No license shall be issued or renewed for a drug manufacturer that is required to be registered pursuant to United States Code, title 21, section 360, unless the applicant supplies the board with proof of registration. The board may establish by rule the standards for licensure of drug manufacturers that are not required to be registered under United States Code, title 21, section 360.

~~(e)~~ (f) No license shall be issued or renewed for a drug manufacturer that is required to be licensed or registered by the state in which it is physically located unless the applicant supplies the board with proof of licensure or registration. The board may establish, by rule, standards for the licensure of a drug manufacturer that is not required to be licensed or registered by the state in which it is physically located.

~~(f)~~ (g) The board shall require a separate license for each facility located within the state at which drug manufacturing occurs and for each facility located outside of the state at which drugs that are shipped into the state are manufactured.

~~(g)~~ (h) The board shall not issue an initial or renewed license for a drug manufacturing facility unless the facility passes an inspection conducted by an authorized representative of the board. In the case of a drug manufacturing facility located outside of the state, the board may require the applicant to pay the cost of the inspection, in addition to the license fee in section 151.065, unless the applicant furnishes the board with a report, issued by the appropriate regulatory agency of the state in which the facility is located or by the United States Food and Drug Administration, of an inspection that has occurred within the 24 months immediately preceding receipt of the license application by the board. The board may deny licensure unless the applicant submits documentation satisfactory to the board that any deficiencies noted in an inspection report have been corrected.

Sec. 19. [151.254] INSULIN REGISTRATION FEE.

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

(b) "Manufacturer" means a manufacturer licensed under section 151.252 engaged in the manufacturing of insulin.

(c) "Wholesaler" means a wholesale drug distributor licensed under section 151.47 and engaged in the wholesale drug distribution of insulin.

Subd. 2. Reporting requirements. (a) Effective March 1 of each year, beginning March 1, 2020, each manufacturer and each wholesaler must report to the Board of Pharmacy every sale, delivery, or other distribution within or into the state of insulin that was made to any practitioner, pharmacy, hospital, or other person who is permitted by section 151.37 to possess insulin for administration or was dispensed to human patients during the previous calendar year. Reporting must be in a manner specified by the board. If the manufacturer or wholesaler fails to provide information required under this paragraph on a timely basis, the board may assess an administrative penalty of \$100 per day. This penalty shall not be considered a form of disciplinary action. Any penalty assessed under this section shall be deposited in the insulin assistance account established under section 256.938.

(b) By March 1 of each year, beginning March 1, 2020, each owner of a pharmacy with at least one location within this state must report to the board any intracompany delivery or distribution of insulin into this state, to the extent that those deliveries and distributions are not reported to the board by a licensed wholesaler owned by, under contract to, or otherwise operating on behalf of the owner of the pharmacy. Reporting must be in the manner and format specified by the board for deliveries and distributions that occurred during the previous calendar year. The report must include the name of the manufacturer or wholesaler from which the owner of the pharmacy ultimately purchased the insulin and the amount and date the purchase occurred.

Subd. 3. Determination of manufacturer's registration fee. (a) The board shall annually assess manufacturers a registration fee that in aggregate equals the total cost of the insulin assistance program established under section 256.937 for the previous fiscal year, including any administration costs incurred by the commissioner of human services or the board in collecting the fee. The board shall determine each manufacturer's annual insulin registration fee that is prorated and based on the manufacturer's percentage of the total number of units reported to the board under subdivision 2. For the first assessment, the commissioner shall estimate the cost of the program for the first fiscal year and notify the board of the estimated cost by March 1, 2020. The board shall determine each manufacturer's initial registration fee based on the estimated cost.

(b) By April 1 of each year, beginning April 1, 2020, the board shall notify each manufacturer of the annual amount of the manufacturer's insulin registration fee to be paid in accordance with section 151.252, subdivision 1, paragraph (b).

(c) A manufacturer may dispute the fee assessed under this section as determined by the board no later than 30 days after the date of notification. However, the manufacturer must still remit the registration fee required by section 151.252, subdivision 1, paragraph (b). The dispute must be filed with the board in the manner and using the forms specified by the board. A manufacturer must submit, with the required forms, data satisfactory to the board that demonstrates that the fee was incorrect or otherwise unwarranted. The board must make a decision concerning a dispute no later than 60 days after receiving the required dispute forms. If the board determines that the manufacturer has satisfactorily demonstrated that the original fee was incorrect, the board must: (1) adjust the

manufacturer's fee; (2) adjust the manufacturer's fee due the next year by the amount in excess of the correct fee that should have been paid; or (3) refund the amount paid in error.

Sec. 20. **[256.937] INSULIN ASSISTANCE PROGRAM.**

Subdivision 1. **Establishment.** (a) The commissioner of human services shall implement an insulin assistance program by July 1, 2020. Under the program, the commissioner shall:

(1) pay participating pharmacies for insulin that is dispensed by a participating pharmacy to an eligible individual subject to a valid prescription;

(2) maintain an up-to-date list of eligible individuals and make the list available to participating pharmacies; and

(3) ensure pharmacy participation in the program in all areas of the state and maintain an up-to-date list of participating pharmacies on the department's website.

(b) The commissioner may contract with a private entity or enter into an interagency agreement with another state agency to implement this program.

Subd. 2. **Eligible individual.** (a) To be eligible for the insulin assistance program, an individual must submit to the commissioner an application form that is signed by the individual. To be eligible, an individual must:

(1) be a resident of Minnesota;

(2) not be eligible for Medicare, medical assistance, or MinnesotaCare;

(3) have a family income that is equal to or less than 400 percent of the federal poverty guidelines; and

(4) be uninsured, have no prescription drug coverage, or be covered by an individual or group health plan with an out-of-pocket limit of \$5,000 or greater.

(b) The commissioner shall develop an application form and make the form available to pharmacies, health care providers, and to individuals on the department's website. An applicant must include their income and insurance status information with the application. The commissioner may require the applicant to submit additional information to verify eligibility if deemed necessary by the commissioner.

(c) Upon receipt of a completed application and any additional information requested by the commissioner, the commissioner shall determine eligibility to the program. Once the individual has been determined eligible, the individual shall be issued an identification card. The card shall be valid for 90 days from the date of issuance and may be used at any participating pharmacy. An individual is not eligible for renewal until 12 months from the card's expiration date, at which time the individual must submit a new application form and meet the qualifications in paragraph (a).

Subd. 3. **Pharmacy participation.** (a) Pharmacy participation in the program is voluntary. In order to participate, a pharmacy must register with the commissioner and agree to reimbursement

and other contract terms. A pharmacy may withdraw from participation at any time by providing written notice to the commissioner.

(b) A pharmacy shall dispense insulin to eligible individuals who present a valid prescription and an identification card.

(c) Eligible individuals are responsible for paying an insulin co-payment to the participating pharmacy that is equal to the prescription co-payment required under section 256L.03, subdivision 5.

(d) Notwithstanding paragraph (c), if an eligible individual has coverage through an individual or group health plan, the pharmacy must process the insulin in accordance with the individual's health plan.

(e) When dispensing insulin to an eligible individual, a pharmacy must provide the individual with the address for the website established under section 151.06, subdivision 6, paragraph (a).

Sec. 21. [256.938] INSULIN ASSISTANCE ACCOUNT.

Subdivision 1. **Establishment.** The insulin assistance account is established in the special revenue fund in the state treasury. The fees collected by the Board of Pharmacy under section 151.252, subdivision 1, paragraph (b), shall be deposited into the account.

Subd. 2. **Use of account funds.** For fiscal year 2021 and subsequent fiscal years, money in the insulin assistance account is appropriated to the commissioner of human services to fund the insulin assistance program established under section 256.937.

Sec. 22. CITATION.

Sections 19 to 21 of this act may be cited as "The Alec Smith Emergency Insulin Act."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Benson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Wiklund appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler	Draheim	Howe	Koran	Newman
Anderson, B.	Eichorn	Ingebrigtsen	Lang	Osmek
Anderson, P.	Gazelka	Jasinski	Limmer	Pratt
Benson	Goggin	Jensen	Mathews	Rarick
Chamberlain	Hall	Johnson	Miller	Relph
Dahms	Housley	Kiffmeyer	Nelson	Rosen

Ruud Senjem Utke Weber Westrom

Those who voted in the negative were:

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

So the decision of the President was sustained.

S.F. No. 278 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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

SPECIAL ORDER

S.F. No. 13: A bill for an act relating to health; requiring transparency in hospital billing within a certain time; proposing coding for new law in Minnesota Statutes, chapter 144.

Senator Draheim moved to amend S.F. No. 13 as follows:

Page 1, after line 20, insert:

"EFFECTIVE DATE. This section is effective August 1, 2020."

The motion prevailed. So the amendment was adopted.

S.F. No. 13 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 1, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Senjem

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

SPECIAL ORDER

S.F. No. 1257: A bill for an act relating to health care; authorizing the use of epinephrine auto-injectors by certain individuals who complete a training program; amending Minnesota Statutes 2018, section 144.999.

S.F. No. 1257 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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 277: A bill for an act relating to health care; establishing direct primary care service agreements; amending Minnesota Statutes 2018, sections 62A.01, by adding a subdivision; 62A.011, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62Q.

Senator Klein moved to amend S.F. No. 277 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[256T.01] PURPOSE.**

(a) The legislature finds that the staggering growth in health care costs is having a devastating effect on the health and cost of living of Minnesota residents. The legislature further finds that the number of uninsured and underinsured residents is growing each year and that the cost of health care coverage for our insured residents often far exceeds their ability to pay.

(b) The legislature further finds that it must enact immediate and intensive cost containment measures to limit the growth of health care expenditures, reform insurance practices, and finance a plan that offers access to affordable health care for Minnesota residents by capturing dollars now lost to inefficiencies in Minnesota's health care system.

(c) The legislature further finds that providing affordable access to health care is essential to quality of life in Minnesota.

(d) It is, therefore, the intent of the legislature to establish the OneCare Buy-In to address the immediate challenges of affordability and access related to prescription drugs and dental care and to offer comprehensive coverage options that establish contingencies for failures in the individual market.

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

Sec. 2. **[256T.02] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of this chapter, the terms in this section have the meanings given.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of human services.

Subd. 3. **Department.** "Department" means the Department of Human Services.

Subd. 4. **Essential health benefits.** "Essential health benefits" has the meaning given in section 62Q.81, subdivision 4.

Subd. 5. **Health plan.** "Health plan" has the meaning given in section 62A.011, subdivision 3.

Subd. 6. **Individual market.** "Individual market" has the meaning given in section 62A.011, subdivision 5.

Subd. 7. **MNsure website.** "MNsure website" has the meaning given in section 62V.02, subdivision 13.

Subd. 8. **Qualified health plan.** "Qualified health plan" has the meaning given in section 62A.011, subdivision 7.

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

Sec. 3. **[256T.03] ONECARE BUY-IN.**

Subdivision 1. **Establishment.** (a) The commissioner shall establish a program consistent with this section to offer products developed for the OneCare Buy-In through the MNsure website.

(b) The commissioner, in collaboration with the commissioner of commerce and the MNsure Board, shall:

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

(2) implement mechanisms to ensure the long-term financial sustainability of Minnesota's public health care programs and mitigate any adverse financial impacts to the state and MNsure. These mechanisms must minimize adverse selection, state financial risk and contribution, and negative impacts to premiums in the individual and group health insurance markets; and

(3) coordinate eligibility and coverage to ensure that persons, to the extent possible, transitioning between medical assistance, MinnesotaCare, and the OneCare Buy-In have continuity of care.

(c) The OneCare Buy-In shall be considered: (1) a public health care program for purposes of chapter 62V; and (2) the MinnesotaCare program for purposes of requirements for health maintenance organizations under section 62D.04, subdivision 5, and providers under section 256B.0644.

(d) The Department of Human Services is deemed to meet and receive certification and authority under section 62D.03 and be in compliance with sections 62D.01 to 62D.30. The commissioner has the authority to accept and expend all federal funds made available under this chapter upon federal approval.

(e) Unless otherwise specified under this chapter, health plans offered under the OneCare Buy-In program must meet all requirements of chapters 62A, 62D, 62K, 62M, 62Q, and 62V determined to be applicable by the regulating authority.

Subd. 2. **Premium administration and payment.** (a) The commissioner shall establish annually a per-enrollee monthly premium rate.

(b) OneCare Buy-In premium administration shall be consistent with requirements under the federal Affordable Care Act for qualified health plan premium administration. Premium rates shall be established in accordance with section 62A.65, subdivision 3.

Subd. 3. **Rates to providers.** The commissioner shall establish rates for provider payments that are targeted to the current rates established under chapter 256L, plus the aggregate difference between

those rates and Medicare rates. The aggregate must not consider services that receive a Medicare encounter payment.

Subd. 4. **Reserve requirements.** A OneCare Buy-In reserve account is established in the state treasury. Enrollee premiums collected under subdivision 2 shall be deposited into the reserve account. The reserve account shall be used to cover expenditures related to operation of the OneCare Buy-In, including the payment of claims and all other accrued liabilities. No other account within the state treasury shall be used to finance the reserve account except as otherwise specified in state law.

Subd. 5. **Covered benefits.** Each health plan established under this chapter must include the essential health benefits package required under section 1302(a) of the Affordable Care Act and as described in section 62Q.81; dental services described in section 256B.0625, subdivision 9, paragraphs (b) and (c); and vision services described in Minnesota Rules, part 9505.0277, and may include other services under section 256L.03, subdivision 1.

Subd. 6. **Third-party administrator.** (a) The commissioner may enter into a contract with a third-party administrator to perform the operational management of the OneCare Buy-In. Duties of the third-party administrator include but are not limited to the following:

- (1) development and distribution of plan materials for potential enrollees;
 - (2) receipt and processing of electronic enrollment files sent from the state;
 - (3) creation and distribution of plan enrollee materials including identification cards, certificates of coverage, plan formulary, provider directory, and premium billing statements;
 - (4) processing premium payments and sending termination notices for nonpayment to enrollees and the state;
 - (5) payment and adjudication of claims;
 - (6) utilization management;
 - (7) coordination of benefits;
 - (8) grievance and appeals activities; and
 - (9) fraud, waste, and abuse prevention activities.
- (b) Any solicitation of vendors to serve as the third-party administrator is subject to the requirements under section 16C.06.

Subd. 7. **Eligibility.** (a) To be eligible for the OneCare Buy-In, a person must:

- (1) be a resident of Minnesota; and
- (2) not be enrolled in government-sponsored programs as defined in United States Code, title 26, section 5000A(f)(1)(A). For purposes of this subdivision, an applicant who is enrolled in Medicare Part A or enrolled in Medicare Part B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-152, is considered enrolled in government-sponsored

programs. An applicant shall not refuse to apply for or enroll in Medicare coverage to establish eligibility for the OneCare Buy-In.

(b) A person who is determined eligible for enrollment in a qualified health plan with or without advance payments of the premium tax credit and with or without cost-sharing reductions according to Code of Federal Regulations, title 45, section 155.305, paragraphs (a), (f), and (g), is eligible to purchase and enroll in the OneCare Buy-In instead of purchasing a qualified health plan as defined under section 62V.02.

Subd. 8. **Enrollment.** (a) A person may apply for the OneCare Buy-In during the annual open and special enrollment periods established for MNsure as defined in Code of Federal Regulations, title 45, sections 155.410 and 155.420 through the MNsure website.

(b) A person must annually reenroll for the OneCare Buy-In during open and special enrollment periods.

Subd. 9. **Premium tax credits, cost-sharing reductions, and subsidies.** A person who is eligible under this chapter, and whose income is less than or equal to 400 percent of the federal poverty guidelines, may qualify for advance premium tax credits and cost-sharing reductions under Code of Federal Regulations, title 45, section 155.305, paragraphs (a), (f), and (g), to purchase a health plan established under this chapter.

Subd. 10. **Covered benefits and payment rate modifications.** The commissioner, after providing public notice and an opportunity for public comment, may modify the covered benefits and payment rates to carry out this chapter.

Subd. 11. **Provider tax.** Section 295.582, subdivision 1, applies to health plans offered under the OneCare Buy-In program.

Subd. 12. **Request for federal authority.** The commissioner shall seek all necessary federal waivers to establish the OneCare Buy-In under this chapter.

EFFECTIVE DATE. (a) Subdivisions 1 to 10 are effective January 1, 2023.

(b) Subdivision 11 is effective the day following final enactment.

Sec. 4. **[256T.04] ONECARE BUY-IN PRODUCTS.**

Subdivision 1. **Platinum product.** The commissioner of human services shall establish a OneCare Buy-In coverage option that provides platinum level of coverage in accordance with the Affordable Care Act and benefits that are actuarially equivalent to 90 percent of the full actuarial value of the benefits provided under the OneCare Buy-In coverage option. This product must be made available in all rating areas in the state.

Subd. 2. **Silver and gold products.** (a) If any rating area lacks an affordable or comprehensive health care coverage option according to standards developed by the commissioner of health, the following year the commissioner of human services shall offer silver and gold products established under paragraph (b) in the rating area for a five-year period. Notwithstanding section 62U.04, subdivision 11, the commissioner of health may use data collected under section 62U.04, subdivisions

4 and 5, to monitor triggers in the individual market under this chapter. Effective January 1, 2020, the commissioner of health may require submission of additional data elements under section 62U.04, subdivisions 4 and 5, in a manner specified by the commissioner, to conduct the analysis necessary to monitor the individual market under this chapter.

(b) The commissioner shall establish the following OneCare Buy-In coverage options: one coverage option shall provide silver level of coverage in accordance with the Affordable Care Act and benefits that are actuarially equivalent to 70 percent of the full actuarial value of the benefits provided under the OneCare Buy-In coverage option, and one coverage option shall provide gold level of coverage in accordance with the Affordable Care Act and benefits that are actuarially equivalent to 80 percent of the full actuarial value of the benefits provided under the OneCare Buy-In coverage option.

Subd. 3. **Qualified health plan rules.** (a) The coverage options developed under this section are subject to the process under section 62K.06. The coverage options developed under this section shall meet requirements of chapters 62A, 62K, and 62V that apply to qualified health plans.

(b) The Department of Human Services is not an insurance company for purposes of this chapter.

Subd. 4. **Actuarial value.** Determination of the actuarial value of coverage options under this section must be calculated in accordance with Code of Federal Regulations, title 45, section 156.135.

EFFECTIVE DATE. This section is effective January 1, 2023."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 35, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

S.F. No. 277 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 67 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2130: A bill for an act relating to liquor; allowing the Metropolitan Airports Commission to set on-sale hours in security areas of Minneapolis-St. Paul International Airport; providing for an accounting adjustment; authorizing various local licenses; amending Minnesota Statutes 2018, sections 340A.5041; 340A.602.

Senator Gazelka moved to amend S.F. No. 2130 as follows:

Page 3, after line 22, insert:

"Sec. 2. **SPECIAL LICENSE; CITY OF PIERZ.**

The city of Pierz may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license for the city-owned Pierz Golf Course, notwithstanding any law, local ordinance, or charter provision. The provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license issued under this section. The city of Pierz is deemed the licensee under this section, and the provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply to the license as if the facility was a municipal liquor store.

EFFECTIVE DATE. This section is effective upon approval by the Pierz City Council and compliance with Minnesota Statutes, section 645.021."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Dibble moved to amend S.F. No. 2130 as follows:

Page 2, after line 8, insert:

"Sec. 13. Laws 1999, chapter 202, section 13, as amended by Laws 2013, chapter 42, section 8, and Laws 2017, First Special Session chapter 4, article 5, section 10, is amended to read:

Sec. 13. **CITY OF ST. PAUL; LICENSES AUTHORIZED.**

(a) The city of St. Paul may issue temporary intoxicating liquor licenses under Minnesota Statutes, section 340A.404, subdivision 10, to Macalester college for the Macalester Scottish fair, Springfest, and for the annual alumni reunion weekend without regard to the limitation in Minnesota Statutes, section 340A.410, subdivision 10, paragraph (b).

(b) Notwithstanding Minnesota Statutes, section 340A.412, subdivision 4, the city of St. Paul may issue a temporary on-sale intoxicating liquor license to Twin Cities in Motion, or its successor organization, if any. The license may authorize the sale of intoxicating liquor on the grounds of the state capitol on both days of the day weekend of the Twin Cities Marathon. Any malt liquor and 3.2 percent malt liquor sold must be produced by a Minnesota brewery. All provisions of Minnesota Statutes, section 340A.404, subdivision 10, not inconsistent with this section, apply to the license authorized by this section.

EFFECTIVE DATE. This section is effective upon approval by the St. Paul City Council and compliance with Minnesota Statutes, section 645.021."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Housley moved to amend S.F. No. 2130 as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 2018, section 340A.404, subdivision 1, is amended to read:

Subdivision 1. **Cities.** (a) A city may issue an on-sale intoxicating liquor license to ~~the following establishments~~ any establishment located within its jurisdiction; on such terms and conditions as it may determine.

~~(1) hotels;~~

~~(2) restaurants;~~

~~(3) bowling centers;~~

~~(4) clubs or congressionally chartered veterans organizations with the approval of the commissioner, provided that the organization has been in existence for at least three years and liquor sales will only be to members and bona fide guests, except that a club may permit the general public to participate in a wine tasting conducted at the club under section 340A.419;~~

~~(5) sports facilities, restaurants, clubs, or bars located on land owned or leased by the Minnesota Sports Facilities Authority;~~

~~(6) sports facilities located on land owned by the Metropolitan Sports Commission; and~~

~~(7) exclusive liquor stores.~~

~~(b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the theater.~~

~~(c) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a convention center within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the convention center. This paragraph does not apply to convention centers located in the seven-county metropolitan area.~~

~~(d) A city may issue an on-sale wine license and an on-sale malt liquor license to a person who is the owner of a summer collegiate league baseball team, or to a person holding a concessions or management contract with the owner, for beverage sales at a ballpark or stadium located within the city for the purposes of summer collegiate league baseball games at the ballpark or stadium, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending baseball games at the ballpark or stadium."~~

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

S.F. No. 2130 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 57 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson, P.	Dziedzic	Ingebrigtsen	Little	Simonson
Bakk	Eaton	Isaacson	Marty	Sparks
Benson	Eken	Jasinski	Miller	Tomassoni
Carlson	Franzen	Jensen	Nelson	Torres Ray
Chamberlain	Frentz	Kent	Newman	Utke
Champion	Gazelka	Kiffmeyer	Newton	Weber
Clausen	Goggin	Klein	Osmek	Westrom
Cohen	Hall	Koran	Pratt	Wiger
Cwodzinski	Hawj	Laine	Relph	Wiklund
Dahms	Hayden	Lang	Rosen	
Dibble	Hoffman	Latz	Ruud	
Draheim	Howe	Limmer	Senjem	

Those who voted in the negative were:

Abeler	Bigham	Housley	Mathews	Rarick
Anderson, B.	Eichorn	Johnson	Pappas	Rest

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

Senator Westrom from the Committee on Agriculture, Rural Development, and Housing Finance, to which was referred

S.F. No. 2226: A bill for an act relating to agriculture; establishing a budget for the Department of Agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; amending Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended; Laws 2017, chapter 88, article 1, section 2, subdivisions 2, 4.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1**AGRICULTURE APPROPRIATIONS**Section 1. **AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this 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 "2020" and "2021" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

APPROPRIATIONS
Available for the Year
Ending June 30
2020 **2021**

Sec. 2. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. Total Appropriation **\$** **54,579,000** **\$** **49,477,000**

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>54,180,000</u>	<u>49,078,000</u>

<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Protection Services

	<u>Appropriations by Fund</u>	
	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>16,878,000</u>	<u>16,878,000</u>
<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>

(a) \$399,000 the first year and \$399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) \$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. The appropriation for fiscal year 2020 may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2019. If the amount for fiscal year 2020 is insufficient, the amount in fiscal year 2021 is available in fiscal year 2020. The commissioner may use up to \$5,000 each year to reimburse expenses incurred by university extension agents to provide fair market values of destroyed or crippled livestock.

(c) \$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.

Subd. 3. Agricultural Marketing and Development

3,918,000

3,918,000

(a) \$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2021, for Minnesota grown grants in this paragraph are available until June 30, 2023.

(b) \$706,000 the first year and \$706,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. Of the amount appropriated in this paragraph, \$72,000 each year is onetime. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

(c) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance for persons transitioning from conventional to organic agriculture.

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement

26,100,000

21,100,000

(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:

(1) \$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) \$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;

(3) \$350,000 the first year and \$350,000 the second year are for potato breeding;

(4) \$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 and research associate plant breeder; and

(5) \$2,500,000 the first year and \$2,500,000 the second year are for innovative soybean processing and research. These appropriations are onetime.

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. Included in this amount is money 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) to (5), 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.

The base budget for the agriculture research, education, extension, and technology transfer account is \$9,300,000 for fiscal years 2022 and 2023.

(b) \$16,775,000 the first year and \$11,775,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Of these amounts:

(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;

(2) \$2,500,000 the first year and \$2,500,000 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, 2021, and the second year appropriation is available until June 30, 2022. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for the agricultural growth, research, and innovation program. If the total amount for which all producers are eligible in a quarter exceeds the amount available for

payments, the commissioner shall make the payments on a pro rata basis;

(3) \$500,000 the first year and \$500,000 the second year are for grants to motor fuel wholesalers and retail motor fueling station operators to install the equipment necessary to store or dispense biofuels to the public to meet the biofuel requirement goals established under Minnesota Statutes, section 239.7911;

(4) \$2,000,000 the first year and \$2,000,000 the second year are for livestock investment grants under Minnesota Statutes, section 17.118;

(5) \$3,500,000 the first year and \$3,500,000 the second year are for value-added grants. The commissioner may use up to \$2,000,000 per year of the funds to award value-added agriculture grants of between \$200,000 and \$1,000,000 per grant for new or expanding agricultural production or processing facilities that provide significant economic benefit to the region;

(6) \$600,000 the first year and \$600,000 the second year are for Farm Business Management tuition assistance;

(7) \$500,000 the first year and \$500,000 the second year are for new market development grants;

(8) \$2,000,000 the first year is for the dairy producer margin coverage premium assistance program under section 5; and

(9) \$3,000,000 the first year is for dairy modernization and innovation grants, and for buying down interest costs under the dairy modernization and innovation loan program under Minnesota Statutes, section 41B.0455.

The commissioner may allocate the remaining amounts each year among the following areas: developing new markets for Minnesota farmers by providing more fruits,

vegetables, meat, grain, and dairy for Minnesota school children; grants for urban youth agricultural education or urban agriculture community development; 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; crop research grants; development or expansion of food hubs and other alternative community-based food distribution systems; and good agricultural practices and good handling practices certification assistance.

The commissioner may use up to 3.5 percent of this appropriation for costs incurred to administer the program.

The appropriation in paragraph (b), clauses (8) and (9), is 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, 2021, for agricultural growth, research, and innovation grants are available until June 30, 2022.

The base budget for the agricultural growth, research, and innovation program is \$14,710,000 for fiscal years 2022 and 2023, and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20.

The commissioner must consult with the commissioner of transportation, the commissioner of administration, and local units of government to identify at least ten 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. These appropriations are onetime.

Subd. 5. Administration and Financial Assistance

7,284,000

7,182,000

(a) \$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) \$2,000 the first year is for a grant to the Minnesota State Poultry Association. This is a onetime appropriation, and is available until June 30, 2021.

(c) \$108,000 the first year and \$108,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. These are onetime appropriations.

(d) \$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association. These are onetime appropriations.

(e) \$47,000 the first year and \$47,000 the second year are for the Northern Crops Institute. These appropriations may be spent

to purchase equipment. These are onetime appropriations.

(f) \$267,000 the first year and \$267,000 the second year are for farm advocate services. Of the amount appropriated in this paragraph, \$47,000 each year is onetime.

(g) \$17,000 the first year and \$17,000 the second year are for grants to the Minnesota Horticultural Society. These are onetime appropriations.

(h) \$113,000 the first year and \$113,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators. South Central College shall serve as the fiscal agent.

(i) \$550,000 the first year and \$550,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food

bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(j) \$1,100,000 the first year and \$1,100,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this appropriation must be from Minnesota producers and processors. Second Harvest Heartland must report in the form prescribed by the commissioner. Second Harvest Heartland may use up to 15 percent of each grant for matching administrative and transportation expenses. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(k) \$50,000 the first year and \$50,000 the second year are for grants to the Center for Rural Policy and Development. These are onetime appropriations.

(l) \$250,000 the first year and \$250,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

(m) \$100,000 the first year is for a grant to Greater Mankato Growth, Inc. for assistance to agricultural-related businesses to promote jobs, innovation, and development of a synergy. 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 agriculture and rural development issues. This is a onetime appropriation.

(n) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

Sec. 3. <u>BOARD OF ANIMAL HEALTH</u>	\$	<u>5,477,000</u>	\$	<u>5,477,000</u>
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Sec. 4. <u>AGRICULTURAL UTILIZATION RESEARCH INSTITUTE</u>	\$	<u>3,895,000</u>	\$	<u>3,895,000</u>
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Sec. 5. DAIRY PRODUCER MARGIN COVERAGE PREMIUM ASSISTANCE PROGRAM.

Subdivision 1. **Program.** The commissioner must administer a dairy producer margin coverage premium assistance program for premiums paid by Minnesota dairy producers participating in the federal dairy margin coverage program authorized in the Agriculture Improvement Act of 2018.

Subd. 2. **Eligibility.** A dairy producer who participates in the federal dairy margin coverage program and satisfies the requirements in this section is eligible to receive financial assistance from the commissioner under this section.

Subd. 3. **Payment rates.** The commissioner must reimburse an eligible producer at a rate up to six cents per hundredweight of milk up to the first 5,000,000 pounds of milk enrolled in the federal dairy margin coverage program. The commissioner shall determine the payment rate under this subdivision by dividing available funding by the number of eligible applicants.

Subd. 4. **Procedure.** A dairy producer must submit a completed application to the commissioner in a form required by the commissioner. As part of the application, the dairy producer must submit proof of participation in the federal dairy margin coverage program in the form of a valid premium payment receipt or other documentation as approved by the commissioner.

ARTICLE 2**AGRICULTURE STATUTORY CHANGES**

Section 1. Minnesota Statutes 2018, section 17.041, subdivision 1, is amended to read:

Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is established in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for emergency response and preparedness activities for agricultural emergencies affecting producers of livestock, poultry, crops, or other agricultural products. Eligible uses include, ~~but are not limited to,~~ agency costs directly attributed to responding to agricultural emergencies and purchasing necessary equipment and reimbursing costs incurred by local units of government that are not eligible for reimbursement from other sources.

Sec. 2. Minnesota Statutes 2018, section 18B.34, subdivision 5, is amended to read:

Subd. 5. **Fees.** (a) A person initially applying for or renewing a noncommercial applicator license must pay a nonrefundable application fee of \$50, except an applicant who ~~is uses pesticides in the course of performing official duties as:~~ uses pesticides in the course of performing official duties as: (1) a government employee; (2) a contractor providing rest area custodial services for the commissioner of transportation; or (3) a Conservation Corps Minnesota employee ~~who uses pesticides in the course of performing official duties~~ must pay a nonrefundable application fee of \$10.

(b) A license renewal application received after March 1 in the year for which the license is to be issued is subject to a penalty fee of 50 percent of the application fee. The penalty fee must be paid before the renewal license may be issued.

(c) An application for a duplicate noncommercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 3. Minnesota Statutes 2018, 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. 4. Minnesota Statutes 2018, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 5. Minnesota Statutes 2018, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 6. Minnesota Statutes 2018, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 7. Minnesota Statutes 2018, section 18K.02, subdivision 3, is amended to read:

Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant *Cannabis sativa* L. and any part of the plant, whether growing or not, including the plant's seeds, and all the plant's derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01, subdivision 9.

Sec. 8. Minnesota Statutes 2018, section 18K.06, is amended to read:

18K.06 RULEMAKING.

(a) The commissioner shall adopt rules governing the production, testing, and licensing of industrial hemp.

(b) Rules adopted under paragraph (a) must include, but not be limited to, provisions governing:

(1) the supervision and inspection of industrial hemp during its growth and harvest;

(2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

(3) the use of background check results required under section 18K.04 to approve or deny a license application; and

(4) any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

(d) After consulting with stakeholders, the commissioner may use the expedited rulemaking process in section 14.389 to adopt the rules required under this section that are required to conform to the Agriculture Improvement Act of 2018, Public Law 115-1072, and federal rules authorized under that act. This paragraph expires June 30, 2020.

Sec. 9. Minnesota Statutes 2018, section 28A.16, is amended to read:

28A.16 PERSONS SELLING LIQUOR.

(a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent malt liquor "on-sale" as provided in section 340A.403, or to persons licensed to sell intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407, provided that these persons sell only ice manufactured and packaged by another, or bottled or canned soft drinks and prepacked candy at retail, or to persons licensed to sell intoxicating liquors at wholesale to retailers as provided in section 340A.301.

(b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner must exclude all gross sales of off-sale alcoholic beverages by the exclusive liquor store when determining the applicable license fee under section 28A.08, subdivision 3.

(c) For purposes of this section, "exclusive liquor store," "alcoholic beverage," "intoxicating liquor," and "wholesaler" have the meanings given in section 340A.101.

Sec. 10. Minnesota Statutes 2018, section 41A.15, is amended by adding a subdivision to read:

Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees; wood and wood waste and residues; plants including aquatic plants, grasses, residues, and fibers; animal waste; and the organic portion of solid wastes.

Sec. 11. Minnesota Statutes 2018, section 41A.15, subdivision 10, is amended to read:

Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with biobased content, polymer, monomer, plastic, or composite material that is entirely produced from biomass.

Sec. 12. Minnesota Statutes 2018, section 41A.16, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from the state border, ~~raw materials~~ biomass used to produce an advanced biofuel may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility or from within Minnesota. ~~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 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 2018, 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 2018, section 41A.16, subdivision 4, is amended to read:

Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic biomass used for advanced biofuel production must be produced using Minnesota state forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~ management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

Sec. 15. Minnesota Statutes 2018, section 41A.17, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section must source from Minnesota at least 80 percent ~~biobased content from Minnesota.~~ of the biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or less from the state border, biobased content must biomass used to produce a renewable chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile

~~radius of the facility or from within Minnesota. 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. 16. Minnesota Statutes 2018, section 41A.17, subdivision 2, is amended to read:

Subd. 2. Payment amounts; bonus; limits. (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.

(b) An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. ~~The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.~~

(d) An eligible facility may blend renewable chemicals with other chemicals that are not renewable chemicals, but only the percentage attributable to renewable chemicals in the blended product is eligible to receive payment.

~~(d)~~ (e) For purposes of this section, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer.

Sec. 17. Minnesota Statutes 2018, section 41A.17, subdivision 3, is amended to read:

Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic biomass used for renewable chemical production must be produced using Minnesota ~~state forest~~ biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota brushland ~~harvesting biomass harvest~~ harvesting guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest ~~stewardship~~ management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

Sec. 18. Minnesota Statutes 2018, section 41A.18, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source ~~from Minnesota at least 80 percent raw materials from Minnesota.~~ of the biomass used for biomass thermal production, except that, if a facility is sited 50 miles or less from the state border, ~~raw materials should~~ biomass used for biomass thermal production may be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw materials~~ Biomass must be from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location by June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least 250 MMbtu of biomass thermal quarterly.

(b) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (a).

(c) An eligible producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Biofuel production for which payment has been received under section 41A.16, and renewable chemical production for which payment has been received under section 41A.17, are not eligible for payment under this section.

Sec. 19. Minnesota Statutes 2018, section 41A.18, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall make payments to eligible producers of biomass thermal located in the state. The amount of the payment for each producer's annual production is \$5.00 per MMbtu of biomass thermal production produced at a specific location for ten years after the start of production.

(b) An eligible facility producing biomass thermal using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible thermal producer in a fiscal year may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total payments under this section to all eligible thermal producers in a fiscal year may not exceed the amount necessary for 150,000 MMbtu of total thermal production. ~~The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.~~

(d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass thermal production facility, but only the percentage attributable to cellulosic material is eligible to receive payment.

(e) For purposes of this section, an entity that holds a controlling interest in more than one biomass thermal production facility is considered a single eligible producer.

Sec. 20. Minnesota Statutes 2018, section 41A.18, subdivision 3, is amended to read:

Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic biomass used for biomass thermal production must be produced using Minnesota state forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from ~~brushland~~ brushlands must be produced using Minnesota brushland ~~harvesting~~ biomass harvesting guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship management plan, as defined in section 290C.02, subdivision 7, or its equivalent.

Sec. 21. **[41B.0455] DAIRY MODERNIZATION AND INNOVATION LOAN PROGRAM.**

Subdivision 1. **Establishment.** The authority may establish and implement a loan program to finance dairy modernization and innovations in the state.

Subd. 2. **Loan participation.** (a) The authority may participate in a dairy modernization and innovation loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

(b) Participation is limited to 45 percent of the principal amount of the loan or \$525,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan.

Subd. 3. **Specifications.** (a) Loan participation may be for acquisition, installation of improvements to land, buildings, and other permanent structures, including equipment incorporated in or permanently affixed to the land, buildings, or structures, which are useful for and intended to be used for the purpose of dairy farming, including, but not limited to:

(1) the acquisition, construction, or improvement of buildings or facilities for dairy farming; or

(2) the acquisition of equipment for dairy farming such as:

(i) barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

(vi) scales;

(vii) milk storage and cooling facilities; or

(viii) bulk tanks.

(b) Each loan participation must be secured by a mortgage on real property and other security as the authority may require.

Subd. 4. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application for a loan participation and an origination fee for each loan issued under the dairy modernization and innovation loan program. The origination fee initially shall be set at 1.5 percent and the application fee at \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to the Rural Finance Authority administrative account established in section 41B.03.

Subd. 5. **Interest rate.** The interest rate per annum on the dairy modernization and innovation loan participation must be at the rate of interest determined by the authority to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations of the authority issued under this chapter, to provide financing for loan participations made under the dairy modernization and innovation loan program, and to provide for reasonable and necessary costs of issuing, carrying, administering, and securing the bonds or notes and to pay the costs incurred and to be incurred by the authority in the implementation of the dairy modernization and innovation loan program.

Sec. 22. Minnesota Statutes 2018, section 41B.055, subdivision 4, is amended to read:

Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to animal husbandry:

(1) fences;

(2) watering facilities;

(3) feed storage and handling equipment;

- (4) milking parlors;
- (5) milking equipment, including robotic equipment;
- (6) scales;
- (7) milk storage and cooling facilities;
- (8) manure pumping and storage facilities;
- (9) capital investment in pasture;
- (10) hoop barns;
- (11) portable structures;
- (12) hay and forage equipment; and
- (13) related structural work for the installation of equipment.

Sec. 23. Minnesota Statutes 2018, section 116.06, is amended by adding a subdivision to read:

Subd. 16a. **Pastures.** "Pastures" means areas, including winter feeding areas as part of a grazing area, where grass or other growing plants are used for grazing of livestock and where the concentration of animals allows a vegetative cover to be maintained during the growing season. "Pastures" also includes agricultural land that is used for growing crops during the growing season and is used for grazing of livestock on vegetation or crop residues during the winter. In either case, a cover of vegetation or crop residues is not required:

- (1) in the immediate vicinity of supplemental feeding or watering devices;
- (2) in associated corrals and chutes where livestock are gathered for the purpose of sorting, veterinary services, loading and unloading trucks and trailers, and other necessary activities related to good animal husbandry practices;
- (3) in associated livestock access lanes used to convey livestock to and from areas of the pasture;
and
- (4) in sacrificial areas that are part of a larger pasture system and are used to temporarily accommodate livestock and protect other pasture areas when adverse soil or weather conditions pose a risk of damaging the pastures, and on which the vegetation is naturally restored or replanted after the adverse soil or weather conditions are removed and the livestock are moved to other areas of the pasture.

Sec. 24. Minnesota Statutes 2018, section 116.07, subdivision 7, is amended to read:

Subd. 7. **Counties; processing applications for animal lot permits.** Any Minnesota county board may, by resolution, with approval of the Pollution Control Agency, assume responsibility for processing applications for permits required by the Pollution Control Agency under this section for livestock feedlots, poultry lots or other animal lots. The responsibility for permit application

processing, if assumed by a county, may be delegated by the county board to any appropriate county officer or employee.

(a) For the purposes of this subdivision, the term "processing" includes:

(1) the distribution to applicants of forms provided by the Pollution Control Agency;

(2) the receipt and examination of completed application forms, and the certification, in writing, to the Pollution Control Agency either that the animal lot facility for which a permit is sought by an applicant will comply with applicable rules and standards, or, if the facility will not comply, the respects in which a variance would be required for the issuance of a permit; and

(3) rendering to applicants, upon request, assistance necessary for the proper completion of an application.

(b) For the purposes of this subdivision, the term "processing" may include, at the option of the county board, issuing, denying, modifying, imposing conditions upon, or revoking permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject to review, suspension, and reversal by the Pollution Control Agency. The Pollution Control Agency shall, after written notification, have 15 days to review, suspend, modify, or reverse the issuance of the permit. After this period, the action of the county board is final, subject to appeal as provided in chapter 14. For permit applications filed after October 1, 2001, section 15.99 applies to feedlot permits issued by the agency or a county pursuant to this subdivision.

(c) For the purpose of administration of rules adopted under this subdivision, the commissioner and the agency may provide exceptions for cases where the owner of a feedlot has specific written plans to close the feedlot within five years. These exceptions include waiving requirements for major capital improvements.

(d) For purposes of this subdivision, a discharge caused by an extraordinary natural event such as a precipitation event of greater magnitude than the 25-year, 24-hour event, tornado, or flood in excess of the 100-year flood is not a "direct discharge of pollutants."

(e) In adopting and enforcing rules under this subdivision, the commissioner shall cooperate closely with other governmental agencies.

(f) The Pollution Control Agency shall work with the Minnesota Extension Service, the Department of Agriculture, the Board of Water and Soil Resources, producer groups, local units of government, as well as with appropriate federal agencies such as the Natural Resources Conservation Service and the Farm Service Agency, to notify and educate producers of rules under this subdivision at the time the rules are being developed and adopted and at least every two years thereafter.

(g) The Pollution Control Agency shall adopt rules governing the issuance and denial of permits for livestock feedlots, poultry lots or other animal lots pursuant to this section. Pastures are exempt from the rules authorized under this paragraph, and no feedlot permit shall include any terms or conditions that impose any requirements related to any pastures located on, adjacent to, or in the vicinity of the feedlot. A feedlot permit is not required for livestock feedlots with more than ten but less than 50 animal units; provided they are not in shoreland areas. A livestock feedlot permit does not become required solely because of a change in the ownership of the buildings, grounds, or

feedlot. These rules apply both to permits issued by counties and to permits issued by the Pollution Control Agency directly.

(h) The Pollution Control Agency shall exercise supervising authority with respect to the processing of animal lot permit applications by a county.

(i) Any new rules or amendments to existing rules proposed under the authority granted in this subdivision, or to implement new fees on animal feedlots, must be submitted to the members of legislative policy and finance committees with jurisdiction over agriculture and the environment prior to final adoption. The rules must not become effective until 90 days after the proposed rules are submitted to the members.

(j) Until new rules are adopted that provide for plans for manure storage structures, any plans for a liquid manure storage structure must be prepared or approved by a registered professional engineer or a United States Department of Agriculture, Natural Resources Conservation Service employee.

(k) A county may adopt by ordinance standards for animal feedlots that are more stringent than standards in Pollution Control Agency rules.

(l) After January 1, 2001, a county that has not accepted delegation of the feedlot permit program must hold a public meeting prior to the agency issuing a feedlot permit for a feedlot facility with 300 or more animal units, unless another public meeting has been held with regard to the feedlot facility to be permitted.

(m) After the proposed rules published in the State Register, volume 24, number 25, are finally adopted, the agency may not impose additional conditions as a part of a feedlot permit, unless specifically required by law or agreed to by the feedlot operator.

(n) For the purposes of feedlot permitting, a discharge from land-applied manure or a manure stockpile that is managed according to agency rule must not be subject to a fine for a discharge violation.

(o) For the purposes of feedlot permitting, manure that is land applied, or a manure stockpile that is managed according to agency rule, must not be considered a discharge into waters of the state, unless the discharge is to waters of the state, as defined by section 103G.005, subdivision 17, except type 1 or type 2 wetlands, as defined in section 103G.005, subdivision 17b, and does not meet discharge standards established for feedlots under agency rule.

(p) The natural deposit of manure by livestock on pasture shall not be considered a discharge into waters of the state and shall not be subject to any fine or penalty.

(q) Unless the upgrade is needed to correct an immediate public health threat under section 145A.04, subdivision 8, or the facility is determined to be a concentrated animal feeding operation under Code of Federal Regulations, title 40, section 122.23, in effect on April 15, 2003, the agency may not require a feedlot operator:

(1) to spend more than \$3,000 to upgrade an existing feedlot with less than 300 animal units unless cost-share money is available to the feedlot operator for 75 percent of the cost of the upgrade; or

(2) to spend more than \$10,000 to upgrade an existing feedlot with between 300 and 500 animal units, unless cost-share money is available to the feedlot operator for 75 percent of the cost of the upgrade or \$50,000, whichever is less.

~~(g) For the purposes of this section, "pastures" means areas, including winter feeding areas as part of a grazing area, where grass or other growing plants are used for grazing and where the concentration of animals allows a vegetative cover to be maintained during the growing season except that vegetative cover is not required:~~

~~(1) in the immediate vicinity of supplemental feeding or watering devices;~~

~~(2) in associated corrals and chutes where livestock are gathered for the purpose of sorting, veterinary services, loading and unloading trucks and trailers, and other necessary activities related to good animal husbandry practices; and~~

~~(3) in associated livestock access lanes used to convey livestock to and from areas of the pasture.~~

(r) A feedlot operator who stores and applies up to 100,000 gallons per calendar year of private truck wash wastewater resulting from trucks that transport animals or supplies to and from the feedlot does not require a permit to land-apply industrial by-products if the feedlot operator stores and applies the wastewater in accordance with Pollution Control Agency requirements for land applications of industrial by-product that do not require a permit.

(s) A feedlot operator who holds a permit from the Pollution Control Agency to land-apply industrial by-products from a private truck wash is not required to have a certified land applicator apply the private truck wash wastewater if the wastewater is applied by the feedlot operator to cropland owned or leased by the feedlot operator or by a commercial animal waste technician licensed by the commissioner of agriculture under chapter 18C. For purposes of this paragraph and paragraph (r), "private truck wash" means a truck washing facility owned or leased, operated, and used only by a feedlot operator to wash trucks owned or leased by the feedlot operator and used to transport animals or supplies to and from the feedlot.

Sec. 25. Minnesota Statutes 2018, section 116.07, subdivision 7d, is amended to read:

Subd. 7d. **Exemption.** ~~(a)~~ Notwithstanding subdivision 7 or Minnesota Rules, chapter 7020, to the contrary, and notwithstanding the proximity to public or private waters, an owner or resident of agricultural land on which livestock have been allowed to pasture at any time during the ten-year period beginning January 1, 2010, is permanently exempt from requirements related to feedlot or manure management on that land for so long as the property remains in pasture.

~~(b) For the purposes of this subdivision, "pasture" means areas where livestock graze on grass or other growing plants. Pasture also means agricultural land where livestock are allowed to forage during the winter time and which land is used for cropping purposes in the growing season. In either case, the concentration of animals must be such that a vegetative cover, whether of grass, growing~~

~~plants, or crops, is maintained during the growing season except in the immediate vicinity of temporary supplemental feeding or watering devices.~~

Sec. 26. Minnesota Statutes 2018, section 223.16, subdivision 2a, is amended to read:

Subd. 2a. **Cash sale.** (a) "Cash sale" means:

~~(a) a sale that is not reduced to writing as a voluntary extension of credit contract and for which payment is tendered to the seller not later than the close of business on the next business day after the sale, either in cash or by check, or by mailing or wiring funds to the seller's account in the amount of at least 80 percent of the value of the grain at delivery; or~~

~~(b) a sale of a shipment of grain which is part of a multiple shipment sale, for which a scale ticket clearly marked "CASH" has been received by the seller before completion of the entire sale, and for which payment is tendered in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment is tendered in cash or by check not later than the close of business on the next business day, or within 48 hours, whichever is later. For the purposes of this subdivision, "cash" means currency or manner of payment equivalent such as a certified check, a cashier's check, a postal, bank, or express money order, in which the amount of payment is verified and secured prior to issuance.~~

Sec. 27. Minnesota Statutes 2018, section 223.16, subdivision 4, is amended to read:

Subd. 4. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or other agricultural crops designated by the commissioner by rule.

Sec. 28. Minnesota Statutes 2018, section 223.17, subdivision 3, is amended to read:

Subd. 3. **Grain buyers and storage account; fees.** The commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22.

The fee for any license issued or renewed after June 30, 2005, shall be set according to the following schedule:

(a) \$140 plus \$110 for each additional location for grain buyers whose gross annual purchases are less than \$100,000;

(b) \$275 plus \$110 for each additional location for grain buyers whose gross annual purchases are at least \$100,000, but not more than \$750,000;

(c) \$415 plus \$220 for each additional location for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;

(d) \$550 plus \$220 for each additional location for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000; and

(e) \$700 plus \$220 for each additional location for grain buyers whose gross annual purchases are more than \$3,000,000.

A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

There is created the grain buyers and storage account in the agricultural fund. Money collected pursuant to sections 223.15 to 223.19 shall be paid into the state treasury and credited to the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of sections 223.15 to 223.22. Interest, if any, received on deposits of these moneys shall be credited to the account, and there shall be paid into this fund any sum provided by the legislature for the purpose of carrying out the provisions of those sections.

Sec. 29. Minnesota Statutes 2018, section 223.17, is amended by adding a subdivision to read:

Subd. 3a. **Examination fee.** A person with a license to buy grain is subject to an examination fee for each licensed location, based on the following schedule for one examination:

<u>Bushel Capacity</u>	<u>Examination Fee</u>
<u>Inspections without a grain measure</u>	<u>\$ 100</u>
<u>Less than 150,001</u>	<u>\$ 300</u>
<u>150,001 to 250,000</u>	<u>\$ 425</u>
<u>250,001 to 500,000</u>	<u>\$ 545</u>
<u>500,001 to 750,000</u>	<u>\$ 700</u>
<u>750,001 to 1,000,000</u>	<u>\$ 865</u>
<u>1,000,001 to 1,200,000</u>	<u>\$ 1,040</u>
<u>1,200,001 to 1,500,000</u>	<u>\$ 1,205</u>
<u>1,500,001 to 2,000,000</u>	<u>\$ 1,380</u>
<u>More than 2,000,000</u>	<u>\$ 1,555</u>

The fee for supplemental examinations is \$55 per hour per examiner.

Sec. 30. Minnesota Statutes 2018, section 223.17, is amended by adding a subdivision to read:

Subd. 3b. **Schedule of examination.** A licensee under sections 223.15 to 223.23 is subject to one examination annually conducted by the commissioner or the Agricultural Marketing Service of the United States Department of Agriculture. Examinations must include measurement of all grain owned and maintained by the grain buyer. Additional exams, at the determination of the commissioner, may be required.

Sec. 31. Minnesota Statutes 2018, section 223.17, subdivision 4, is amended to read:

Subd. 4. **Bond.** (a) Except as provided in paragraph (f), before a grain buyer's license is issued, the applicant for the license must file with the commissioner a bond in a penal sum prescribed by the commissioner but not less than the following amounts:

(1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;

(2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but not more than \$750,000;

(3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;

(4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000;

(5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000 but not more than \$6,000,000;

(6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000 but not more than \$12,000,000;

(7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000 but not more than \$24,000,000; and

(8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

~~(b) A grain buyer who has filed a bond with the commissioner prior to July 1, 2004, is not required to increase the amount of the bond to comply with this section until July 1, 2005. The commissioner may postpone an increase in the amount of the bond until July 1, 2006, if a licensee demonstrates that the increase will impose undue financial hardship on the licensee, and that producers will not be harmed as a result of the postponement. The commissioner may impose other restrictions on a licensee whose bond increase has been postponed. The amount of the bond shall be based on the most recent gross annual grain purchase report of the grain buyer.~~

(c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the commissioner. This bond shall remain in effect for the first year of the license. Thereafter, the licensee shall comply with the applicable bonding requirements contained in paragraph (a), clauses (1) to (8).

(d) In lieu of the bond required by this subdivision the applicant may deposit with the commissioner of management and budget ~~cash, a certified check, a cashier's check, a postal, bank, or express money order, assignable bonds or notes of the United States, or an assignment of a bank savings account or investment certificate or an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.~~

(e) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

(f) A grain buyer who notifies the commissioner of the intent to purchase grain immediately upon delivery solely with cash; certified check; cashier's check; or postal, bank, or express money order is not obligated to file a bond as long as annual purchases do not exceed \$100,000.

Sec. 32. Minnesota Statutes 2018, section 223.17, subdivision 5, is amended to read:

Subd. 5. **Cash sales; manner of payment.** For a cash sale of a shipment of grain ~~which is part of a multiple shipment sale,~~ the grain buyer shall tender payment to the seller in cash or by check

or shall wire or mail the payment to the seller's account not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment shall be tendered not later than the close of business on the next day, or within 48 hours, whichever is later. For other cash sales the grain buyer, before the close of business on the next business day after the sale, shall tender payment to the seller in cash or by check, or shall wire or mail funds to the seller's account in the amount of at least 80 percent of the value of the grain at the time of delivery. The grain buyer shall complete final settlement as rapidly as possible through ordinary diligence.

Sec. 33. Minnesota Statutes 2018, section 223.17, subdivision 6, is amended to read:

Subd. 6. **Financial statements.** (a) The commissioner ~~may~~ shall require an annual financial statement from a licensee which has been prepared in accordance with generally accepted accounting principles and ~~which~~ meets the following requirements:

(1) the financial statement shall include, but not be limited to the following:

(i) a balance sheet;

(ii) a statement of income (profit and loss);

(iii) a statement of retained earnings;

(iv) a statement of changes in financial position; and

(v) a statement of the dollar amount of grain purchased in the previous fiscal year of the grain buyer;

(2) the financial statement shall be accompanied by a compilation report of the financial statement that is prepared by a grain commission firm ~~or a management firm approved by the commissioner or by an independent public accountant~~, in accordance with standards established by the American Institute of Certified Public Accountants. ~~Grain buyers purchasing less than 150,000 bushels of grain per calendar year may submit a financial statement prepared by a public accountant who is not an employee or a relative within the third degree of kindred according to civil law;~~

(3) the financial statement shall be accompanied by a certification by the chief executive officer or the chief executive officer's designee of the licensee, and where applicable, all members of the governing board of directors under penalty of perjury, that the financial statement accurately reflects the financial condition of the licensee for the period specified in the statement;

(4) for grain buyers purchasing under \$5,000,000 of grain annually, financial statements shall be reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, and must show that the financial statements are free from material misstatements; and

(5) for grain buyers purchasing \$5,000,000 or more of grain annually, financial statements shall be audited by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants and must include an opinion statement from the certified public accountant.

(b) Only one financial statement must be filed for a chain of warehouses owned or operated as a single business entity, unless otherwise required by the commissioner. ~~Any grain buyer having a net worth in excess of \$500,000,000 need not file the financial statement required by this subdivision but must provide the commissioner with a certified net worth statement.~~ All financial statements filed with the commissioner are private or nonpublic data as provided in section 13.02.

(c) A grain buyer who purchases grain immediately upon delivery solely with cash; certified check; cashier's check; or postal, bank, or express money order and whose annual purchases do not exceed \$100,000 is exempt from the provisions contained in this subdivision.

(d) The commissioner shall annually provide information on the person's fiduciary duties to all persons required to certify the financial statement under paragraph (a), clause (2).

Sec. 34. Minnesota Statutes 2018, section 223.177, subdivision 2, is amended to read:

Subd. 2. **Oral contracts.** Any grain buyer entering into a voluntary extension of credit contract orally or by phone shall give or mail to the seller a written confirmation conforming to the requirements of section 223.175 ~~before the close of the next business day~~ within ten days. Written confirmation of oral contracts must meet the requirements of subdivision 3.

Sec. 35. Minnesota Statutes 2018, section 223.177, subdivision 3, is amended to read:

Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must be reduced to writing by the grain buyer and mailed or given to the seller ~~before the close of the next business day after the contract is entered into or, in the case of an oral or phone contract, after the written confirmation is received by the seller. Provided, however, that if a scale ticket has been received by the seller prior to the completion of the grain shipment, the contract must be reduced to writing within ten days after the sale, but not later than the close of the next business day after the completion of the entire sale~~ and is signed by both buyer and seller within ten days of the date of delivery. The form of the contract shall comply with the requirements of section 223.175. A grain buyer may use an electronic version of a voluntary extension of credit contract that contains the same information as a written document and that conforms to the requirements of this chapter to which a seller has applied an electronic signature in place of a written document. There must not at any time be an electronic and paper voluntary extension of credit contract representing the same lot of grain.

Sec. 36. Minnesota Statutes 2018, section 223.177, subdivision 8, is amended to read:

Subd. 8. **Records.** A grain buyer shall keep sufficiently detailed books and records of signed voluntary extension of credit contracts and evidences of grain, rights in grain, and the proceeds from the sale of grain so as to clearly show compliance with this section. The commissioner or the commissioner's authorized agent may inspect these books and records to determine whether grain buyers are complying with the provisions of this chapter, and for this purpose the commissioner may enter upon any public or private premises during regular business hours.

Sec. 37. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to read:

Subd. 4a. **Grain bank.** "Grain bank" means a feed-processing plant that receives and stores grain it processes and returns to the grain's owner in amounts, at intervals, and with added ingredients

that are mutually agreeable to the grain's owner and the person operating the plant. Grain bank does not include a seed cleaning plant.

Sec. 38. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to read:

Subd. 13. **Temporary storage.** "Temporary storage" means grain stored in outdoor piles or suitable structures, which are not in use for the entirety of the license period.

Sec. 39. Minnesota Statutes 2018, section 232.22, subdivision 3, is amended to read:

Subd. 3. **Fees; grain buyers and storage account.** There is created in the agricultural fund an account known as the grain buyers and storage account. The commissioner shall set the fees for examinations, certifications, and licenses under sections 232.20 to 232.24 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.24. All money collected pursuant to sections 232.20 to 232.24 shall be paid by the commissioner into the state treasury and credited to the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of sections 232.20 to 232.24. All money collected pursuant to chapter 231 shall be paid by the commissioner into the grain buyers and storage account and is appropriated to the commissioner for the administration and enforcement of chapter 231.

The fees for a license to store grain are as follows:

(a) For a license to store grain, \$110 for each home rule charter or statutory city or town in which a public grain warehouse is operated.

(b) A person with a license to store grain in a public grain warehouse is subject to an examination fee for each licensed location, based on the following schedule for one examination:

Bushel Capacity	Examination Fee
Less than 150,001	\$ 300
150,001 to 250,000	\$ 425
250,001 to 500,000	\$ 545
500,001 to 750,000	\$ 700
750,001 to 1,000,000	\$ 865
1,000,001 to 1,200,000	\$ 1,040
1,200,001 to 1,500,000	\$ 1,205
1,500,001 to 2,000,000	\$ 1,380
More than 2,000,000	\$ 1,555

(c) The fee for ~~the second examination~~ supplemental examinations is \$55 per hour per examiner ~~for warehouse operators who choose to have it performed by the commissioner.~~

(d) A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

Sec. 40. Minnesota Statutes 2018, section 232.22, subdivision 4, is amended to read:

Subd. 4. **Bonding.** (a) Before a license is issued, the applicant for a public grain warehouse operator's license shall file with the commissioner a bond in a penal sum prescribed by the commissioner based on the annual average storage liability as stated on the statement of grain in storage report or on the gross annual grain purchase report, whichever is greater, and applying the following amounts:

(1) \$10,000 for storages with annual average storage liability of more than \$0 but not more than \$25,000;

(2) \$20,000 for storages with annual average storage liability of more than \$25,001 but not more than \$50,000;

(3) \$30,000 for storages with annual average storage liability of more than \$50,001 but not more than \$75,000;

(4) \$50,000 for storages with annual average storage liability of more than \$75,001 but not more than \$100,000;

(5) \$75,000 for storages with annual average storage liability of more than \$100,001 but not more than \$200,000;

(6) \$125,000 for storages with annual average storage liability of more than \$200,001 but not more than \$300,000;

(7) \$175,000 for storages with annual average storage liability of more than \$300,001 but not more than \$400,000;

(8) \$225,000 for storages with annual average storage liability of more than \$400,001 but not more than \$500,000;

(9) \$275,000 for storages with annual average storage liability of more than \$500,001 but not more than \$600,000;

(10) \$325,000 for storages with annual average storage liability of more than \$600,001 but not more than \$700,000;

(11) \$375,000 for storages with annual average storage liability of more than \$700,001 but not more than \$800,000;

(12) \$425,000 for storages with annual average storage liability of more than \$800,001 but not more than \$900,000;

(13) \$475,000 for storages with annual average storage liability of more than \$900,001 but not more than \$1,000,000; and

(14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

(b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

(c) In lieu of the bond required by this subdivision, the applicant may deposit with the commissioner of management and budget an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

Sec. 41. Minnesota Statutes 2018, section 232.23, subdivision 3, is amended to read:

Subd. 3. **Grain delivered considered stored.** All grain delivered to a public grain warehouse operator shall be considered stored at the time of delivery, unless arrangements have been made with the public grain warehouse operator prior to or at the time of delivery to apply the grain on contract, for shipment or consignment or for cash sale. Grain may be held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued for all grain held in open storage within six months of delivery to the warehouse unless the depositor has signed a statement that the depositor does not desire a warehouse receipt. The warehouse operator's tariff applies for any grain that is retained in open storage or under warehouse receipt. All grain in temporary storage must be owned and exclusively maintained by the licensee. Grain assigned to grain bank is considered stored grain.

Sec. 42. Minnesota Statutes 2018, section 232.24, subdivision 1, is amended to read:

Subdivision 1. **Schedule of examination.** A licensee under sections 232.20 to 232.24 is subject to two examinations annually conducted by the commissioner or the Agricultural Marketing Service of the United States Department of Agriculture. ~~The commissioner may, by rule, authorize one examination to be conducted by a qualified nongovernmental unit.~~ Additional exams, at the determination of the commissioner, may be required.

Sec. 43. Minnesota Statutes 2018, section 232.24, subdivision 2, is amended to read:

Subd. 2. **Financial reports.** A licensee under sections 232.20 to 232.24 ~~upon request~~ must provide to the commissioner a copy of the financial reports ~~of an audit conducted by a qualified nongovernmental unit containing information the commissioner requires~~ that meet the requirements in section 223.17, subdivision 6.

ARTICLE 3

HOUSING APPROPRIATIONS

Section 1. HOUSING APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

APPROPRIATIONS

Available for the Year

Ending June 30

2020

2021

Sec. 2. HOUSING FINANCE AGENCY

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>52,798,000</u>	<u>\$</u>	<u>52,798,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

<u>Subd. 2. Challenge Program</u>		<u>10,675,000</u>		<u>11,675,000</u>
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This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. Of this amount, \$1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of the fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

The base for this program in fiscal year 2022 and beyond is \$11,675,000.

<u>Subd. 3. Workforce Housing Development</u>		<u>2,000,000</u>		<u>2,000,000</u>
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This appropriation is for the workforce housing development program under Minnesota Statutes, section 462A.39. If requested by the applicant and approved by the agency, funded properties may include a portion of income and rent restricted units.

<u>Subd. 4. Manufactured Home Park Infrastructure Grants</u>		<u>2,500,000</u>		<u>2,500,000</u>
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This appropriation is for manufactured home park infrastructure grants under Minnesota Statutes, section 462A.2035, subdivision 1b.

Subd. 5. Housing Infrastructure Grants Pilot Program500,0000

This appropriation is for a pilot program to provide grants to municipalities for up to 50 percent of the costs of infrastructure that would otherwise be required to be paid by the developer for new homeowner-owned housing developments that are affordable to households with an income of up to 130 percent of area median income. The grants shall be limited to 16 housing units in the municipality and a maximum of \$10,000 per housing unit. This is a onetime appropriation and is available until June 30, 2021.

Subd. 6. Workforce Affordable Homeownership Development Program1,000,000500,000

This appropriation is for the workforce and affordable homeownership development program under Minnesota Statutes, section 462A.38. At least 50 percent of the money appropriated must be for municipalities with populations less than 7,500.

Subd. 7. Housing Trust Fund11,646,00011,646,000

This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section.

Subd. 8. Rental Assistance for Mentally Ill4,088,0004,088,000

This appropriation is for the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. Among comparable proposals, the agency shall prioritize those proposals that target, in part, eligible persons who desire to move to more integrated, community-based settings.

Subd. 9. Family Homeless Prevention8,519,0008,519,000

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

<u>Subd. 10. Home Ownership Assistance Fund</u>	<u>885,000</u>	<u>885,000</u>
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This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color. To better understand and address the disparity gap, the agency is required to collect, on a voluntary basis, demographic information regarding race, color, national origin, and sex of applicants for agency programs intended to benefit homeowners and homebuyers.

<u>Subd. 11. Affordable Rental Investment Fund</u>	<u>3,718,000</u>	<u>3,718,000</u>
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(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among

comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties and naturally occurring affordable housing as determined by the commissioner. For purposes of this paragraph, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Subd. 12. Housing Rehabilitation

6,015,000

6,015,000

This appropriation is for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14. Of this amount, \$2,772,000 each year is for the rehabilitation of owner-occupied housing and \$3,243,000 each year is for the rehabilitation of eligible rental housing. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic development and housing challenge program under Minnesota Statutes, section 462A.33, and may provide grants or forgivable loans if approved by the agency.

Notwithstanding any law to the contrary, grants or loans under this subdivision may be made without rent or income restrictions of owners or tenants. To the extent practicable, grants or loans must be made available statewide.

Subd. 13. Homeownership Capacity, Counseling, and Stabilization Grants

1,252,000

1,252,000

This appropriation is for homeownership education, counseling, and training under Minnesota Statutes, section 462A.209, and

for capacity-building grants under Minnesota Statutes, section 462A.21, subdivision 3b. The commissioner shall award competitive grants to nonprofit housing organizations, housing and redevelopment authorities, or other political subdivisions to provide intensive financial education and coaching services to individuals or families who have the goal of homeownership and family stabilization. Financial education and counseling services include, but are not limited to, asset building, development of spending plans, credit report education, repair and rebuilding, consumer protection training, and debt reduction. Priority must be given to organizations that have experience serving underserved populations.

Sec. 3. DISTRIBUTION OF HOUSING INVESTMENT FUND AND HOUSING AFFORDABILITY FUND.

For fiscal years 2020 and 2021, the commissioner of the housing finance agency shall distribute the money within the Housing Investment Fund, or Pool 2, and the Housing Affordability Fund, or Pool 3, equally between the Twin Cities metropolitan area and the nonmetropolitan area.

ARTICLE 4

HOUSING STATUTORY CHANGES

Section 1. Minnesota Statutes 2018, section 299D.085, is amended by adding a subdivision to read:

Subd. 3a. **Trailer use.** A vehicle or a combination of vehicles may tow a trailer during the movement of an overdimensional load if:

(1) the party involved is a building mover licensed by the commissioner of transportation under section 221.81;

(2) the building being moved is not a temporary structure;

(3) the overdimensional load is a manufactured home, as defined under section 327.31; or

(4) the overdimensional load is a modular home, as defined under section 297A.668, subdivision 8, paragraph (b).

Sec. 2. Minnesota Statutes 2018, 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. 3. Minnesota Statutes 2018, section 327.31, is amended by adding a subdivision to read:

Subd. 23. **Modular home.** For the purposes of this section, "modular home" means a single-family dwelling constructed in accordance with applicable standards adopted in Minnesota Rules, chapter 1360 or 1361, or in compliance with the 2015 Minnesota Residential Code for a single-family dwelling with a floor area of 400 square feet or less. The modular home must be attached to a foundation designed to the State Building Code.

Sec. 4. **[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 327, 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. A modular home placed in a manufactured home park under this section shall be assessed and taxed as a manufactured home.

Sec. 5. Minnesota Statutes 2018, 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. 6. Minnesota Statutes 2018, section 327C.095, subdivision 4, is amended to read:

Subd. 4. **Public hearing; relocation compensation; neutral third party.** Within 90 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. 7. Minnesota Statutes 2018, 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 covenant must be in writing and must be recorded with the office of the county recorder or registrar of titles to remain in effect. 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. 8. Minnesota Statutes 2018, 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; or the owner of the manufactured home has not paid the \$15 assessment under paragraph (c).

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than \$1,000,000 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 and budget shall deposit any payments in the Minnesota manufactured home relocation trust fund.~~ Failure to notify and budget shall timely assess the manufactured home 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. 9. Minnesota Statutes 2018, 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)(1) By October 15, 2019, the Minnesota Housing Finance Agency shall post on its website and report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee on the Minnesota manufactured home relocation trust fund, including the account balance, payments to claimants, the amount of any advances to the fund, the amount of any insufficiencies encountered during the previous calendar year, and any itemized administrative charges or expenses deducted from the 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.

(h)(2) Beginning in 2019, the Minnesota Housing Finance Agency shall post on its website 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. 10. Minnesota Statutes 2018, 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. 11. Minnesota Statutes 2018, section 428A.11, subdivision 4, is amended to read:

Subd. 4. **Housing improvements.** "Housing improvements" has the meaning given in the city's enabling ordinance. Housing improvements may include improvements to common elements of a condominium or other common interest community, or to a manufactured home park.

Sec. 12. Minnesota Statutes 2018, section 428A.11, subdivision 6, is amended to read:

Subd. 6. **Housing unit.** "Housing unit" means real property and improvements thereon consisting of a one-dwelling unit, or an apartment or unit as described in chapter 515, 515A, or 515B, respectively, or a manufactured home in a manufactured home park that is occupied by a person or family for use as a residence.

Sec. 13. Minnesota Statutes 2018, section 462A.2035, subdivision 1a, is amended to read:

Subd. 1a. **Individual assistance grants.** Eligible recipients may use individual assistance grants and loans under this program to:

(1) provide current residents of manufactured home parks with buy-out assistance not to exceed \$4,000 per home with preference given to older manufactured homes; and

(2) provide down-payment assistance for the purchase of new and preowned manufactured homes that comply with the current version of the ~~State Building~~ United States Department of Housing and Urban Development's Manufactured Housing Code in effect at the time of the sale, not to exceed \$10,000 per home.

Sec. 14. Minnesota Statutes 2018, 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. 15. Minnesota Statutes 2018, section 462A.22, subdivision 9, is amended to read:

Subd. 9. **Biennial report.** The agency shall also submit a biennial report of its activities and receipts, and a plan for the next biennium, to the governor and the legislature on or before February 15 in each odd-numbered year. The report shall include: (1) the distribution of money under each agency program by county, except for counties containing a city of the first class, where the distribution shall be reported by municipality; and (2) the cost per unit of housing and the cost per square foot of housing financed under each agency program.

In addition, the report shall include the cost to the agency of the issuance of its bonds for each issue in the biennium, along with comparable information for other state housing finance agencies.

Sec. 16. Minnesota Statutes 2018, section 462A.24, is amended to read:

462A.24 CONSTRUCTION; GRANTS AND LOANS; PRIORITIES.

(a) This chapter is necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

(b) To the extent practicable, grants and loans shall be made so that an approximately equal amount of financing is provided in the metropolitan area and in the nonmetropolitan area.

(c) Programs of the agency shall give priority to projects in communities with lower infrastructure development costs.

Sec. 17. Minnesota Statutes 2018, 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. Notwithstanding section 462A.24, this section shall be construed based on the specific language within this section and within an appropriation pursuant to this section.

(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. "Locally identified housing needs" means housing for the area work force supported by the local municipality, housing redevelopment authority, economic development authority, or other political subdivision responsible for housing.

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. 18. Minnesota Statutes 2018, 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. 19. Minnesota Statutes 2018, section 462A.33, subdivision 3, is amended to read:

Subd. 3. **Contribution requirement.** Fifty percent of the funds appropriated for this section must be used for challenge grants or loans for housing proposals with financial or in-kind contributions from nonstate resources that reduce the need for deferred loan or grant funds from state resources. Challenge grants or loans must be used for economically viable homeownership or rental housing proposals that address the housing needs of the local work force. "Housing needs of the local work force" means one or more businesses located in the project area or within 25 miles of the area that employs a minimum of 20 full-time equivalent employees in aggregate and have provided a written statement to the local housing authority indicating that the lack of available housing has impeded their ability to recruit and hire employees.

Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost. Comparable proposals with contributions from local units of government or private philanthropic, religious, or charitable organizations must be given preference in awarding grants or loans.

For the purpose of this subdivision, a contribution may consist partially or wholly of the premium paid for federal housing tax credits.

Sec. 20. Minnesota Statutes 2018, 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;

(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. 21. Minnesota Statutes 2018, section 462A.38, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A workforce and affordable homeownership development program is established to award homeownership development grants to cities, tribal governments, nonprofit organizations, cooperatives created under chapter 308A or 308B, and community land trusts created for the purposes outlined in section 462A.31, subdivision 1, for development of workforce and affordable homeownership projects. The purpose of the program is to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.

Sec. 22. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 1a. **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. 23. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 1b. **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. 24. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 12a. **LIHTC.** "LIHTC" means low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended.

Sec. 25. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 21a. **Preservation project.** "Preservation project" means any residential rental project, regardless of whether or not such project is restricted to persons of a certain age or older, that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental assistance, or (2) is funded through a loan from or guaranteed by the United States Department of Agriculture's Rural Development Program. In addition, to qualify as a preservation project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 26. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 30. **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 of 1986, as amended, from 100 percent of its residential units, and in which:

(1) 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 of 1986, as amended; and

(iii) are subject to rent and income restrictions for a period of not less than 30 years; or

(2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision 2, and within a county or metropolitan area that has a current median area gross income that is less than the statewide area median income for Minnesota;

(ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; 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 project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 27. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 31. **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 30 percent AMI residential rental project, is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, 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 of 1986, as amended; and

(3) are subject to 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.

Sec. 28. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 32. **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 of 1986, as amended, from 100 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, or 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. 29. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 33. **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 of 1986, as amended, from at least 20 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, or 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. 30. Minnesota Statutes 2018, 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 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. 31. Minnesota Statutes 2018, 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 and 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, or in the amount of two percent of the requested allocation on or after the last Monday in July, 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. ~~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. 32. Minnesota Statutes 2018, 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, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 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. The issuer must pay the application deposit 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 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 the city's 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. 33. Minnesota Statutes 2018, 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, 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 (3) 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~~

(1) 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 for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation.

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 120 days of the allocation 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.

(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;

(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 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 15 shall notify the Minnesota Housing Finance Agency by July 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 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 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. 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. 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 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. 34. Minnesota Statutes 2018, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application.** (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; and~~

(4) a sworn statement from the applicant identifying the project as either a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project.

The issuer must pay the application deposit ~~by check~~ to the Department of Management and Budget. 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.

(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 2018, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in August through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

- (1) applications for residential rental project bonds;
- (2) applications for small issue bonds for manufacturing projects; and
- (3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

- (1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;
- (2) applications for mortgage bonds;
- (3) applications for public facility projects funded by public facility bonds;
- (4) applications for small issue bonds for manufacturing projects;
- (5) applications for small issue bonds for agricultural development bond loan projects;
- (6) applications for residential rental project bonds;
- (7) applications for enterprise zone facility bonds;
- (8) applications for governmental bonds; and
- (9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: ~~(1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) 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. 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 and the project applies in the future to the housing pool or the unified pool for additional allocation of bonds, the project shall be fully funded up to 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 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. 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.

ARTICLE 5

BROADBAND DEVELOPMENT

Section 1. BROADBAND DEVELOPMENT APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2020</u>	<u>2021</u>
<u>Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT</u>	<u>\$</u>	
	<u>30,250,000</u>	<u>\$</u>
		<u>250,000</u>

(a) \$250,000 each year is for the Broadband Development Office.

(b) \$30,000,000 the first year is for deposit in the border-to-border broadband fund account created under Minnesota Statutes, section 116J.396, and may be used for the purposes provided in Minnesota Statutes,

section 116J.395. This is a onetime appropriation."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing a budget for the Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, and the Minnesota Housing Finance Agency; modifying programs; amending Minnesota Statutes 2018, sections 17.041, subdivision 1; 18B.34, subdivision 5; 18C.425, subdivision 6; 18C.70, subdivision 5; 18C.71, subdivision 4; 18C.80, subdivision 2; 18K.02, subdivision 3; 18K.06; 28A.16; 41A.15, subdivision 10, by adding a subdivision; 41A.16, subdivisions 1, 2, 4; 41A.17, subdivisions 1, 2, 3; 41A.18, subdivisions 1, 2, 3; 41B.055, subdivision 4; 116.06, by adding a subdivision; 116.07, subdivisions 7, 7d; 223.16, subdivisions 2a, 4; 223.17, subdivisions 3, 4, 5, 6, by adding subdivisions; 223.177, subdivisions 2, 3, 8; 232.21, by adding subdivisions; 232.22, subdivisions 3, 4; 232.23, subdivision 3; 232.24, subdivisions 1, 2; 299D.085, by adding a subdivision; 326B.815, subdivision 1; 327.31, by adding a subdivision; 327B.041; 327C.095, subdivisions 4, 6, 12, 13, by adding a subdivision; 428A.11, subdivisions 4, 6; 462A.2035, subdivisions 1a, 1b; 462A.22, subdivision 9; 462A.24; 462A.33, subdivisions 1, 2, 3; 462A.37, subdivision 2; 462A.38, subdivision 1; 474A.02, by adding subdivisions; 474A.03, subdivision 1; 474A.061, subdivisions 1, 2a, by adding a subdivision; 474A.091, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapters 41B; 327."

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

Senator Anderson, B. from the Committee on Veterans and Military Affairs Finance and Policy, to which was referred

S.F. No. 2358: A bill for an act relating to state government; establishing a budget for military affairs and veterans affairs.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

APPROPRIATIONS
Available for the Year
Ending June 30

2020 **2021**

Sec. 2. **MILITARY AFFAIRS**

Subdivision 1. **Total Appropriation** \$ **22,989,000** \$ **22,939,000**

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

Subd. 2. **Maintenance of Training Facilities** 9,701,000 9,701,000

Subd. 3. **General Support** 3,124,000 3,124,000

Subd. 4. **Enlistment Incentives** 10,114,000 10,114,000

The appropriations in this subdivision are available until June 30, 2023, except that any unspent amounts allocated to a program otherwise supported by this appropriation are canceled to the general fund upon receipt of federal funds in the same amount to support administration of that program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available.

Subd. 5. **Transfer** 50,000 -0-

\$50,000 in fiscal year 2020 is for transfer to the Support Our Troops account for grants to one or more eligible foundations for the purpose of making grants to eligible individuals as specified under Minnesota Statutes, section 190.19, subdivision 2, paragraph (a), clause (2). The amount transferred does not cancel and is available until expended.

Sec. 3. **VETERANS AFFAIRS**

Subdivision 1. **Total Appropriation** \$ **75,723,000** \$ **75,423,000**

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

<u>Subd. 2. Veterans Programs and Services</u>	<u>17,382,000</u>	<u>17,132,000</u>
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(a) **CORE Program.** \$500,000 each year is for the Counseling and Case Management Outreach Referral and Education (CORE) program.

(b) **Veterans Service Organizations.** \$353,000 each year is for grants to the following congressionally chartered veterans service organizations as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

(c) **Minnesota Assistance Council for Veterans.** \$750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including assistance with the following:

(1) utilities;

(2) employment; and

(3) legal issues.

The assistance authorized under this paragraph must be made only to veterans who have resided in Minnesota for 30 days prior to application for assistance and according to other guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance is coordinated with all other available programs for veterans.

(d) State's Veterans Cemeteries. \$1,272,000 each year is for the state's veterans cemeteries.

(e) Honor Guards. \$200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231.

(f) Minnesota GI Bill. \$200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791.

(g) Gold Star Program. \$100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans.

(h) County Veterans Service Office. \$1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

(i) Armed Forces Service Center. \$100,000 in the first year is for a onetime grant to the Armed Forces Service Center at the Minneapolis-St. Paul Airport for construction costs related to the remodeling of the Armed Forces Service Center and for refurbishing the center's furniture and beds used by service members between connecting flights and while awaiting ground transportation when traveling individually or by unit to and from military duty assignments.

As a condition of issuing this grant, the commissioner must ensure that the center provides matching funding for this purpose. The commissioner must also ensure that no part of this grant may be spent for salary or related benefits for any person or for the operations of the center.

(j) Medal of Honor Memorial. \$150,000 in the second year is for deposit in the Medal of Honor Memorial account established under Laws 2016, chapter 189, article 13, section 64, subdivision 2. The commissioner shall use the amount transferred under this section to construct the Medal of Honor Commemorative Memorial. This transfer is not available until the commissioner of management and budget determines that an equal amount is committed from other nonstate sources. This is a onetime appropriation.

Subd. 3. Veterans Health Care

58,291,000

58,291,000

(a) Transfers. These appropriations may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the commissioner of veterans affairs for the operation of veterans homes facilities and programs.

(b) Report. No later than January 15, 2020, the commissioner must submit a report to the legislative committees with jurisdiction over veterans affairs and state government finance on reserve amounts maintained in the veterans homes special revenue account. The report must detail current and historical amounts maintained as a reserve, and uses of those amounts. The report must also include data on the utilization of existing veterans homes, including current and historical bed capacity and usage, staffing levels and staff vacancy rates, and staff-to-resident ratios.

(c) Maximize Federal Reimbursements. The department shall seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received.

Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

Subd. 4. Transfer

50,000

-0-

\$50,000 in fiscal year 2020 is for transfer to the Support Our Troops account for providing services and programs for veterans and their families as specified in Minnesota Statutes, section 190.19, subdivision 2a, paragraph (a), clause (3), and for the agency's uncompensated burial costs for eligible dependents to whom the commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant to Minnesota Statutes, section 197.236, subdivision 9, paragraph (b), as specified in Minnesota Statutes, section 190.19, subdivision 2a, paragraph (a), clause (7). The amount transferred does not cancel and is available until expended.

Sec. 4. CANCELLATION.

All unspent funds, estimated to be \$350,000, to provide grants to the veterans Journey Home program in fiscal year 2019 under Laws 2017, First Special Session chapter 4, article 1, section 38, subdivision 2, are canceled to the general fund by June 29, 2019.

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

ARTICLE 2

POLICY

Section 1. [10.576] POW AND MIA RECOGNITION DAY.

The third Friday in September of each year is designated as Prisoners of War (POW) and Missing in Action (MIA) Recognition Day to honor and recognize the courage and sacrifices of individuals from Minnesota who have been prisoners of war or who are missing in action. Each year, the governor shall issue a proclamation honoring this observance.

Sec. 2. [10.578] VETERANS SUICIDE AWARENESS DAY.

The first Saturday of every October is designated Veterans Suicide Awareness Day. Each year, the governor shall issue a proclamation honoring this observance.

Sec. 3. [10.597] AMERICAN ALLIES DAY.

(a) June 30 of each year is designated American Allies Day for the purpose of honoring foreign-born persons who fought in conflicts around the world on behalf of and alongside the United States armed forces.

(b) Each year the governor shall issue a proclamation honoring this observance.

(c) Schools are encouraged to offer instruction on the role of America's allies during its military conflicts, including but not limited to sharing the stories of those who fought for freedom and democracy against tyranny and despotism with special emphasis on those who fought on behalf of American allies or alongside American armed forces and later emigrated to Minnesota.

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

Sec. 4. Minnesota Statutes 2018, section 196.05, subdivision 1, is amended to read:

Subdivision 1. **General duties.** The commissioner shall:

(1) act as the agent of a resident of the state having a claim against the United States for benefits arising out of or by reason of service in the armed forces and prosecute the claim without charge;

(2) act as custodian of veterans' bonus records;

(3) administer the laws relating to the providing of bronze flag holders at veterans' graves for memorial purposes;

(4) administer the laws relating to recreational or rest camps for veterans so far as applicable to state agencies;

(5) administer the state soldiers' assistance fund and veterans' relief fund and other funds appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation of veterans;

(6) cooperate with national, state, county, municipal, and private social agencies in securing to veterans and their dependents the benefits provided by national, state, and county laws, municipal ordinances, or public and private social agencies;

(7) provide necessary assistance where other adequate aid is not available to the dependent family of a veteran while the veteran is hospitalized and after the veteran is released for as long a period as is necessary as determined by the commissioner;

(8) cooperate with United States governmental agencies providing compensation, pensions, insurance, or other benefits provided by federal law, by supplementing the benefits prescribed therein, when conditions in an individual case make it necessary;

(9) assist dependent family members of military personnel who are called from reserve status to extended federal active duty during a time of war or national emergency through the state soldiers' assistance fund provided by section 197.03;

(10) exercise other powers as ~~may be~~ authorized and necessary to carry out ~~the provisions of this chapter and chapter~~ chapters 197, consistent with that chapter and 198;

(11) provide information, referral, and counseling services to those veterans who may have suffered adverse health conditions as a result of possible exposure to chemical agents; and

(12) in coordination with the Minnesota Association of County Veterans Service Officers, develop a written disclosure statement for use by private providers of veterans benefits services as required under section 197.6091. At a minimum, the written disclosure statement shall include a signature line, contact information for the department, and a statement that veterans benefits services are offered at no cost by federally chartered veterans service organizations and by county veterans service officers.

Sec. 5. Laws 2016, chapter 189, article 13, section 64, is amended to read:

Sec. 64. **MEMORIAL COMMEMORATING RECIPIENTS OF THE MEDAL OF HONOR.**

Subdivision 1. **Medal of Honor Memorial on the State Capitol grounds.** Subject to approval by the Capitol Area Architectural and Planning Board, the commissioner of administration shall place a memorial on the State Capitol grounds to honor Minnesotans awarded the Medal of Honor.

Subd. 2. **Gifts and grants.** The commissioner of veterans affairs may solicit gifts, grants, or donations of any kind from any private or public source to carry out the purposes of this section. A Medal of Honor Memorial account is created in the special revenue fund. The account consists of money transferred by law to the account and any other money donated, gifted, granted, allotted, or otherwise provided to the account. All gifts, grants, or donations received by the commissioner shall be deposited in a Medal of Honor Memorial account in the special revenue fund. Money in the account is annually appropriated to the commissioner of administration for predesign, design, construction, and ongoing maintenance of the memorial.

~~Subd. 3. **Restrictions.** Money deposited in the Medal of Honor Memorial account is not available until the commissioner of management and budget has determined an amount sufficient to complete predesign of the memorial has been committed to the project from nonstate sources. The commissioner of administration shall not begin construction on this project until money in the account is sufficient to pay for all costs related to construction and ongoing maintenance of the memorial.~~

Sec. 6. **PLAQUE.**

Subdivision 1. **Purpose.** The state wishes to honor all Minnesota veterans who have honorably and bravely served in the United States armed forces, both at home and abroad, during World War I.

Subd. 2. **Plaque authorized.** 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 at no cost to the state. 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 at no cost to the state.

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

Delete the title and insert:

"A bill for an act relating to veterans and military affairs; appropriating money; requiring a report; amending Minnesota Statutes 2018, section 196.05, subdivision 1; Laws 2016, chapter 189, article 13, section 64; proposing coding for new law in Minnesota Statutes, chapter 10."

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

REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the Hawj amendment to S.F. No. 2358.

There were yeas 5 and nays 6, as follows:

Those who voted in the affirmative were:

Senators Bigham, Cwodzinski, Hawj, Little, and Newton.

Those who voted in the negative were:

Senators Anderson, B.; Goggin; Hall; Housley; Lang; and Ruud.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the first portion of the Little amendment to S.F. No. 2358.

There were yeas 5 and nays 6, as follows:

Those who voted in the affirmative were:

Senators Bigham, Cwodzinski, Hawj, Little, and Newton.

Those who voted in the negative were:

Senators Anderson, B.; Goggin; Hall; Housley; Lang; and Ruud.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the second portion of the Little amendment to S.F. No. 2358.

There were yeas 5 and nays 6, as follows:

Those who voted in the affirmative were:

Senators Bigham, Cwodzinski, Hawj, Little, and Newton.

Those who voted in the negative were:

Senators Anderson, B.; Goggin; Hall; Housley; Lang; and Ruud.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the motion that S.F. No. 2358, as amended, be recommended to pass and be re-referred.

There were yeas 6 and nays 5, as follows:

Those who voted in the affirmative were:

Senators Anderson, B.; Goggin; Hall; Housley; Lang; and Ruud.

Those who voted in the negative were:

Senators Bigham, Cwodzinski, Hawj, Little, and Newton.

The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Pappas moved that S.F. No. 2279 be withdrawn from the Committee on Taxes and re-referred to the Committee on Judiciary and Public Safety Finance and Policy. The motion prevailed.

ADJOURNMENT

Senator Gazelka moved that the Senate do now adjourn until 11:00 a.m., Monday, April 8, 2019. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

