

EIGHTY-FIFTH DAY

St. Paul, Minnesota, Thursday, April 30, 2020

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

The members of the Senate paused for a moment of silent prayer and reflection.

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 were present:

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.

Pursuant to Rule 14.1, the President announced the following members intend to vote under Rule 40.7: Anderson, B.; Carlson; Clausen; Dahms; Eaton; Frentz; Hall; Ingebrigtsen; Jensen; Johnson; Laine; Latz; Little; Mathews; Newman; Newton; Osmek; Pappas; Rarick; Relph; Rest; Ruud; Senjem; Sparks; Torres Ray; Westrom; and Wiklund.

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

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 4091 and 3255. The motion prevailed.

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

S.F. No. 3843: A bill for an act relating to taxation; making various policy and technical changes to individual income and corporate franchise taxes, partnership taxes, property taxes, fire and police state aids, and other miscellaneous taxes and tax provisions; amending Minnesota Statutes 2018, sections 270.41, subdivision 3a; 270C.445, subdivisions 3, 6; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063; 287.04; 289A.31, subdivision 1; 289A.37, subdivision 2; 289A.38, subdivisions 8, 9, 10; 289A.42; 289A.60, subdivision 24; 290.31, subdivision 1; 295.75, subdivision 2; 297F.04, subdivision 2; 297F.17, subdivisions 1, 6; 297G.16, subdivision 7; 469.319, subdivision 4; 477A.10; 609B.153; Minnesota Statutes 2019 Supplement, sections 6.495, subdivision 3; 270C.22, subdivision 1; 273.0755; 273.124, subdivision 14; 273.18; 289A.08, subdivision 7; 289A.20, subdivision 4; 289A.38, subdivision 7; 290.0121, subdivision 3; 290.0122, subdivision 8; 290.191, subdivision 5; 290.92, subdivision 5; 290.993; 290A.19; 296A.06, subdivision 2; 297A.66, subdivision 3; 297F.09, subdivision 10; 297G.09, subdivision 9; 297I.26, subdivision 2; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 3, 4, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 289A; repealing Minnesota Statutes 2018, section 270C.17, subdivision 2; Minnesota Statutes 2019 Supplement, sections 477B.02, subdivision 4; 477B.03, subdivision 6.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

PROPERTY TAXES AND AIDS AND CREDITS

Section 1. Minnesota Statutes 2019 Supplement, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of (1) one ~~or~~, (2) the ratio of the district's referendum market value per resident pupil unit to ~~\$567,000~~ \$650,000, or (3) the ratio of the district's referendum market value per adjusted pupil unit to \$650,000.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of (1) one ~~or~~, (2) the ratio of the district's referendum market value per resident pupil unit to ~~\$290,000~~ \$320,000, or (3) the ratio of the district's referendum market value per adjusted pupil unit to \$320,000.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2022 and later.

Sec. 2. Minnesota Statutes 2018, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a classification rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a classification rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property;

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b); and

(3) a condominium-type storage unit having an individual property identification number that is not used for a commercial purpose.

Class 4bb property has the same classification rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified

under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause:

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision 13;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22;

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under item (ii). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this

clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year;

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property; and

(12) real and personal property devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. Class 4d property has a classification rate of 0.25 percent.

~~(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a classification rate of 0.25 percent. For the purposes~~

of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2021.

Sec. 3. EXTENSION OF PROPERTY TAX DUE DATE; STATE GENERAL TAX.

Subdivision 1. **Due date extension.** Notwithstanding Minnesota Statutes, section 279.01, subdivision 1, for taxes payable in 2020 only, payment of the first half of the state general tax imposed under Minnesota Statutes, section 275.025, must be made on or before July 15, 2020. Penalties on the first half payment of the state general tax shall not begin to accrue until July 16, 2020.

Subd. 2. **Distribution of funds.** Notwithstanding Minnesota Statutes, section 276.112, by July 30, 2020, the county treasurer must make full settlement with the county auditor for all receipts of the state general tax collected from the date of the last settlement up to and including July 15, 2020, and must transmit those receipts to the commissioner of revenue.

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

Sec. 4. MORATORIUM ON CHANGES IN ASSESSMENT; SHORT-TERM RENTAL PROPERTIES.

For assessment years 2020 and 2021, unless there is a change in primary use or a change is necessary to correct a clerical error, property that the assessor determines to be used for short-term rental purposes based on the assessor's determination of the property's primary use must receive the same classification under Minnesota Statutes, section 273.13, as the property received for assessment year 2019.

EFFECTIVE DATE. This section is effective for assessment years 2020 and 2021 only.

ARTICLE 2

INDIVIDUAL INCOME, BUSINESS, AND MISCELLANEOUS TAXES

Section 1. Minnesota Statutes 2019 Supplement, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. Credit allowed. (a) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for the taxable

years listed in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's website by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain

unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

(1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;

(2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;

(3) the qualified small business is sold before the end of the three-year period;

(4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period; or

(5) the qualified investor dies before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

(i) The credit allowed under this subdivision is effective for ~~each of the following taxable years:~~

~~(1) taxable years beginning after December 31, 2018, and before January 1, 2020; and~~

~~(2) taxable years beginning after December 31, 2020, and before January 1, 2022.~~

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

Sec. 2. Minnesota Statutes 2019 Supplement, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2018, except

that for purposes of exclusion from gross income of paycheck protection loans under section 1106 of Public Law 116-136, "Internal Revenue Code" means the Internal Revenue Code as amended through March 27, 2020.

EFFECTIVE DATE. This section is effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 3. Minnesota Statutes 2019 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through December 31, 2018, shall be in effect for taxable years beginning after December 31, 1996, except that for purposes of exclusion from gross income of paycheck protection loans under section 1106 of Public Law 116-136, "Internal Revenue Code" means the Internal Revenue Code as amended through March 27, 2020.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE. This section is effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 4. Minnesota Statutes 2019 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2018. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law, except that for purposes of exclusion from gross income of paycheck protection loans under section 1106 of Public Law 116-136, "Internal Revenue Code" means the Internal Revenue Code as amended through March 27, 2020.

EFFECTIVE DATE. This section is effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 5. Minnesota Statutes 2018, section 290.0131, subdivision 10, is amended to read:

Subd. 10. **Section 179 expensing.** For property placed in service in taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 6. Minnesota Statutes 2019 Supplement, section 290.0132, subdivision 7, is amended to read:

Subd. 7. **Charitable contributions for taxpayers who do not itemize.** For an individual who does not itemize deductions under section 290.0132, subdivision 19, for the taxable year, an amount equal to ~~50~~ 60 percent of the excess of charitable contributions over ~~\$500~~ \$300 allowable as a deduction for the taxable year under section 290.0122, subdivision 4, is a subtraction. The subtraction under this subdivision must not include a distribution that is excluded from federal adjusted gross income and that is not deductible under section 408(d)(8)(E) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2019.

Sec. 7. Minnesota Statutes 2018, section 290.0133, subdivision 12, is amended to read:

Subd. 12. **Section 179 expensing.** For property placed in service in taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar

limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 8. Minnesota Statutes 2018, section 290.0674, subdivision 2, is amended to read:

Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than \$33,500 the income eligibility guideline, the maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying children in kindergarten through grade 12 in the family. The maximum credit for families with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of ~~household~~ adjusted gross income over \$33,500 the income eligibility guideline, and the maximum credit for families with two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over \$33,500 the income eligibility guideline, but in no case is the credit less than zero.

(b) For purposes of this subdivision, "income eligibility guideline" means the greater of \$33,500 or the amounts determined under United States Code, title 42, section 1758(b)(1), for reduced-price lunch as of July 1 of the taxable year. For purposes of determining the income eligibility guideline, the taxpayer's household size equals the sum of:

(1) two for a married couple filing a joint return, or one for all other taxpayers; plus

(2) the number of the taxpayer's dependents, as defined in section 152 of the Internal Revenue Code.

~~(b)~~ (c) In the case of a married claimant, a credit is not allowed unless a joint income tax return is filed.

~~(e)~~ (d) For a nonresident or part-year resident, the credit determined under subdivision 1 and the maximum credit amount in paragraph (a) must be allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2019.

Sec. 9. Minnesota Statutes 2019 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2018, except that for purposes of exclusion from gross income of paycheck protection loans under section 1106 of Public Law 116-136, "Internal Revenue Code" means the Internal Revenue Code as amended through March 27, 2020.

EFFECTIVE DATE. This section is effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 10. Minnesota Statutes 2019 Supplement, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code, increased by the value of any property in which the decedent had a qualifying income interest for life and for which an election was made under section 291.03, subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, 2018, except that for purposes of exclusion from gross income of paycheck protection loans under section 1106 of Public Law 116-136, "Internal Revenue Code" means the Internal Revenue Code as amended through March 27, 2020.

(4) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included in the estate which has its situs outside Minnesota, and (b) including any property omitted from the federal gross estate which is includable in the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply to determinations of domicile under this chapter.

(8) "Situs of property" means, with respect to:

(i) real property, the state or country in which it is located;

(ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed;

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on

loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

(iv) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property, including qualified works of art, is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

(9) "Pass-through entity" includes the following:

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust to the extent the property is includable in the decedent's federal gross estate; but excludes

(v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

EFFECTIVE DATE. This section is effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 11. Minnesota Statutes 2018, section 297E.02, subdivision 6, is amended to read:

Subd. 6. **Combined net receipts tax.** (a) In addition to the taxes imposed under subdivision 1, a tax is imposed on the combined net receipts of the organization. As used in this section, "combined net receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of paper bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, and less the net prizes actually paid, other than prizes actually paid for paper bingo, raffles, and paddlewheels, for the fiscal year. The combined net receipts of an organization are subject to a tax computed according to the following schedule:

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$87,500	nine <u>eight</u> percent

Over \$87,500, but not over \$122,500	\$7,875 <u>\$7,000</u> plus 18 <u>16</u> percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$14,175 <u>\$12,600</u> plus 27 <u>24</u> percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$23,625 <u>\$21,000</u> plus 36 <u>32</u> percent of the amount over \$157,500

~~(b) On or before April 1, 2016, the commissioner shall estimate the total amount of revenue, including interest and penalties, that will be collected for fiscal year 2016 from taxes imposed under this chapter. If the amount estimated by the commissioner equals or exceeds \$94,800,000, the commissioner shall certify that effective July 1, 2016, the rates under this paragraph apply in lieu of the rates under paragraph (a) and shall publish a notice to that effect in the State Register and notify each taxpayer by June 1, 2016. If the rates under this section apply, the combined net receipts of an organization are subject to a tax computed according to the following schedule:~~

If the combined net receipts for the fiscal year are:	The tax is:
Not over \$87,500	8.5 percent
Over \$87,500, but not over \$122,500	\$7,438 plus 17 percent of the amount over \$87,500, but not over \$122,500
Over \$122,500, but not over \$157,500	\$13,388 plus 25.5 percent of the amount over \$122,500, but not over \$157,500
Over \$157,500	\$22,313 plus 34 percent of the amount over \$157,500

~~(e) (b) Gross receipts derived from sports-themed tipboards are exempt from taxation under this section. For purposes of this paragraph, a sports-themed tipboard means a sports-themed tipboard as defined in section 349.12, subdivision 34, under which the winning numbers are determined by the numerical outcome of a professional sporting event.~~

EFFECTIVE DATE. This section is effective July 1, 2020.

Sec. 12. Minnesota Statutes 2018, section 297E.021, subdivision 2, is amended to read:

Subd. 2. **Determination of revenue increase.** By March 15 of each fiscal year, the commissioner of management and budget, in consultation with the commissioner, shall determine the estimated increase in revenues received from taxes imposed under this chapter over ~~the estimated revenues under the February 2012 state budget forecast for that fiscal year.~~ For fiscal years after fiscal year 2015, the commissioner of management and budget shall use the February 2012 state budget forecast for fiscal year 2015 as the a baseline of: (1) \$..... in fiscal year 2021; (2) \$..... in fiscal year 2022; and (3) \$..... in fiscal year 2023 and thereafter. All calculations under this subdivision must be made net of estimated refunds of the taxes required to be paid.

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

Sec. 13. Minnesota Statutes 2018, section 349.15, subdivision 1, is amended to read:

Subdivision 1. **Expenditure restrictions, requirements, and civil penalties.** (a) Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized by the membership of the conducting organization at a monthly meeting of the organization's membership.

(b) For each 12-month period beginning July 1, a licensed organization will be evaluated by the board to determine a rating based on the percentage of annual lawful purpose expenditures when compared to available gross profits for the same period. The rating will be used to determine the organization's profitability percent and is not a rating of the organization's lawful gambling operation. An organization will be evaluated according to the following criteria:

(1) an organization that expends ~~50~~ 70 percent or more of gross profits on lawful purposes will receive a five-star rating;

(2) an organization that expends ~~40~~ 55 percent or more but less than ~~50~~ 70 percent of gross profits on lawful purposes will receive a four-star rating;

(3) an organization that expends ~~30~~ 40 percent or more but less than ~~40~~ 55 percent of gross profits on lawful purposes will receive a three-star rating;

(4) an organization that expends ~~20~~ 25 percent or more but less than ~~30~~ 40 percent of gross profits on lawful purposes will receive a two-star rating; and

(5) an organization that expends less than ~~20~~ 25 percent of gross profits on lawful purposes will receive a one-star rating.

(c) An organization that fails to expend a minimum of ~~30~~ 40 percent annually of gross profits on lawful purposes, or ~~20~~ 25 percent annually for organizations that conduct lawful gambling in a location where the primary business is bingo, is automatically on probation effective July 1 for a period of one year. The organization must increase its rating to the required minimum or be subject to sanctions by the board. If an organization fails to meet the minimum after a one-year probation, the board may suspend the organization's license or impose a civil penalty as follows:

(1) in determining any suspension or penalty for a violation of this paragraph, the board must consider any unique factors or extraordinary circumstances that caused the organization to not meet the minimum rate of profitability. Unique factors or extraordinary circumstances include, but are not limited to, the purchase of capital assets necessary to conduct lawful gambling; road or other construction causing impaired access to the lawful gambling premises; and flood, tornado, or other catastrophe that had a direct impact on the continuing lawful gambling operation; and

(2) notwithstanding section 349.151, subdivision 4, paragraph (a), clause (10), the board may impose a civil penalty under this subdivision up to \$10,000.

EFFECTIVE DATE. This section is effective July 1, 2020.

Sec. 14. Minnesota Statutes 2018, section 349.151, subdivision 4, is amended to read:

Subd. 4. **Powers and duties.** (a) The board has the following powers and duties:

(1) to regulate lawful gambling to ensure it is conducted in the public interest;

(2) to issue licenses to organizations and gambling managers, and to issue licenses and renewals to distributors, distributor salespersons, manufacturers, and linked bingo game providers;

(3) to collect and deposit fees due under this chapter;

(4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and linked bingo game providers to insure compliance with all applicable laws and rules;

(5) to make rules authorized by this chapter;

(6) to register gambling equipment and issue registration stamps;

(7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling, including an annual report that provides: a tabulation of the number of compliance reviews completed; the percentage of organizations reviewed; an average of the number of months between reviews; the number, location, and organization of site inspections; and the number of allegations awaiting investigation by the board;

(9) to report annually to the governor and legislature a financial summary for each licensed organization identifying the gross receipts, prizes paid, allowable expenses, lawful purpose expenditures including charitable contributions and all taxes and fees as per section 349.12, subdivision 25, paragraph (a), clauses (8) and (18), and the percentage of annual gross profit used for lawful purposes;

(10) to impose civil penalties of not more than \$1,000 per violation on organizations, distributors, distributor salespersons, manufacturers, linked bingo game providers, and gambling managers for violating or failing to comply with any provision of this chapter, chapter 297E, or any rule or order of the board;

(11) to issue premises permits to organizations licensed to conduct lawful gambling;

(12) to delegate to the director the authority to issue or deny license and premises permit applications and renewals under criteria established by the board;

(13) to delegate to the director the authority to approve or deny fund loss requests, contribution of gambling funds to another licensed organization, and property expenditure requests under criteria established by the board;

(14) to suspend or revoke licenses and premises permits of organizations, distributors, distributor salespersons, manufacturers, linked bingo game providers, or gambling managers as provided in this chapter;

(15) to approve or deny requests from licensees for:

(i) waivers from fee requirements as provided in section 349.16, subdivision 6; and

- (ii) variances from Gambling Control Board rules under section 14.055; and
 - (16) to register employees of organizations licensed to conduct lawful gambling;
 - (17) to require fingerprints from persons determined by board rule to be subject to fingerprinting;
 - (18) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board;
 - (19) to order organizations, distributors, distributor salespersons, manufacturers, linked bingo game providers, and gambling managers to take corrective actions; and
 - (20) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.
- (b) The board, or director if authorized to act on behalf of the board, may by citation assess any organization, distributor, distributor salesperson, manufacturer, linked bingo game provider, or gambling manager a civil penalty of not more than \$1,000 per violation for a failure to comply with any provision of this chapter, chapter 297E, or any rule adopted or order issued by the board. Any organization, distributor, distributor salesperson, gambling manager, linked bingo game provider, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Appeals of citations imposing a civil penalty are not subject to the provisions of the Administrative Procedure Act.
- (c) All penalties received by the board must be deposited in the general fund.
- (d) All fees imposed by the board under sections 349.16 to 349.167 must be deposited in the state treasury and credited to a lawful gambling regulation account in the special revenue fund. Receipts in this account are available for the operations of the board up to the amount authorized in biennial appropriations from the legislature.

EFFECTIVE DATE. This section is effective July 1, 2020.

Sec. 15. EXTENSION FOR FILING AND PAYING 2019 TAXES; ELIMINATION OF PENALTY AND INTEREST FOR CERTAIN TAXES.

Subdivision 1. Filing and payment; individual income taxes. (a) Notwithstanding Minnesota Statutes, sections 289A.18, subdivision 1, and 289A.20, subdivision 1, individual income taxpayers may file and pay taxes due for taxable year 2019 by July 15, 2020.

(b) Notwithstanding Minnesota Statutes, sections 289A.60 and 289A.55, the commissioner of revenue must only calculate any late payment penalty imposed under Minnesota Statutes, section 289A.60, subdivision 1, or interest imposed under Minnesota Statutes, section 289A.55, on the amount of taxes due but not paid under paragraph (a) by July 15, 2020.

(c) Notwithstanding Minnesota Statutes, section 289A.60, subdivision 2, for purposes of any penalty imposed under Minnesota Statutes, section 289A.60, subdivision 2, the due date for filing a return for taxable year 2019 is July 15, 2020.

Subd. 2. Filing of returns; other entities. (a) Notwithstanding Minnesota Statutes, sections 289A.18, subdivision 1, 289A.19, subdivisions 1, 2, and 7, and 289A.20, subdivision 1, qualifying

taxpayers may file a return for taxable year 2019 at the later of July 15, 2020, or an extension granted by the Internal Revenue Service.

(b) For purposes of this subdivision, "qualifying taxpayer" means:

(1) fiduciaries;

(2) partnerships, including partnerships with nonresident partners filing composite returns under Minnesota Statutes, section 289A.07, subdivision 7;

(3) S corporations; and

(4) corporations.

(c) Notwithstanding Minnesota Statutes, section 289A.18, subdivision 3, estate tax returns due before July 15, 2020, may be filed at the later of July 15, 2020, or the time allowed under Minnesota Statutes, section 289A.19, subdivision 4.

(d) Notwithstanding Minnesota Statutes, section 289A.60, subdivision 2, for purposes of any penalty imposed under Minnesota Statutes, section 289A.60, subdivision 2:

(1) the due date for filing a return under paragraph (a) for taxable year 2019 is the later of July 15, 2020, or an extension granted by the Internal Revenue Service; and

(2) the due date for filing an estate tax return under paragraph (c) that is otherwise due under Minnesota Statutes, section 289A.18, subdivision 3, is the later of July 15, 2020, or the time allowed under Minnesota Statutes, section 289A.19, subdivision 4.

Subd. 3. **Payment of taxes; other entities.** (a) Notwithstanding Minnesota Statutes, sections 289A.18, subdivision 1, and 289A.20, subdivision 1, a qualifying taxpayer may pay taxes due for taxable year 2019 at the later of July 15, 2020, or an extension granted by the Internal Revenue Service.

(b) For purposes of this subdivision, "qualifying taxpayer" means:

(1) fiduciaries;

(2) partnerships, including partnerships with nonresident partners filing composite returns under Minnesota Statutes, section 289A.07, subdivision 7;

(3) S corporations; and

(4) corporations.

(c) Notwithstanding Minnesota Statutes, section 289A.20, subdivision 3, estate tax payments due before July 15, 2020, may be submitted at the later of July 15, 2020, or the time allowed under Minnesota Statutes, section 289A.30, subdivision 2, for extensions granted under section 6161 or 6166 of the Internal Revenue Code.

(d) Notwithstanding Minnesota Statutes, sections 289A.60 and 289A.55, the commissioner of revenue:

(1) must only calculate any late payment penalty imposed under Minnesota Statutes, section 289A.60, subdivision 1, or interest imposed under Minnesota Statutes, section 289A.55, on the amount of taxes due but not paid under the due date specified in paragraph (a); and

(2) must only calculate any late payment penalty imposed under Minnesota Statutes, section 289A.60, subdivision 1, or interest imposed under Minnesota Statutes, section 289A.55, on the amount of estate taxes due but not paid under the due date specified in paragraph (c).

Subd. 4. **Abatement; other penalties.** This section does not limit the commissioner of revenue's authority to abate, reduce, or refund any penalty or interest under Minnesota Statutes, section 270C.34, or any other law.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to: (1) tax returns and payments due for qualifying taxpayers for taxable year 2019 only, and any interest and penalties applied to those returns and payments; and (2) estate tax returns and payments otherwise due at the later of an extension granted by the Internal Revenue Service or July 15, 2020, only, and any interest and penalties applied to those returns and payments.

Sec. 16. **SECTION 179 EXPENSING; SUBTRACTIONS.**

(a) Under the modifications to the additions in Minnesota Statutes, section 290.0131, subdivision 10, in section 5, and Minnesota Statutes, section 290.0133, subdivision 12, in section 7, a taxpayer is not allowed a subtraction in computing net income for property placed in service in taxable years beginning after December 31, 2017.

(b) A taxpayer who claimed a subtraction under Minnesota Statutes, section 290.0132, subdivision 14, or 290.0134, subdivision 14, for property for which an addition was made under paragraph (a), must recompute their tax for the year in which the property was placed in service and in each year the taxpayer claimed a subtraction.

EFFECTIVE DATE. This section is effective the day following final enactment for property placed in service in taxable years beginning after December 31, 2017.

Sec. 17. **SPECIAL PENALTY EXCEPTION.**

(a) The interest provisions under Minnesota Statutes, section 289A.55, and penalty for failure to pay tax provisions under Minnesota Statutes, section 289A.60, subdivision 1, do not apply to late payments of tax arising from an order of the commissioner assessing additional income tax on a capital gain that was previously deferred under section 1031 of the Internal Revenue Code of 1986, as amended through December 16, 2016, for taxable years beginning after December 31, 2017, and ending before January 1, 2019. The penalty and interest exceptions under this section only apply to a taxpayer:

(1) who is subject to the retroactive application of section 13303 of Public Law 115-97 in Laws 2019, First Special Session chapter 6, article 1, section 61, paragraph (b); and

(2) whose total amount of income tax due for taxable years beginning after December 31, 2017, and ending before January 1, 2019, increased by at least 12 percent due to the retroactive application of law described in clause (1).

(b) Within 60 days of the effective date of this section, the commissioner must refund to a taxpayer the amount of interest and penalties paid by the taxpayer that are subject to the exception in paragraph (a).

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively for interest and penalties on assessments ordered after June 1, 2019.

Sec. 18. **TEMPORARY SUSPENSION OF CERTAIN ESTIMATED TAX PAYMENTS.**

(a) Notwithstanding Minnesota Statutes, sections 289A.25 and 289A.26, taxpayers, including taxpayers who file composite returns under Minnesota Statutes, section 289A.08, subdivision 7, may submit installments of estimated payments as provided in this section.

(b) For calendar year taxpayers, installments of estimated tax payments for taxable year 2020 due under Minnesota Statutes, section 289A.25, subdivision 3, paragraph (b), may be submitted as provided in this paragraph:

(1) the April 15, 2020, installment may be submitted by July 15, 2020; and

(2) the June 15, 2020, installment may be included with the September 15, 2020, installment.

(c) For fiscal year tax payers making estimated tax payments under Minnesota Statutes, section 289A.25, subdivision 11, installments of estimated payments may be submitted as provided in this paragraph:

(1) the installment due May 15, 2020, for either taxable year 2019 or 2020 may be included with the August 15, 2020, installment; and

(2) the installment due June 15, 2020, for either taxable year 2019 or 2020 may be included with the September 15, 2020, installment.

(d) Installments of estimated payments due under Minnesota Statutes, section 289A.26, subdivision 2, may be submitted as provided in this paragraph:

(1) the installment due May 15, 2020, for either taxable year 2019 or 2020 may be included with the August 15, 2020, installment; and

(2) the installment due June 15, 2020, for either taxable year 2019 or 2020 may be included with the September 15, 2020, installment.

(e) The provisions of Minnesota Statutes, section 289A.25, subdivision 2, do not apply in the case of installment payments made under paragraphs (b) or (c). The provisions of Minnesota Statutes, section 289A.26, subdivision 4, do not apply in the case of installment payments made under paragraph (d).

(f) This section does not limit the commissioner of revenue's authority to abate, reduce, or refund any penalty or interest under Minnesota Statutes, section 270C.34, or any other law.

EFFECTIVE DATE. Paragraph (b), clause (1), is effective retroactively for the April 15, 2020, installment for taxable year 2020 only. Paragraph (b), clause (2), is effective for the June 15, 2020, installment for taxable year 2020 only. Paragraphs (c) and (d) are effective for the installments due May 15, 2020, and June 15, 2020, for the taxpayer's 2019 or 2020 taxable year only.

Sec. 19. TEMPORARY SUSPENSION OF JUNE ACCELERATED SALES AND USE AND LIQUOR GROSS RECEIPTS TAX REMITTANCES.

(a) Notwithstanding Minnesota Statutes, section 289A.20, subdivision 4, paragraph (b), for June 2020 only, a taxpayer subject to the June accelerated remittance requirements under Minnesota Statutes, section 289A.20, subdivision 4, paragraph (b) and paragraph (c), clause (2), may submit June 2020 tax liabilities by July 20, 2020.

(b) For purposes of this section, "June 2020 tax liabilities" means the total amount of the following taxes collected by a qualifying taxpayer in June 2020 under the following provisions:

(1) sales and use taxes under Minnesota Statutes, chapter 297A;

(2) local sales and use taxes subject to the provisions of Minnesota Statutes, section 297A.99; and

(3) liquor gross receipts taxes under Minnesota Statutes, section 295.75.

(c) Notwithstanding Minnesota Statutes, sections 289A.60 and 289A.55, the commissioner of revenue must only calculate any late payment penalty imposed under Minnesota Statutes, section 289A.60, subdivision 1, or interest imposed under Minnesota Statutes, section 289A.55, on the amount of taxes due but not paid under paragraph (a) by July 20, 2020.

(d) This section does not limit the commissioner of revenue's authority to abate, reduce, or refund any penalty or interest under Minnesota Statutes, section 270C.34, or any other law.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to payments of taxes collected in June 2020.

Sec. 20. NO DOUBLE BENEFIT.

In calculating net income, as defined under Minnesota Statutes, section 290.01, subdivision 19, a taxpayer must not take into account both the amount of paycheck protection loans excluded from gross income under section 1106 of Public Law 116-136, and amounts deducted as trade or business expenses under section 162 of the Internal Revenue Code as amended through December 31, 2018. For purposes of Minnesota Statutes, chapter 290, the calculation of net income includes the greater of the calculation resulting from:

(1) the amount of paycheck protection loans excluded from gross income under section 1106 of Public Law 116-136; or

(2) the amount deducted as trade or business expenses under section 162 of the Internal Revenue Code as amended through December 31, 2018.

EFFECTIVE DATE. This section is effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

Sec. 21. **REPEALER.**

(a) Minnesota Statutes 2018, section 290.0674, subdivision 2a, is repealed.

(b) Minnesota Statutes 2018, section 290.0692, subdivision 6, is repealed.

(c) Minnesota Statutes 2019 Supplement, section 116J.8737, subdivision 12, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after December 31, 2019. Paragraphs (b) and (c) are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to taxation; modifying income and corporate franchise, special taxes, and property taxes; modifying the K-12 education expense credit, charitable contribution subtraction, and section 179 expensing provisions; providing ongoing funding for the small business investment tax credit; extending certain deadlines; modifying certain lawful gambling tax and other provisions; providing for certain federal conformity; modifying referendum equalization levy; requiring a moratorium on reclassifying certain property; amending Minnesota Statutes 2018, sections 273.13, subdivision 25; 290.0131, subdivision 10; 290.0133, subdivision 12; 290.0674, subdivision 2; 297E.02, subdivision 6; 297E.021, subdivision 2; 349.15, subdivision 1; 349.151, subdivision 4; Minnesota Statutes 2019 Supplement, sections 116J.8737, subdivision 5; 126C.17, subdivision 6; 289A.02, subdivision 7; 290.01, subdivisions 19, 31; 290.0132, subdivision 7; 290A.03, subdivision 15; 291.005, subdivision 1; repealing Minnesota Statutes 2018, sections 290.0674, subdivision 2a; 290.0692, subdivision 6; Minnesota Statutes 2019 Supplement, section 116J.8737, subdivision 12."

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

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

S.F. No. 4091: A bill for an act relating to commerce; making technical changes to various provisions governing or administered by the Department of Commerce; amending Minnesota Statutes 2018, sections 48A.11; 53A.01, by adding a subdivision; 53A.03; 53C.01, subdivision 12; 53C.02; 58.02, subdivision 21; 58A.02, subdivision 13; 58A.13; 60A.07, subdivision 1d; 60A.131; 60A.16, subdivisions 1, 2; 82.68, subdivision 2; 82C.02, subdivision 8; 82C.10; 82C.12; 82C.14; 82C.17, subdivision 4; 332.54, subdivision 4; 332.57, subdivision 2; repealing Minnesota Statutes 2018, sections 53B.27, subdivisions 3, 4; 60A.07, subdivision 1a; 72B.14.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1**COMMERCE PROVISIONS**

Section 1. Minnesota Statutes 2018, section 47.60, is amended by adding a subdivision to read:

Subd. 7. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 2. Minnesota Statutes 2018, section 48A.11, is amended to read:

48A.11 NATIONAL BANKS AS FIDUCIARIES.

A national bank in this state granted a special permit to act in a fiduciary capacity by either the Federal Reserve Board under subsection K of section 11 of the Federal Reserve Act, as amended by the act of September 26, 1918, or the Office of the Comptroller of the Currency under the provisions of United States Code, title 12, section 92a, may without oath or security assign, transfer to, and deposit with the commissioner, the kinds and amounts of authorized securities required by section 48A.03 of a bank or trust company in a city in which the national bank is located. If the national bank has a capital of \$500,000 or more, it is not required to deposit these securities for more than the lesser of \$1,000,000 or ten percent of this capital or \$1,000,000 the amount of assets the bank is acting in a fiduciary capacity for at offices located in Minnesota. The securities so deposited must be held and maintained as a guaranty fund for the national bank for the performance of its duties in this fiduciary capacity.

When a national bank has complied with section 48A.03, no oath or security is required of it to accept and perform the trust, as provided in section 48A.07, subdivision 4.

For purposes of this section, "bank" and "trust company" have the meanings given in section 48A.09.

Sec. 3. Minnesota Statutes 2018, section 53.03, is amended by adding a subdivision to read:

Subd. 9. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 4. Minnesota Statutes 2018, section 53A.03, is amended to read:

53A.03 APPLICATION FOR LICENSE; FEES.

(a) An application for a license must be in writing, under oath, and in the form prescribed and furnished by the commissioner and must contain the following:

(1) the full name and address (both of residence and place of business) of the applicant, and if the applicant is a partnership or association, of every member, and the name and business address if the applicant is a corporation;

(2) the county and municipality, with street and number, if any, of all currency exchange locations operated by the applicant; and

(3) the applicant's occupation or profession, for the ten years immediately preceding the application; present or previous connection with any other currency exchange in this or any other state; whether the applicant has ever been convicted of any crime; and the nature of the applicant's occupancy of the premises to be licensed; and if the applicant is a partnership or a corporation, the information specified in this paragraph must be supplied for each partner and each officer and director of the corporation. If the applicant is a partnership or a nonpublicly held corporation, the information specified in this paragraph must be required of each partner and each officer, director, and stockholders owning in excess of ten percent of the corporate stock of the corporation.

(b) The application shall be accompanied by a nonrefundable fee of \$1,000 for the review of the initial application. Upon approval by the commissioner, an additional license fee of \$500 must be paid by the applicant as an annual license fee for the remainder of the calendar year. An annual license fee of \$500 is due for each subsequent calendar year of operation upon submission of a license renewal application on or before September 1. Fees must be deposited in the state treasury and credited to the general fund. Upon payment of the required annual license fee, the commissioner shall issue a license for the year beginning January 1.

(c) The commissioner shall require the applicant to submit to a background investigation conducted by the Bureau of Criminal Apprehension as a condition of licensure. As part of the background investigation, the Bureau of Criminal Apprehension shall conduct criminal history checks of Minnesota records and is authorized to exchange fingerprints with the Federal Bureau of Investigation for the purpose of a criminal background check of the national files. The cost of the investigation must be paid by the applicant.

(d) Section 58A.04, subdivisions 2 and 3, apply to this section.

~~(d)~~ (e) For purposes of this section, "applicant" includes an employee who exercises management or policy control over the company, a director, an officer, a limited or general partner, a manager, or a shareholder holding more than ten percent of the outstanding stock of the corporation.

Sec. 5. Minnesota Statutes 2018, section 53B.07, is amended by adding a subdivision to read:

Subd. 6. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 6. Minnesota Statutes 2018, section 53C.01, subdivision 12, is amended to read:

Subd. 12. **Sales finance company.** "Sales finance company" means a person engaged, in whole or in part, in the business of purchasing retail installment contracts entered into in this state from one or more retail sellers. The term includes a bank, trust company, or industrial loan and thrift company, if so engaged. The term also includes a retail seller engaged, in whole or in part, in the business of creating and holding retail installment contracts. The term does not include the pledges of an aggregate number of the contracts to secure a bona fide loan thereon.

Sec. 7. Minnesota Statutes 2018, section 53C.02, is amended to read:

53C.02 SALES FINANCE COMPANY; LICENSE, FEES, REFUND.

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in sections 53C.01 to 53C.14 provided, however, that no bank, trust company, savings bank, savings association, or credit union, whether state or federally chartered, industrial loan and thrift company, or licensee under the Minnesota Regulated Loan Act authorized to do business in this state shall be required to obtain a license under sections 53C.01 to 53C.14.

(b) The application for a license shall be in writing, under oath and in the form prescribed by the commissioner. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and other pertinent information the commissioner requires.

(c) The licensee fee for the fiscal year beginning July 1 and ending June 30 of the following year, or any part thereof shall be the sum of \$250 for the principal place of business of the licensee, and the sum of \$125 for each branch of the licensee, ~~maintained in this state~~. Any licensee who proves to the satisfaction of the commissioner, by affidavit or other proof satisfactory to the commissioner, that during the 12 calendar months of the immediately preceding fiscal year, for which the license has been paid that the licensee has not held retail installment contracts exceeding \$15,000 in amount, shall be entitled to a refund of that portion of each license fee paid in excess of \$25. The commissioner shall certify to the commissioner of management and budget that the licensee is entitled to a refund, and payment thereof shall be made by the commissioner of management and budget. The amount necessary to pay for the refundment of the license fee is appropriated out of the general fund. All license fees received by the commissioner under sections 53C.01 to 53C.14 shall be deposited with the commissioner of management and budget.

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case the location be changed, the commissioner shall endorse the change of location on the license.

(e) Upon the filing of such application, and the payment of the fee, the commissioner shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of sections 53C.01 to 53C.14 for a period which shall expire the last day of June next following the date of its issuance. The license shall not be transferable or assignable. No licensee shall transact any business provided for by sections 53C.01 to 53C.14 under any other name.

(f) Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 8. Minnesota Statutes 2018, section 56.02, is amended to read:

56.02 APPLICATION FEE.

(a) Application for license shall be in writing, under oath, and in the form prescribed by the commissioner, and contain the name and the address, both of the residence and place of business, of the applicant and, if the applicant is a copartnership or association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted, and such further information as the commissioner may require. The applicant at the time of making application, shall pay to the commissioner the sum of \$500 as a fee for investigating the application, and the additional sum of

\$250 as an annual license fee for a period terminating on the last day of the current calendar year. In addition to the annual license fee, every licensee hereunder shall pay to the commissioner the actual costs of each examination, as provided for in section 56.10. All moneys collected by the commissioner under this chapter shall be turned over to the commissioner of management and budget and credited by the commissioner of management and budget to the general fund of the state.

(b) Every applicant shall also prove, in form satisfactory to the commissioner, that the applicant has available for the operation of the business at the location specified in the application, liquid assets of at least \$50,000.

(c) Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 9. Minnesota Statutes 2018, section 58.02, subdivision 21, is amended to read:

Subd. 21. **Residential real property; residential real estate.** ~~"Residential real property" or "residential real estate" means real property improved or intended to be improved by a structure designed principally for the occupancy of from one to four families, whether or not the owner occupies the real property.~~ "Residential real estate" means real property located in Minnesota upon which a dwelling is constructed or is intended to be constructed, whether or not the owner occupies the real property.

Sec. 10. Minnesota Statutes 2018, section 58.06, is amended by adding a subdivision to read:

Subd. 4. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 11. Minnesota Statutes 2018, section 58A.02, subdivision 13, is amended to read:

Subd. 13. **Residential mortgage loan.** "Residential mortgage loan" means a loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling, as defined in United States Code, title 15, section 1602~~(v)~~(w), or residential real estate upon which a dwelling is constructed or intended to be constructed.

Sec. 12. Minnesota Statutes 2018, section 58A.13, is amended to read:

58A.13 SURETY BOND REQUIRED.

Subdivision 1. **Coverage, form, and rules.** (a) Each mortgage loan originator must be covered by a surety bond meeting the requirements of ~~this section~~ 58.08. In the event that the mortgage loan originator is an employee or exclusive agent of a person subject to this chapter, the surety bond of the person subject to this chapter can be used in lieu of the mortgage loan originator's surety bond requirement.

(b) The surety bond shall provide coverage for each mortgage loan originator in an amount as prescribed in subdivision 2.

(c) The surety bond must be in a form as prescribed by the commissioner.

Subd. 2. **Penal sum of surety bond.** The penal sum of the surety bond must be maintained in ~~an~~ the amount that reflects the dollar amount of loans originated as determined ~~by the commissioner~~ under section 58.08, subdivision 1a, paragraph (c).

Subd. 3. **Action on bond.** When an action is commenced on a licensee's residential mortgage originator bond, the commissioner may require the filing of a new bond.

Subd. 4. **New bond.** Immediately upon recovery upon any action on the bond, the licensee residential mortgage originator shall file a new bond.

Sec. 13. Minnesota Statutes 2018, section 59A.03, is amended by adding a subdivision to read:

Subd. 4. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 14. Minnesota Statutes 2018, section 60A.031, subdivision 4, is amended to read:

Subd. 4. **Examination report; foreign and domestic companies.** (a) The commissioner shall make a full and true report of every examination conducted pursuant to this chapter, which shall include (1) a statement of findings of fact relating to the financial status and other matters ascertained from the books, papers, records, documents, and other evidence obtained by investigation and examination or ascertained from the testimony of officers, agents, or other persons examined under oath concerning the business, affairs, assets, obligations, ability to fulfill obligations, and compliance with all the provisions of the law of the company, applicant, organization, or person subject to this chapter and (2) a summary of important points noted in the report, conclusions, recommendations and suggestions as may reasonably be warranted from the facts so ascertained in the examinations. The report of examination shall be verified by the oath of the examiner in charge thereof, and shall be prima facie evidence in any action or proceedings in the name of the state against the company, applicant, organization, or person upon the facts stated therein.

(b) No later than 60 days following completion of the examination, the examiner in charge shall file with the department a verified written report of examination under oath. Upon receipt of the verified report, the department shall transmit the report to the company examined, together with a notice which provides the company examined with a reasonable opportunity of not more than 30 days to make a written submission or rebuttal with respect to matters contained in the examination report.

(c) Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with the written submissions or rebuttals and the relevant portions of the examiner's work papers and enter an order:

(1) adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, rule, or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure the violation;

(2) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information, and refile the report as required under paragraph (b); or

(3) calling for an investigatory hearing with no less than 20 days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(d)(1) All orders entered under paragraph (c), clause (1), must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the examination report, relevant examiner work papers, and any written submissions or rebuttals. The order is a final administrative decision and may be appealed as provided under chapter 14. The order must be served upon the company by certified mail, together with a copy of the adopted examination report. Within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

(2) A hearing conducted under paragraph (c), clause (3), by the commissioner or authorized representative, must be conducted as a nonadversarial confidential investigatory proceeding as necessary for the resolution of inconsistencies, discrepancies, or disputed issues apparent upon the face of the filed examination report or raised by or as a result of the commissioner's review of relevant work papers or by the written submission or rebuttal of the company. Within 20 days of the conclusion of the hearing, the commissioner shall enter an order as required under paragraph (c), clause (1).

(3) The commissioner shall not appoint an examiner as an authorized representative to conduct the hearing. The hearing must proceed expeditiously. Discovery by the company is limited to the examiner's work papers which tend to substantiate assertions in a written submission or rebuttal. The commissioner or the commissioner's representative may issue subpoenas for the attendance of witnesses or the production of documents considered relevant to the investigation whether under the control of the department, the company, or other persons. The documents produced must be included in the record. Testimony taken by the commissioner or the commissioner's representative must be under oath and preserved for the record.

This section does not require the department to disclose information or records which would indicate or show the existence or content of an investigation or activity of a criminal justice agency.

(4) The hearing must proceed with the commissioner or the commissioner's representative posing questions to the persons subpoenaed. Thereafter, the company and the department may present testimony relevant to the investigation. Cross-examination may be conducted only by the commissioner or the commissioner's representative. The company and the department shall be permitted to make closing statements and may be represented by counsel of their choice.

(e)(1) Upon the adoption of the examination report under paragraph (c), clause (1), the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of 30 days except as otherwise provided in paragraph (b). Thereafter, the commissioner may open the report for public inspection if a court of competent jurisdiction has not stayed its publication.

(2) Nothing contained in this subdivision prevents or shall be construed as prohibiting the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any matter relating to the reports, to the Commerce Department or the insurance department of another state or country, or to law enforcement officials of this or another state or

agency of the federal government at any time, if the agency or office receiving the report or matters relating to the report agrees in writing to hold it confidential and in a manner consistent with this subdivision.

(3) If the commissioner determines that regulatory action is appropriate as a result of an examination, the commissioner may initiate proceedings or actions as provided by law.

(f) All working papers, scheduling orders, recorded information, documents and copies thereof produced by, obtained by, or disclosed to the commissioner or any other person in the course of an examination made under this subdivision, or in the course of market analysis, including documents related to scheduling conferences, must be given confidential treatment and are not subject to subpoena and may not be made public by the commissioner or any other person, except to the extent provided in paragraph (e). Access may also be granted to the National Association of Insurance Commissioners (NAIC), the Financial Industry Regulatory Authority, and any national securities association registered under the Securities Exchange Act of 1934. The parties must agree in writing prior to receiving the information to provide to it the same confidential treatment as required by this section, unless the prior written consent of the company to which it pertains has been obtained. For purposes of this section, "market analysis" means a process whereby market conduct surveillance personnel collect and analyze information from filed schedules, surveys, required reports, such as the NAIC Market Conduct Annual Statement, or other sources in order to develop a baseline profile of an insurer, to review the operation or activity of an insurer, or to identify patterns or practices of insurers licensed to do business in this state that deviate significantly from the norm or that may pose a potential risk to the insurance consumer.

(g) Information in the possession or control of, or obtained or disclosed to, the commissioner in the course of, or derived from, market analysis, as defined in paragraph (f), by an insurance company and any scheduling order, supplement to a scheduling order, or document related to a scheduling conference required under section 60A.033 is:

(1) subject to confidential treatment as provided under paragraph (f); and

(2) not subject to subpoena or other discovery nor admissible in evidence in a private civil action. Neither the commissioner nor any person who received information while acting under the authority of the commissioner is permitted or required to testify in a private civil action concerning the information. Nothing in this paragraph limits the ability of the commissioner to use the information in furtherance of an action brought by the commissioner.

(h) Requests for information issued by the commissioner to an insurance company in the course of a market analysis, as defined in paragraph (f), must be issued under the commissioner's authority as provided in this section.

(i) Notwithstanding paragraph (h), the commissioner may request information from an insurance company pursuant to the commissioner's authority under section 45.027, subdivision 1a or 2, if:

(1) the request for information is in connection with an unresolved consumer complaint; or

(2) there is an imminent risk of significant harm to a consumer.

(j) Requests for information from the commissioner to an insurance company under paragraph (i) are not subject to section 60A.033.

Sec. 15. Minnesota Statutes 2018, section 60A.07, subdivision 1d, is amended to read:

Subd. 1d. **Certificate of incorporation; amendments.** The certificate of incorporation of an insurance corporation organized and existing under the laws of this state may be amended in the manner set forth in section 302A.135. ~~Amendments must be filed with the secretary of state in the manner set forth in section 302A.151, except the secretary of state may not accept a certificate of filing unless the certificate also contains the endorsement of the commissioner of commerce.~~ Amendments are effective upon the commissioner's approval.

Sec. 16. Minnesota Statutes 2018, section 60A.16, subdivision 1, is amended to read:

Subdivision 1. **Scope.** (1) **Domestic insurance corporations.** Any two or more domestic insurance corporations, formed for any of the purposes for which stock, mutual, or stock and mutual insurance corporations, or reciprocal or interinsurance contract exchanges might be formed under the laws of this state, may be

(a) merged into one of such domestic insurance corporations, or

(b) consolidated into a new insurance corporation to be formed under the laws of this state.

(2) **Domestic and foreign insurance corporations.** Any such domestic insurance corporations and any foreign insurance corporations formed to carry on any insurance business for the conduct of which an insurance corporation might be organized under the laws of this state, may be

(a) merged into one of such domestic insurance corporations, or

(b) merged into one of such foreign insurance corporations, or

(c) ~~consolidated into a new insurance corporation to be formed under the laws of this state, or~~

(~~d~~) consolidated into a new insurance corporation to be formed under the laws of the government under which one of such foreign insurance corporations was formed, provided that each of such foreign insurance corporations is authorized by the laws of the government under which it was formed to effect such merger or consolidation.

Sec. 17. Minnesota Statutes 2018, section 60A.16, subdivision 2, is amended to read:

Subd. 2. **Procedure to be followed.** (1) **Plan of merger.** The merger or consolidation of insurance corporations can be effected only as a result of a plan of merger adopted, approved, and filed as follows:

(a) A resolution containing the plan of merger shall be approved by the affirmative vote of a majority of the directors of the board of each constituent corporation. The plan of merger shall prescribe the terms and conditions of merger or consolidation, and the mode of carrying the same into effect, with such other details and provisions as are deemed necessary. In the case of merging or consolidating stock insurance corporations or stock and mutual insurance corporations, such plan of merger may prescribe that stock of one or more of such corporations shall be converted, in whole

or in part, into stock or other securities of a corporation which is not a merging or consolidating corporation or into cash.

(b) The plan of merger, or a summary of the plan approved by the commissioner, shall be submitted to the respective shareholders or members, as the case may be, of each constituent corporation, for consideration at a regular meeting or at a special meeting duly called for the purpose of considering and acting upon the plan. Written notice of the meeting, which shall state that the purpose of the meeting is to consider the proposed plan of merger, shall be given to each shareholder or member entitled to vote upon the plan of merger not less than 30 nor more than 60 days before the meeting. The plan of merger must be approved by the affirmative vote of the holders of two-thirds of the voting power of the shareholders or members present or represented at the meeting of each constituent corporation; provided, however, that in the case of a merger, except one in which any shares of the surviving insurance corporation are to be converted into shares or other securities of another corporation or into cash, the agreement need not be submitted to the shareholders or members of that one of the insurance corporations into which it has been agreed the others shall be merged. Upon receiving the approval of the shareholders or members of each constituent corporation, articles of merger shall be prepared that contain the plan of merger and a statement that the plan has been approved by each corporation under this section.

(c) The articles of merger and plan of merger shall be delivered to the commissioner of commerce, who, if the plan of merger is reasonable and if the provisions thereof providing for any transfer of assets and assumption of liabilities are fair and equitable to the claimants and policyholders, shall ~~place a certificate of approval on the articles of~~ issue an order approving the merger and shall file the articles in the commissioner's office, and. Copies of the articles of merger, certified by the commissioner of commerce, shall be ~~filed for record in the Office of the Secretary of State and~~ delivered to the surviving corporation or its legal representative.

(2) **Articles of incorporation of new company.** (a) If the plan of merger is for a consolidation into a new insurance corporation to be formed under any law or laws of this state, articles of incorporation for such new insurance corporation shall be prepared and delivered to the commissioner of commerce together with the articles of merger as provided in clause (1) hereof.

(b) Such articles shall be prepared, executed, approved, filed and recorded in the form and manner prescribed in, or applicable to, the particular law or laws under which the new insurance corporation is to be formed.

(3) **Abandonment.** A proposed merger or consolidation may be abandoned at any time prior to approval by the commissioner under the provision for abandonment, if any, set forth in the plan of merger.

(4) **Mutual insurance holding companies.** In the case of a merger of two mutual insurance holding companies under section 66A.40, subdivision 2, paragraph (c), the procedures set forth in subdivisions 1, 2, 3, 4, and 6 shall apply, subject to the following:

(a) the plan of merger must be fair and reasonable to the members of each constituent corporation;

(b) no member of either constituent corporation on the effective date of the merger shall lose membership solely on account of the merger;

(c) membership and voting rights in each respective constituent corporation for purposes of the meeting of the members held to consider the plan of merger shall be determined in accordance with the articles and bylaws of that constituent corporation as of a record date established in the plan of merger; and

(d) the commissioner may require changes to the plan or require certain undertakings from the surviving corporation to assure compliance with this clause.

Sec. 18. Minnesota Statutes 2018, section 82.68, subdivision 2, is amended to read:

Subd. 2. **Financial interests disclosure; licensee.** (a) Before the negotiation or consummation of any transaction, a licensee shall affirmatively disclose to the owner of real property that the licensee is a real estate broker or agent salesperson, and in what capacity the licensee is acting, if the licensee directly, or indirectly through a third party, purchases for himself or herself or acquires, or intends to acquire, any interest in, or any option to purchase, the owner's property.

(b) When a principal in the transaction is a licensee or a relative or business associate of the licensee, that fact must be disclosed in writing before negotiating or consummating any transaction.

Sec. 19. Minnesota Statutes 2018, section 82C.03, subdivision 2, is amended to read:

Subd. 2. **Owner requirements.** (a) An appraisal management company applying to the commissioner for a license in this state ~~may~~ must not be ~~more than ten percent~~ owned by any person that is currently subject to any cease and desist order or injunctive order that would preclude involvement with an appraisal management company, or that has ever:

(1) voluntarily surrendered in lieu of disciplinary action an appraiser certification, registration or license, or an appraisal management company license;

(2) been the subject of a final order revoking or denying an appraiser certification, registration or license, or an appraisal management company license; or

(3) a final order barring involvement in any industry or profession issued by this or another state or federal regulatory agency.

(b) A person that owns more than ten percent of an appraisal management company in this state shall:

(1) be of good moral character, as determined by the commissioner;

(2) submit to a background investigation, as determined by the commissioner; and

(3) certify to the commissioner that the person has never been the subject of an order of certificate, registration or license suspension, revocation, or denial; cease and desist order; injunctive order; or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency.

Sec. 20. Minnesota Statutes 2018, section 82C.06, is amended to read:

82C.06 EXEMPTIONS.

This chapter does not apply to:

(1) a person that exclusively employs appraisers on an employer and employee basis for the performance of appraisals, and:

(i) the employer is responsible for ensuring that the appraisals are performed by employees in accordance with USPAP; and

(ii) the employer accepts all liability associated with the performance of the appraisal by the employee;

(2) a department or unit within a financial institution that is subject to direct regulation by an agency of the United States government, or to regulation by an agency of this state, that receives a request for the performance of an appraisal from one employee of the financial institution, and another employee of the same financial institution assigns the request for the appraisal to an appraiser that is an independent contractor to the institution, except that an appraisal management company that is a wholly owned subsidiary of a financial institution ~~shall not be~~ is considered a department or unit within a financial institution to which the provisions of this chapter do not apply;

(3) a person that enters into an agreement, whether written or otherwise, with an appraiser for the performance of an appraisal, and upon the completion of the appraisal, the report of the appraiser performing the appraisal is signed by both the appraiser who completed the appraisal and the appraiser who requested the completion of the appraisal, except that an appraisal management company may not avoid the requirements of this chapter by requiring that an employee of the appraisal management company that is an appraiser to sign an appraisal that is completed by an appraiser that is part of the appraisal panel of the appraisal management company; or

(4) any governmental agency performing appraisals on behalf of that level of government or any agency performing ad valorem tax appraisals for county assessors.

Sec. 21. Minnesota Statutes 2018, section 82C.15, is amended to read:

82C.15 ADJUDICATION OF DISPUTES BETWEEN AN APPRAISAL MANAGEMENT COMPANY AND AN INDEPENDENT APPRAISER.

~~Except within the first 30 days after an independent appraiser is first added to the appraiser panel of an appraisal management company,~~ An appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an independent appraiser without:

(1) notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel or is not receiving appraisal requests from the appraisal management company;

(2) if the appraiser is being removed from the panel for illegal conduct, having determined that the appraiser has violated USPAP, or chapter 82B, taking into account the nature of the alleged conduct or violation; and

(3) providing an opportunity for the appraiser to respond and appeal the notification of the appraisal management company.

Sec. 22. Minnesota Statutes 2018, section 216C.437, subdivision 11, is amended to read:

Subd. 11. **Powers of the commissioner.** (a) The commissioner has under this section the same powers the commissioner has under section 45.027, including the authority to impose a civil penalty not to exceed \$10,000 per violation.

(b) The commissioner may condition or refuse to renew a license for any of the reasons the commissioner may deny, suspend, or revoke a license.

(c) The commissioner may order restitution against persons subject to this section for violations of this section.

(d) The commissioner may issue orders or directives under this section as follows:

(1) order or direct persons subject to this chapter to cease and desist from conducting business, including immediate temporary orders to cease and desist;

(2) order or direct persons subject to this chapter to cease any harmful activities or violations of this chapter, including immediate temporary orders to cease and desist;

(3) enter immediate temporary orders to cease business under a license if the commissioner determines that the license was erroneously granted or the licensee is currently in violation of this chapter; and

(4) order or direct other affirmative action the commissioner considers necessary.

(e) Each violation or failure to comply with any directive or order of the commissioner is a separate and distinct violation or failure.

(f) Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 23. Minnesota Statutes 2018, section 332.30, is amended to read:

332.30 ACCELERATED MORTGAGE PAYMENT PROVIDER; BOND REQUIREMENTS.

(a) Before beginning business in this state, an accelerated mortgage payment provider, as defined in section 332A.02, subdivision 8, clause (9), shall submit to the commissioner of commerce an authorization fee of \$250 and either:

(1) a surety bond in which the accelerated mortgage payment provider is the obligor, in an amount determined by the commissioner; or

(2) if the commissioner agrees to accept it, a deposit:

(i) in cash in an amount equivalent to the bond amount; or

(ii) of authorized securities, as defined in section 50.14, with an aggregate market value equal to the bond amount. The cash or securities must be deposited with the commissioner of management and budget.

(b) The amount of the bond required by the commissioner shall vary with the amount of Minnesota client funds held or to be held by the obligor. For new businesses, the bond must be no less than \$100,000, except as provided in section 332.301. The commissioner may increase the required bond amount upon 30 days' notice to the accelerated mortgage payment provider.

(c) If a bond is submitted, it must name as surety an insurance company authorized to transact fidelity and surety business in this state. The bond must run to the state of Minnesota for the use of the state and of any person who may have a claim against the obligor arising out of the obligor's activities as an accelerated mortgage payment provider. The bond must be conditioned that the obligor will not commit any fraudulent act and will faithfully conform to and abide by the provisions of accelerated mortgage payment agreements with Minnesota residents.

(d) If an accelerated mortgage payment provider has failed to account to a mortgagor or distribute funds to the mortgagee as required by an accelerated mortgage payment agreement, the mortgagor or the mortgagor's legal representative or receiver or the commissioner shall have, in addition to any other legal remedies, a right of action in the name of the debtor on the bond or the security given pursuant to this section.

(e) Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 24. Minnesota Statutes 2018, section 332.54, subdivision 4, is amended to read:

Subd. 4. **Update of information.** The credit services organization must update the registration statement required under this section not later than ~~90~~ 30 days after the date from which a change in the information required in the statement occurs.

Sec. 25. Minnesota Statutes 2018, section 332.54, is amended by adding a subdivision to read:

Subd. 8. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 26. Minnesota Statutes 2018, section 332.57, subdivision 2, is amended to read:

Subd. 2. **Contents.** The disclosure statement required under subdivision 1 must be printed in boldface and in at least 10-point type and must include the following statement:

"CONSUMER CREDIT FILE RIGHTS UNDER MINNESOTA AND FEDERAL LAW

~~You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 30 days. The credit bureau must provide someone to help you interpret the information in your credit file.~~

~~You have a right to dispute inaccurate information by contacting the credit bureau directly. However, neither you nor any "credit repair" company or credit services organization has the right to have accurate, current, and verifiable information removed from your credit bureau report. Under the federal Fair Credit Reporting Act, the credit bureau must remove accurate, negative information from your report only if it is over seven years old. Bankruptcy can be reported for ten years.~~

~~You have a right to sue a credit repair company that violates Minnesota's Credit Services Organization Act. This law prohibits deceptive practices by credit repair companies and gives you a right to cancel your contract for any reason within five working days from the date you signed it.~~

~~Credit bureaus are required to follow reasonable procedures to ensure that creditors report information accurately. However, mistakes may occur.~~

~~You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of any documents you have concerning an error should be given to the credit bureau.~~

~~If reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau to keep in your file, explaining why you think the record is inaccurate. The credit bureau must include your statement about disputed information with any reports it issues about you."~~

You have a right to dispute inaccurate information in your credit report by contacting the credit bureau directly. However, neither you nor any 'credit repair' company or credit repair organization has the right to have accurate, current, and verifiable information removed from your credit report. The credit bureau must remove accurate, negative information from your report only if it is over seven years old. Bankruptcy information can be reported for ten years.

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 60 days. The credit bureau must provide assistance to help you interpret the information in your credit file. You are entitled to receive a free copy of your credit report if you are unemployed and intend to apply for employment in the next 60 days, if you are a recipient of public welfare assistance, or if you have reason to believe that there is inaccurate information in your credit report due to fraud.

You have a right to sue a credit repair ORGANIZATION that violates the Credit Repair Organization Act. This law prohibits deceptive practices by credit repair organizations.

You have the right to cancel your contract with any credit repair organization for any reason within three business days of the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that the information they report is accurate. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate or incomplete information. The credit bureau is prohibited from charging any fee for this service. Any pertinent information and copies of all documents you have concerning an error should be given to the credit bureau.

If the credit bureau's reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau, to be kept in your file, explaining why you think the

record is inaccurate. The credit bureau must include a summary of your statement about disputed information with any report it issues about you."

Sec. 27. Minnesota Statutes 2018, section 332A.03, is amended to read:

332A.03 REQUIREMENT OF REGISTRATION.

(a) On or after August 1, 2007, it is unlawful for any person, whether or not located in this state, to operate as a debt management services provider or provide debt management services, including but not limited to offering, advertising, or executing or causing to be executed any debt management services or debt management services agreement, except as authorized by law without first becoming registered as provided in this chapter. A person who possesses a valid license as a debt prorater that was issued by the commissioner before August 1, 2007, is deemed to be registered as a debt management services provider until the date the debt prorater license expires, at which time the licensee must obtain a renewal as a debt management services provider in compliance with this chapter. Debt proraters who were not required to be licensed as debt proraters before August 1, 2007, may continue to provide debt management services without complying with this chapter to those debtors who entered into a contract to participate in a debt management plan before August 1, 2007, except that the debt prorater must comply with section 332A.13, subdivision 2.

(b) Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 28. Minnesota Statutes 2018, section 332B.04, is amended by adding a subdivision to read:

Subd. 8. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 29. **REPEALER.**

Minnesota Statutes 2018, sections 53B.27, subdivisions 3 and 4; 60A.07, subdivision 1a; and 72B.14, are repealed.

ARTICLE 2

LIFE AND HEALTH INSURANCE GUARANTEE ACT AMENDMENTS

Section 1. Minnesota Statutes 2018, section 60B.02, is amended to read:

60B.02 PERSONS COVERED.

The proceedings authorized by sections 60B.01 to 60B.61 may be applied to:

- (1) all insurers who are doing, or have done, an insurance business in this state, and against whom claims arising from that business may exist now or in the future;
- (2) all insurers who purport to do an insurance business in this state;
- (3) all insurers who have insureds resident in this state;

(4) all other persons organized or in the process of organizing with the intent to do an insurance business in this state; and

(5) all nonprofit service plan corporations incorporated or operating under the Nonprofit Health Service Plan Corporation Act, all health maintenance organizations operating under chapter 62D, any health plan incorporated under chapter 317A, all fraternal benefit societies operating under chapter 64B, except those associations enumerated in section 64B.38, all township mutual or other companies operating under chapter 67A, and all reciprocals or interinsurance exchanges operating under chapter 71A.

Sec. 2. Minnesota Statutes 2018, section 61B.19, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** (a) The purpose of sections 61B.18 to 61B.32 is to protect, subject to certain limitations, the persons specified in subdivision 2 against failure in the performance of contractual obligations; ~~under life insurance policies, health insurance policies, and annuity policies or contracts, and the supplemental contracts specified in subdivision 2, because of the impairment or insolvency of the member insurer that issued the policies or contracts.~~

(b) To provide this protection, an association of member insurers has been created and exists to pay benefits and to continue coverages, as limited in sections 61B.18 to 61B.32. Members of the association are subject to assessment to provide funds to carry out the purpose of sections 61B.18 to 61B.32.

Sec. 3. Minnesota Statutes 2018, section 61B.19, subdivision 2, is amended to read:

Subd. 2. **Scope.** (a) Sections 61B.18 to 61B.32 provide coverage for the policies and contracts specified in paragraph (b) to:

(1) persons who are owners ~~of or~~, certificate holders, or enrollees under these policies or contracts, or, (i) in the case of unallocated annuity contracts, to the persons who are participants in a covered retirement plan, or (ii) in the case of structured settlement annuities, to persons who are payees in respect of their liability claims (or beneficiaries of such payees who are deceased) and who:

(A) are residents; or

(B) are not residents, but only under all of the following conditions: the member insurers that issued the policies or contracts are domiciled in the state of Minnesota; those insurers never held a license or certificate of authority in the states in which those persons reside; those states have associations similar to the association created by sections 61B.18 to 61B.32; and those persons are not eligible for coverage by those associations; and

(2) persons who, regardless of where they reside, except for nonresident certificate holders under group policies or contracts, are the beneficiaries, assignees, or payees of the persons covered under clause (1). This includes health care providers rendering services covered by a health insurance policy or contract.

(b) Sections 61B.18 to 61B.32 provide coverage to the persons specified in paragraph (a) for direct, nongroup life insurance, health insurance, annuity, and supplemental policies or contracts, for subscriber contracts issued by a nonprofit health service plan corporation operating under chapter

62C, for health maintenance contracts issued by a health maintenance organization under chapter 62D, for certificates under direct group policies and contracts, and for unallocated annuity contracts issued by member insurers, except as limited by sections 61B.18 to 61B.32. Except as expressly excluded under subdivision 3, annuity contracts and certificates under group annuity contracts include, but are not limited to, guaranteed investment contracts, deposit administration contracts, unallocated funding agreements, allocated funding agreements, structured settlement annuities, annuities issued to or in connection with government lotteries, and any immediate or deferred annuity contracts. Covered unallocated annuity contracts include those that fund a qualified defined contribution retirement plan under sections 401, 403(b), and 457 of the Internal Revenue Code of 1986, as amended through December 31, 1992.

Sec. 4. Minnesota Statutes 2018, section 61B.19, subdivision 3, is amended to read:

Subd. 3. **Limitation of coverage.** Sections 61B.18 to 61B.32 do not provide coverage for:

(1) a portion of a policy or contract not guaranteed by the member insurer, or under which the investment risk is borne by the policy or contract holder;

(2) a policy or contract of reinsurance, unless assumption certificates have been issued and the insured has consented to the assumption as provided under section 60A.09, subdivision 4a;

(3) a policy or contract issued by an assessment benefit association operating under section 61A.39, or a fraternal benefit society operating under chapter 64B;

(4) any obligation to nonresident participants of a covered retirement plan or to the plan sponsor, employer, trustee, or other party who owns the contract; in these cases, the association is obligated under this chapter only to participants in a covered plan who are residents of the state of Minnesota on the date of impairment or insolvency;

(5) a structured settlement annuity in situations where a liability insurer remains liable to the payee;

(6) a portion of an unallocated annuity contract which is not issued to or in connection with a specific employee, union, or association of natural persons benefit plan or a governmental lottery, including but not limited to, a contract issued to, or purchased at the direction of, any governmental bonding authority, such as a municipal guaranteed investment contract;

(7) a portion of a policy or contract issued to a plan or program of an employer, association, or similar entity to provide life, health, or annuity benefits to its employees or members to the extent that the plan or program is self-funded or uninsured, including benefits payable by an employer, association, or similar entity under:

(i) a multiple employer welfare arrangement as defined in the Employee Retirement Income Security Act of 1974, United States Code, title 29, section 1002(40)(A), as amended;

(ii) a minimum premium group insurance plan;

(iii) a stop-loss group insurance plan; or

(iv) an administrative services only contract;

(8) any policy or contract issued by an insurer at a time when it was not licensed or did not have a certificate of authority to issue the policy or contract in this state;

(9) an unallocated annuity contract issued to or in connection with a benefit plan protected under the federal Pension Benefit Guaranty Corporation, regardless of whether the federal Pension Benefit Guaranty Corporation has yet become liable to make any payments with respect to the benefit plan;

(10) a portion of a policy or contract to the extent that it provides for (i) dividends or experience rating credits except to the extent the dividends or experience rating credits have actually become due and payable or have been credited to the policy or contract before the date of impairment or insolvency, (ii) voting rights, or (iii) payment of any fees or allowances to any person, including the policy or contract holder, in connection with the service to, or administration of, the policy or contract;

(11) a contractual agreement that establishes the member insurer's obligations to provide a book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets that is owned by the benefit plan or its trustee, which in each case is not an affiliate of the member insurer;

(12) a portion of a policy or contract to the extent that the rate of interest on which it is based, or the interest rate, crediting rate, or similar factor determined by use of an index or other external reference stated in the policy or contract, employed in calculating returns or changes in value:

(i) averaged over the period of four years prior to the date on which the member insurer becomes an impaired or insolvent insurer under sections 61B.18 to 61B.32, whichever is earlier, exceeds the rate of interest determined by subtracting two percentage points from Moody's Corporate Bond Yield Average averaged for that same four-year period or for the lesser period if the policy or contract was issued less than four years before the member insurer becomes an impaired or insolvent insurer under sections 61B.18 to 61B.32, whichever is earlier; and

(ii) on and after the date on which the member insurer becomes an impaired or insolvent insurer under this chapter, whichever is earlier, exceeds the rate of interest determined by subtracting three percentage points from Moody's Corporate Bond Yield Average as most recently available;

(iii) however, this paragraph shall not apply to a contract, policy, or rider for long-term care or health insurance;

(13) a portion of a policy or contract to the extent it provides for interest or other changes in value to be determined by the use of an index or other external reference stated in the policy or contract, but which have not been credited to the policy or contract, or as to which the policy or contract owner's rights are subject to forfeiture, as of the date the member insurer becomes an impaired or insolvent insurer under sections 61B.18 to 61B.32, whichever is earlier. If a policy's or contract's interest or changes in value are credited less frequently than annually, then for purposes of determining the values that have been credited and not subject to forfeiture under this clause, the interest or changes in value determined by using the procedures defined in the policy or contract will be credited as if the contractual date of crediting interest or changing values was the date of impairment or insolvency, whichever is earlier, and will not be subject to forfeiture;

(14) a portion of a policy or contract to the extent that the assessments required by section 61B.24 with respect to the policy or contract are preempted by federal or state law; ~~and~~

(15) a policy or contract providing any hospital, medical, prescription drug, or other health care benefits pursuant to United States Code, title 42, chapter 7, subchapter XVIII, Part C or Part D, commonly known as Medicare Part C & D, or United States Code, title 42, chapter 7, subchapter XIX, commonly known as Medicaid, or any regulations issued under those provisions; and

(16) structured settlement annuity benefits to which a payee or beneficiary has transferred his or her rights in a structured settlement factoring transaction, as defined in United States Code, title 26, section 5891, regardless of whether the transaction occurred before or after the effective date of section 5891.

Sec. 5. Minnesota Statutes 2018, section 61B.19, subdivision 4, is amended to read:

Subd. 4. **Limitation of benefits.** The benefits for which the association may become liable shall in no event exceed the lesser of:

(1) the contractual obligations for which the member insurer is liable or would have been liable if it were not an impaired or insolvent insurer; or

(2) subject to the limitation in clause (5), with respect to any one life, regardless of the number of policies or contracts:

(i) \$500,000 in life insurance death benefits, but not more than \$130,000 in net cash surrender and net cash withdrawal values for life insurance;

(ii) \$500,000 in health insurance, long-term care, and disability income insurance benefits, including any net cash surrender and net cash withdrawal values;

(iii) \$250,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values;

(iv) \$410,000 in present value of annuity benefits for structured settlement annuities or for annuities in regard to which periodic annuity benefits, for a period of not less than the annuitant's lifetime or for a period certain of not less than ten years, have begun to be paid, on or before the date of impairment or insolvency; or

(3) subject to the limitations in clauses (5) and (6), with respect to each individual resident participating in a retirement plan, except a defined benefit plan, established under section 401, 403(b), or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1992, covered by an unallocated annuity contract, or the beneficiaries of each such individual if deceased, in the aggregate, \$250,000 in net cash surrender and net cash withdrawal values;

(4) where no coverage limit has been specified for a covered policy or benefit, the coverage limit shall be \$500,000 in present value;

(5) in no event shall the association be liable to ~~expend~~ cover more than \$500,000 in benefits in the aggregate with respect to any one life under clause (2), items (i), (ii), (iii), (iv), and clause (4), and any one individual under clause (3);

(6) in no event shall the association be liable to expend cover more than \$10,000,000 in benefits with respect to all unallocated annuities of a retirement plan, except a defined benefit plan, established under section 401, 403(b), or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1992. If total claims from a plan exceed \$10,000,000, the \$10,000,000 shall be prorated among the claimants;

(7) for purposes of applying clause (2)(ii) and clause (5), with respect only to health insurance benefits, the term "any one life" applies to each individual covered by a health insurance policy or contract;

(8) where covered contractual obligations are equal to or less than the limits stated in this subdivision, the association will pay the difference between the covered contractual obligations and the amount credited by the estate of the insolvent or impaired insurer, if that amount has been determined or, if it has not, the covered contractual limit, subject to the association's right of subrogation;

(9) where covered contractual obligations exceed the limits stated in this subdivision, the amount payable by the association will be determined as though the covered contractual obligations were equal to those limits. In making the determination, the estate shall be deemed to have credited the covered person the same amount as the estate would credit a covered person with contractual obligations equal to those limits; or

(10) the following illustrates how the principles stated in clauses (8) and (9) apply. The example illustrated concerns hypothetical claims subject to the limit stated in clause (2)(iii). The principles stated in clauses (8) and (9), and illustrated in this clause, apply to claims subject to any limits stated in this subdivision.

CONTRACTUAL OBLIGATIONS OF:

	\$100,000	
	Estate	Guaranty Association
0% recovery from estate	\$ 0	\$100,000
25% recovery from estate	\$25,000	\$75,000
50% recovery from estate	\$50,000	\$50,000
75% recovery from estate	\$75,000	\$25,000
	\$250,000	
	Estate	Guaranty Association
0% recovery from estate	\$ 0	\$250,000
25% recovery from estate	\$62,500	\$187,500
50% recovery from estate	\$125,000	\$125,000
75% recovery from estate	\$187,500	\$62,500
	\$300,000	
	Estate	Guaranty Association
0% recovery from estate	\$ 0	\$250,000
25% recovery from estate	\$75,000	\$187,500
50% recovery from estate	\$150,000	\$125,000

75% recovery from estate

\$225,000

\$62,500

Sec. 6. Minnesota Statutes 2018, section 61B.20, subdivision 10, is amended to read:

Subd. 10. **Health insurance.** "Health insurance" means accident and health insurance as described in section 60A.06, subdivision 1, clause (5)(a), long-term care insurance as described in section 62A.46, subdivision 2, and chapter 62S, credit accident and health insurance regulated under chapter 62B, ~~and~~ subscriber contracts issued by a nonprofit health service plan corporation operating under chapter 62C, and health maintenance contracts issued by a health maintenance organization operating under chapter 62D.

Sec. 7. Minnesota Statutes 2018, section 61B.20, subdivision 13, is amended to read:

Subd. 13. **Member insurer.** "Member insurer" means an insurer or health maintenance organization licensed or holding a certificate of authority to transact in this state any kind of insurance or health maintenance organization business for which coverage is provided under section 61B.19, subdivision 2, and includes an insurer or health maintenance organization whose license or certificate of authority in this state may have been suspended, revoked, not renewed, or voluntarily withdrawn. The term does not include:

(1) a nonprofit hospital or medical service organization, other than a nonprofit health service plan corporation that operates under chapter 62C;

~~(2) a health maintenance organization;~~

~~(3) (2) a fraternal benefit society;~~

~~(4) (3) a mandatory state pooling plan;~~

~~(5) (4) a mutual assessment company or an entity that operates on an assessment basis;~~

~~(6) (5) an insurance exchange;~~

~~(7) (6) a community integrated service network; or~~

~~(8) (7) an entity similar to those listed in clauses (1) to ~~(7) (6)~~.~~

Sec. 8. Minnesota Statutes 2018, section 61B.20, subdivision 16, is amended to read:

Subd. 16. **Resident.** "Resident" means a person ~~who resides in~~ whose principal place of residence is Minnesota at the time a member insurer is initially determined by the commissioner or a court to be an impaired or insolvent insurer and to whom a contractual obligation is owed, whichever occurs first. A person may be a resident of only one state, ~~which in the case of~~ for a natural person is the person's principle place of residence, for a person other than a natural person is its principal place of business, and which, in the case of for a trust, is the principal place of business of the settlor or entity which established the trust. Citizens of the United States who are either (i) residents of foreign countries, or (ii) residents of United States possessions, territories, or protectorates that do not have an association similar to the association created by sections 61B.19 to 61B.32, are considered residents of this state if the insurer that issued the covered policies or contracts was domiciled in this state.

Sec. 9. Minnesota Statutes 2018, section 61B.21, subdivision 1, is amended to read:

Subdivision 1. **Functions.** The Minnesota Life and Health Insurance Guaranty Association shall perform its functions under the plan of operation established and approved under section 61B.25, and shall exercise its powers through a board of directors. The association is not a state agency for purposes of chapter 16A, 16B, 16C, or 43A. For purposes of administration and assessment, the association shall establish and maintain two accounts:

(1) the life insurance and annuity account which includes the following subaccounts:

(i) the life insurance account;

(ii) the annuity account; and

(iii) the unallocated annuity account; and

(2) the health ~~insuranc~~ee account.

Sec. 10. Minnesota Statutes 2018, section 61B.22, subdivision 1, is amended to read:

Subdivision 1. **Members.** The board of directors of the association consists of nine ~~members~~ member insurers serving terms as established in the plan of operation under section 61B.25. ~~Members of The insurer board members~~ must be elected by member insurers, subject to the approval of the commissioner, for the terms of office specified in their nominations. Each elected insurer board member shall designate its representative and may designate an alternate. Vacancies on the board shall be filled for the remaining period of the term by a majority vote of the remaining board members, subject to approval of the commissioner. In approving selections or in appointing ~~members to the board~~ insurer board members, the commissioner shall consider whether all member insurers are fairly represented.

Sec. 11. Minnesota Statutes 2018, section 61B.23, subdivision 1, is amended to read:

Subdivision 1. **Impaired domestic insurer.** If a member insurer is an impaired domestic insurer, the association may, in its discretion, and subject to any conditions imposed by the association that do not impair the contractual obligations of the impaired insurer and that are approved by the commissioner, and that are, except in cases of court ordered conservation or rehabilitation, also approved by the impaired insurer:

(1) guarantee, assume, reissue, or reinsure, or cause to be guaranteed, assumed, reissued, or reinsured, any or all of the policies or contracts of the impaired insurer;

(2) provide money, pledges, notes, guarantees, or other means as are proper to exercise the power granted in clause (1) and assure payment of the contractual obligations of the impaired insurer pending action under clause (1); or

(3) loan money to the impaired insurer.

Sec. 12. Minnesota Statutes 2018, section 61B.23, subdivision 3, is amended to read:

Subd. 3. **Insolvent insurer.** If a member insurer is an insolvent insurer then, subject to any conditions imposed by the association and approved by the commissioner, the association shall, in its discretion:

(1) guaranty, assume, reissue, or reinsure, or cause to be guaranteed, assumed, reissued, or reinsured, the policies or contracts of the insolvent insurer;

(2) assure payment of the contractual obligations of the insolvent insurer which are due and owing;

(3) provide money, pledges, guarantees, or other means as are reasonably necessary to discharge its duties; or

(4) provide benefits and coverages in accordance with subdivision 4.

Sec. 13. Minnesota Statutes 2018, section 61B.23, subdivision 4, is amended to read:

Subd. 4. **Payments; alternative policies.** When proceeding under subdivision 2, paragraph (a), clause (2), or subdivision 3, clause (4), the association shall, with respect to ~~life and health insurance~~ policies and ~~annuities~~ contracts:

(a) Assure payment of benefits ~~for premiums identical to the premiums and benefits, except for terms of conversion and renewability~~, that would have been payable under the policies of the impaired or insolvent insurer, for claims incurred:

(1) with respect to group policies, not later than the earlier of the next renewal date under those policies or contracts or 45 days, but in no event less than 30 days, after the date on which the association becomes obligated with respect to those policies; or

(2) with respect to individual policies, contracts, and annuities not later than the earlier of the next renewal date, if any, under those policies or one year, but in no event less than 30 days, from the date on which the association becomes obligated with respect to those policies.

(b) Make diligent efforts to provide all known insureds, enrollees, or annuitants for individual policies or group policy or contract owners with respect to group policies 30 days' notice of the termination pursuant to paragraph (a) of the benefits provided.

(c) With respect to individual policies and contracts, make available to each known insured, enrollee, or annuitant, or owner if other than the insured or annuitant, and with respect to an individual ~~formerly an insured or formerly an~~ enrollee, or annuitant under a group policy or contract who is not eligible for replacement group coverage, make available substitute coverage on an individual basis in accordance with paragraph (d), if the insureds, enrollees, or annuitants had a right under law or the terminated policy, contract, or annuity to convert coverage to individual coverage or to continue an individual policy, contract, or annuity in force until a specified age or for a specified time, during which the insurer or health maintenance organization had no right unilaterally to make changes in any provision of the policy, contract, or annuity or had a right only to make changes in premium by class.

(d)(1) In providing the substitute coverage required under paragraph (c), the association may offer either to reissue the terminated coverage or to issue an alternative policy or contract at actuarially justified rates subject to prior approval of the commissioner.

(2) Alternative or reissued policies or contracts must be offered without requiring evidence of insurability, and must not provide for any waiting period or exclusion that would not have applied under the terminated policy or contract.

(3) The association may reinsure any alternative or reissued policy or contract.

(e)(1) Alternative policies or contracts adopted by the association are subject to the approval of the commissioner. The association may adopt alternative policies or contracts of various types for future issuance without regard to any particular impairment or insolvency.

(2) Alternative policies or contracts must contain at least the minimum statutory provisions required in this state and provide benefits that are not unreasonable in relation to the premium charged. The association shall set the premium in accordance with a table of rates which it shall adopt. The premium must reflect the amount of insurance to be provided and the age and class of risk of each insured, but must not reflect any changes in the health of the insured after the original policy or contract was last underwritten.

(3) Any alternative policy or contract issued by the association must provide coverage of a type similar to that of the policy or contract issued by the impaired or insolvent insurer, as determined by the association.

(f) If the association elects to reissue terminated coverage at a premium rate different from that charged under the terminated policy or contract, the premium must be actuarially justified and set by the association in accordance with the amount of insurance or coverage provided and the age and class of risk, subject to prior approval of the commissioner ~~or by a court of competent jurisdiction.~~

(g) The association's obligations with respect to coverage under any policy or contract of the impaired or insolvent insurer or under any reissued or alternative policy or contract ceases on the date the coverage, or on the date the policy or contract is replaced by another similar policy or contract by the policyholder policy or contract holder, the insurer insured, the enrollee, or the association and the preexisting condition limitations have been satisfied.

(h) When proceeding under this subdivision with respect to any policy carrying guaranteed minimum interest rates, the association shall assure the payment or crediting of a rate of interest consistent with section 61B.19, subdivision 3, clause (12).

Sec. 14. Minnesota Statutes 2018, section 61B.23, subdivision 8a, is amended to read:

Subd. 8a. **Deposits in this state for insolvent or impaired insurer.** A deposit in this state, held pursuant to law or required by the commissioner for the benefit of creditors, including policy or contract owners, not turned over to the domiciliary liquidator upon the entry of a final order of liquidation or order approving a rehabilitation plan of ~~an~~ a member insurer domiciled in this state or in a reciprocal state, pursuant to section 60B.54, shall be promptly paid to the association. The association is entitled to retain a portion of any amount so paid to it equal to the percentage determined by dividing the aggregate amount of policy ~~owners~~ or contract owners' claims related to that

insolvency for which the association has provided statutory benefits by the aggregate amount of all policy or contract owners' claims in this state related to that insolvency. The association shall remit to the domiciliary receiver the amount so paid to the association and not retained pursuant to this subdivision. Any amount retained by the association shall be treated as a distribution of estate assets pursuant to section 60B.46 or similar provision of the state of domicile of the impaired or insolvent insurer.

Sec. 15. Minnesota Statutes 2018, section 61B.23, subdivision 12, is amended to read:

Subd. 12. **Assignments; subrogation rights.** (a) A person receiving benefits under sections 61B.18 to 61B.32 shall be considered to have assigned the rights under, and any causes of action against any person for losses arising under, resulting from or otherwise relating to, the covered policy or contract to the association to the extent of the benefits received because of sections 61B.18 to 61B.32, whether the benefits are payments of or on account of contractual obligations, continuation of coverage, or provision of substitute or alternative policies, contracts, or coverages. The association may require an assignment to it of those rights and causes of action by a an enrollee, payee, policy or contract owner, beneficiary, insured, or annuitant as a condition precedent to the receipt of rights or benefits conferred by sections 61B.18 to 61B.32 upon that person. The assignment and subrogation rights of the association include any rights that a person may have as a beneficiary of a plan covered under the Employee Retirement Income Security Act of 1974, United States Code, title 29, section 1003, as amended.

(b) The subrogation rights of the association under this subdivision against the assets of the impaired or insolvent insurer have the same priority as those of a person entitled to receive benefits under sections 61B.18 to 61B.32.

(c) In addition to paragraphs (a) and (b), the association has all common law rights of subrogation and other equitable or legal remedies that would have been available to the impaired or insolvent insurer or person receiving benefits under sections 61B.18 to 61B.32 including without limitation, in the case of a structured settlement annuity, any rights of the owner, enrollee, beneficiary, or payee of the annuity, to the extent of benefits received pursuant to sections 61B.18 to 61B.32, against a person originally or by succession responsible for the losses arising from the personal injury relating to the annuity or payment thereof, excepting any such person responsible solely by reason of serving as an assignee in respect of a qualified assignment under section 130 of the Internal Revenue Code of 1986, as amended.

(d) If the preceding provisions of this subdivision are invalid or ineffective with respect to any person or claim for any reason, the amount payable by the association with respect to the related covered obligations shall be reduced by the amount realized by any other person with respect to the person or claim that is attributable to the policies or contracts or portion thereof covered by the association.

(e) If the association has provided benefits with respect to a covered obligation and a person recovers amounts as to which the association has rights as described in the preceding paragraphs of this subdivision, the person shall pay to the association the portion of the recovery attributable to the policies or contracts or portion thereof covered by the association.

Sec. 16. Minnesota Statutes 2018, section 61B.23, subdivision 13, is amended to read:

Subd. 13. **Permissive powers.** The association may:

(1) enter into contracts as are necessary or proper to carry out the provisions and purposes of sections 61B.18 to 61B.32;

(2) sue or be sued, including taking any legal actions necessary or proper to recover any unpaid assessments under section 61B.26 to settle claims or potential claims against it;

(3) borrow money to effect the purposes of sections 61B.18 to 61B.32 and any notes or other evidence of indebtedness of the association not in default are legal investments for domestic member insurers and may be carried as admitted assets;

(4) employ or retain persons as are necessary or appropriate to handle the financial transactions of the association, and to perform other functions as the association considers necessary or proper under sections 61B.18 to 61B.32;

(5) enter into arbitration or take legal action as may be necessary or appropriate to avoid or recover payment of improper claims;

(6) exercise, for the purposes of sections 61B.18 to 61B.32 and to the extent approved by the commissioner, the powers of a domestic life ~~or insurer~~, health insurer, or health maintenance organization, but in no case may the association issue ~~insurance~~ policies or ~~annuity~~ contracts other than those issued to perform its obligations under sections 61B.18 to 61B.32;

(7) join an organization of one or more other state associations of similar purposes, to further the purposes and administer the powers and duties of the association;

(8) negotiate and contract with any liquidator, rehabilitator, conservator, or ancillary receiver to carry out the powers and duties of the association;

(9) participate in the organization of and/or own stock in an entity which exists or was formed for the purpose of assuming liability for contracts or policies issued by impaired or insolvent insurers; ~~and~~

(10) request information from a person seeking coverage from the association in order to aid the association in determining its obligations under sections 61B.18 to 61B.32 with respect to the person, and the person shall promptly comply with the request;

(11) in accordance with the terms and conditions of the policy or contract, file for actuarially justified rate or premium increases for any policy or contract for which it provides coverage under this act; and

(12) take other necessary or appropriate action to discharge its duties and obligations under this act or to exercise its powers under this act.

Sec. 17. Minnesota Statutes 2018, section 61B.23, subdivision 14, is amended to read:

Subd. 14. **Association election to succeed to rights of insolvent or impaired insurer under indemnity reinsurance contracts.** (a) At any time within one year after the date on which the association becomes responsible for the obligations of a member insurer the coverage date, the

association may elect to succeed to the rights and obligations of the member insurer, that accrue on or after the coverage date and that relate to policies, contracts, or annuities covered in whole or in part by the association, under any one or more indemnity reinsurance agreements entered into by the member insurer as a ceding insurer and selected by the association. However, the association may not exercise an election with respect to a reinsurance agreement if the receiver, rehabilitator, or liquidator of the member insurer has previously and expressly disaffirmed the reinsurance agreement. The election shall be effected by a notice to the receiver, rehabilitator, or liquidator, and to the affected reinsurers. If the association makes an election, clauses (1) through (4) apply with respect to the agreements selected by the association:

(1) the association is responsible for all unpaid premiums due under the agreements for periods both before and after the coverage date, and is responsible for the performance of all other obligations to be performed after the coverage date, in each case that relates to contracts covered in whole or in part by the association and the association may charge policies, contracts, or annuities covered in part by the association, through reasonable allocation methods, the costs for reinsurance in excess of the obligations of the association;

(2) the association is entitled to any amounts payable by the reinsurer under the agreements with respect to losses or events that occur in periods after the coverage date and that relate to policies, contracts, or annuities covered by the association in whole or in part, provided that, upon receipt of any such amounts, the association is obliged to pay to the beneficiary under the policy ~~or~~ contract, or annuity on account of which the amounts were paid a portion of the amount equal to the excess of:

(i) the amount received by the association, over

(ii) the benefits paid by the association on account of the policy or contract less the retention of the impaired or insolvent member insurer applicable to the loss or event;

(3) within 30 days following the association's election, the association and each indemnity reinsurer shall calculate the net balance due to or from the association under each reinsurance agreement as of the date of the association's election, giving full credit to all items paid by either the member insurer or its receiver, rehabilitator, or liquidator or the indemnity reinsurer during the period between the coverage date and the date of the association's election and (i) either the association or indemnity reinsurer shall pay the net balance due the other within five days of the completion of the aforementioned calculation and (ii) if the receiver, rehabilitator, or liquidator has received any amounts due the association pursuant to paragraph (a), the receiver, rehabilitator, or liquidator shall remit the same to the association as promptly as practicable; and

(4) if the association, within 60 days of the election, pays the premiums due for periods both before and after the coverage date that relate to contracts covered by the association in whole or in part, the reinsurer shall not be entitled to terminate the reinsurance agreements insofar as the agreements relate to contracts covered by the association in whole or in part and shall not be entitled to set off any unpaid premium due for periods prior to the coverage date against amounts due the association.

(b) In the event the association transfers its obligations to another insurer, and if the association and the other insurer agree, the other insurer shall succeed to the rights and obligations of the

association under paragraph (a) effective as of the date agreed upon by the association and the other insurer and regardless of whether the association has made the election referred to in paragraph (a) provided that:

(1) the indemnity reinsurance agreements shall automatically terminate for new reinsurance unless the indemnity reinsurer and the other insurer agree to the contrary;

(2) the obligations described in the proviso to paragraph (a), clause (2), shall no longer apply on and after the date the indemnity reinsurance agreement is transferred to the third-party insurer; and

(3) paragraph (b) does not apply if the association has previously expressly determined in writing that it will not exercise the election referred to in paragraph (a).

(c) The provisions of this subdivision shall supersede the provisions of any law of this state or of any affected reinsurance agreement that provides for or requires any payment of reinsurance proceeds, on account of losses or events that occur in periods after the coverage date, to the receiver, liquidator, or rehabilitator of the insolvent member insurer. The receiver, rehabilitator, or liquidator shall remain entitled to any amounts payable by the reinsurer under the reinsurance agreement with respect to losses or events that occur in periods prior to the coverage date subject to applicable setoff provisions.

(d) Except as otherwise expressly provided in this subdivision, nothing in this subdivision alters or modifies the terms and conditions of the indemnity reinsurance agreements of the insolvent member insurer. Nothing in this subdivision abrogates or limits any rights of any reinsurer to claim that it is entitled to rescind a reinsurance agreement. Nothing in this subdivision gives a policy owner, contract owner, enrollee, certificate holder, or beneficiary an independent cause of action against an indemnity reinsurer that is not otherwise set forth in the indemnity reinsurance agreement.

Sec. 18. Minnesota Statutes 2018, section 61B.24, subdivision 3, is amended to read:

Subd. 3. **Formula for determination.** (a) The amount of a class A assessment shall be determined by the board and may be made on a pro rata or nonpro rata basis. If pro rata, the board may provide that it be credited against future class B assessments. ~~A nonpro rata assessment shall not exceed \$500 per member insurer in any one calendar year.~~

(b) The amount of any class B assessment, except for assessments related to long-term care insurance, must be allocated for assessment purposes between the accounts and among the accounts ~~or subaccounts of the life insurance and annuity account~~ pursuant to an allocation formula which may be based on the premiums or reserves of the impaired or insolvent insurer or any other standard considered by the board in its sole discretion as being fair and reasonable under the circumstances.

(c) The amount of the Class B assessment for long-term care insurance written by the impaired or insolvent insurer shall be allocated according to a methodology included in the plan of operation and approved by the commissioner. The methodology shall provide for 50 percent of the assessment to be allocated to health insurance member insurers and 50 percent to be allocated to life and annuity member insurers.

~~(e)~~ (d) Class B assessments against member insurers for each subaccount or account must be in the proportion that the average annual premiums received on business in this state by each assessed member insurer on policies or contracts covered by each subaccount or account for the three most recent calendar years for which information is available preceding the calendar year in which the member insurer became impaired or insolvent, as the case may be, bears to the average annual premiums received on business in this state by all assessed member insurers on policies or contracts covered by that subaccount or account for those same calendar years. If the impaired insurer becomes insolvent, the date of ~~impairment~~ insolvency must be used to determine the assessment. Premiums for purposes of calculating average annual premium for calendar years prior to 1993 shall be determined in accordance with Minnesota Statutes 1992, sections 61B.01 to 61B.16.

~~(d)~~ (e) Assessments for funds to meet the requirements of the association with respect to an impaired or insolvent insurer must not be made until necessary to implement the purposes of sections 61B.18 to 61B.32. Classification of assessments under subdivision 2 and computation of assessments under this subdivision must be made with a reasonable degree of accuracy, recognizing that exact determinations may not always be possible.

Sec. 19. Minnesota Statutes 2018, section 61B.24, subdivision 5, is amended to read:

Subd. 5. **Maximum assessment.** (a) The total of all assessments upon a member insurer for each subaccount of the life and annuity account and for the health account shall not in any one calendar year exceed two percent of that member insurer's average annual premiums as calculated in subdivision 3, paragraph ~~(e)~~ (d), on policies or contracts covered by that account or subaccount. If two or more assessments are made with respect to member insurers that become impaired or insolvent in different calendar years, average annual premiums for purposes of the assessment percentage limitation are based upon the higher of the three-year averages calculated under subdivision 3, paragraph ~~(e)~~ (d). If an impaired insurer becomes insolvent, the date of impairment must be used to determine the assessment. If the maximum assessment for any subaccount of the life and annuity account in any one calendar year will not provide an amount sufficient to carry out the responsibilities of the association, then pursuant to subdivision 3, the board of directors shall assess based on the other subaccounts of the life and annuity account for the necessary additional amount, subject to the maximum of two percent stated above for each subaccount.

(b) If the maximum assessment for an account, together with the other assets of the association in that account, does not provide in any one calendar year in that account an amount sufficient to carry out the responsibilities of the association, the necessary additional funds must be assessed as soon as permitted by sections 61B.18 to 61B.32.

(c) The board may adopt general principles in the plan of operation for allocating funds among claims, whether relating to one or more impaired or insolvent insurers, when the maximum assessment will be insufficient to cover anticipated claims.

(d) If assessments under this section are inadequate to pay all obligations of the impaired insurer that are or become due and owing, then the association shall prepare a plan approved by the commissioner for prioritization of payments. If the association adopts general principles in the plan of operations, the association shall use the general principles in preparing the plan required under this paragraph. No formerly impaired or insolvent insurer may be reinstated until all payments of or on account of the insurer's or health maintenance organization's contractual obligations by the

guaranty association, along with all expenses thereof and interest on all such payments and expenses, shall have been repaid to the guaranty association or a plan of repayment by the insurer or health maintenance organization shall have been approved by the commissioner.

Sec. 20. Minnesota Statutes 2018, section 61B.24, subdivision 6, is amended to read:

Subd. 6. **Refund.** The board may, by an equitable method as established in the plan of operation, refund to member insurers, in proportion to the contribution of each member insurer to that account or subaccount, the amount by which the assets of the account or subaccount exceed the amount the board finds is necessary to carry out during the coming year the obligations of the association with regard to that account or subaccount, including assets accruing from assignment, subrogation, net realized gains, and income from investments. A reasonable amount may be retained in any account or subaccount to provide funds for the continuing expenses of the association and for future losses.

Sec. 21. Minnesota Statutes 2018, section 61B.24, subdivision 7, is amended to read:

Subd. 7. **Premium rates and dividends.** A member insurer may, in determining its premium rates and policy owner dividends as to any kind of insurance or health maintenance organization business within the scope of sections 61B.18 to 61B.32, consider the amount reasonably necessary to meet its assessment obligations under sections 61B.18 to 61B.32.

Sec. 22. Minnesota Statutes 2018, section 61B.24, subdivision 8, is amended to read:

Subd. 8. **Certificate of contribution.** The association shall issue to each member insurer paying an assessment under sections 61B.18 to 61B.32, other than a class A assessment, a certificate of contribution, in a form prescribed by the commissioner, for the amount of the assessment so paid. All outstanding certificates must be of equal dignity and priority without reference to amounts or dates of issue. A certificate of contribution may be shown by the member insurer in its financial statement as an asset in the form and for the amount, if any, and period of time as the commissioner may approve.

Sec. 23. Minnesota Statutes 2018, section 61B.24, subdivision 10, is amended to read:

Subd. 10. **Procedure for protests regarding assessments.** (a) A member insurer that wishes to protest all or part of an assessment shall pay when due the full amount of the assessment as set forth in the notice provided by the association. The payment is available to meet association obligations during the pendency of the protest or any subsequent appeal. Payment must be accompanied by a statement in writing that the payment is made under protest and setting forth a brief statement of the grounds for the protest.

(b) Within 60 days following the payment of an assessment under protest by a member insurer, the association shall notify the member insurer in writing of its determination with respect to the protest unless the association notifies the member insurer that additional time is required to resolve the issues raised by the protest.

(c) Within 30 days after a final decision has been made, the association shall notify the protesting member insurer in writing of that final decision. Within 60 days of receipt of notice of the final decision, the protesting member insurer may appeal that final action to the commissioner.

(d) In the alternative to rendering a final decision with respect to a protest based on a question regarding the assessment base, the association may refer the protest to the commissioner for a final decision, with or without a recommendation from the association.

(e) If the protest or appeal on the assessment is upheld, the amount paid in error or excess shall be returned to the member ~~company~~ insurer. Interest on a refund due a protesting member insurer shall be paid at the rate actually earned by the association.

Sec. 24. Minnesota Statutes 2018, section 61B.26, is amended to read:

61B.26 DUTIES AND POWERS OF COMMISSIONER.

(a) In addition to other duties and powers in sections 61B.18 to 61B.32, the commissioner shall:

(1) notify the board of directors of the existence of an impaired or insolvent insurer within three days after a determination of impairment or insolvency is made or the commissioner receives notice of impairment or insolvency;

(2) upon request of the board of directors, provide the association with a statement of the premiums in this and any other appropriate states for each member insurer;

(3) when an impairment is declared and the amount of the impairment is determined, serve a demand upon the impaired insurer to make good the impairment within a reasonable time; notice to the impaired insurer shall constitute notice to its shareholders, if any; the failure of the impaired insurer to promptly comply with the commissioner's demand shall not excuse the association from the performance of its powers and duties under sections 61B.18 to 61B.32; and

(4) in a liquidation, conservation, or rehabilitation proceeding involving a domestic insurer, be appointed as the liquidator, conservator, or rehabilitator.

(b) The commissioner may suspend or revoke, after notice and hearing, the certificate of authority to transact ~~insurance~~ business in this state of any member insurer which fails to pay an assessment when due or fails to comply with the plan of operation. As an alternative, the commissioner may levy a forfeiture on any member insurer which fails to pay an assessment when due. A forfeiture shall not exceed five percent of the unpaid assessment per month, but no forfeiture shall be less than \$100 per month.

(c) A final action of the board of directors or the association may be appealed to the commissioner if the appeal is taken within 60 days of the aggrieved party's receipt of notice of the final action being appealed. Any final action or order of the commissioner is subject to judicial review in a court of competent jurisdiction, in the manner provided by chapter 14. A determination or decision by the commissioner under sections 61B.18 to 61B.32 is not subject to the contested case or rulemaking provisions of chapter 14.

(d) The liquidator, rehabilitator, or conservator of an impaired insurer may notify all interested persons of the effect of sections 61B.18 to 61B.32.

(e) For the purposes of sections 61B.18 to 61B.32, the commissioner may delegate any of the powers conferred by law.

(f) Nonperformance of any of the acts specified in this section or failure to meet the specific time limits does not affect the association, its members, or any other person as to the person's duties and obligations.

Sec. 25. Minnesota Statutes 2018, section 61B.27, is amended to read:

61B.27 PREVENTION OF INSOLVENCIES.

(a) To aid in the detection and prevention of member insurer insolvencies or impairments the commissioner shall notify the commissioners of insurance of all the other states, territories of the United States, and the District of Columbia when the commissioner takes one of the following actions against a member insurer:

- (i) revocation of license; or
- (ii) suspension of license.

The notice must be mailed to all commissioners within 30 days following the action.

(b) If the commissioner deems it appropriate, the commissioner may:

(1) Report to the board of directors when the commissioner has taken any of the actions specified in paragraph (a) or has received a report from another commissioner indicating that an action specified in paragraph (a) has been taken in another state. The report to the board of directors must contain all significant details of the action taken or the report received from another commissioner.

(2) Report to the board of directors when the commissioner has reasonable cause to believe from an examination, whether completed or in process, of a member company that the company may be an impaired or insolvent insurer.

(3) Furnish to the board of directors the National Association of Insurance Commissioners insurance regulatory information system ratios and listings of companies not included in the ratios developed by the National Association of Insurance Commissioners, and the board may use the information in carrying out its duties and responsibilities under this section. The report and the information contained in it must be kept confidential by the board of directors until it has been made public by the commissioner or other lawful authority. Nothing in this provision supersedes other requirements of law.

(4) Notify the board if the commissioner makes a formal order requiring the company member insurer to restrict its premium writing, obtain additional contributions to surplus, withdraw from this state, reinsure all or any part of its business, or increase capital, surplus, or any other account for the security of policyholders, contract holders, certificate holders, or creditors.

(c) The commissioner may seek the advice and recommendations of the board of directors concerning any matter affecting the commissioner's duties and responsibilities regarding the financial condition of member insurers and of companies insurers or health maintenance organizations seeking admission to transact ~~insurance~~ business in this state.

(d) The board of directors may, upon majority vote, make reports and recommendations to the commissioner upon matters germane to the solvency, liquidation, rehabilitation, or conservation of

any member insurer or germane to the solvency of ~~a company~~ an insurer or health maintenance organization seeking to do ~~an insurance~~ business in this state. Those reports and recommendations shall not be considered public documents.

(e) The board of directors, upon majority vote, may notify the commissioner of information indicating that a member insurer may be an impaired or insolvent insurer.

(f) The board of directors may, upon majority vote, make recommendations to the commissioner for the detection and prevention of member insurer insolvencies.

(g) The board of directors may, at the conclusion of an insurer insolvency in which the association was obligated to pay covered claims, prepare a report to the commissioner containing the information it may have in its possession bearing on the history and causes of the insolvency. The board shall cooperate with the boards of directors of guaranty associations in other states in preparing a report on the history and causes of insolvency of a particular insurer or health maintenance organization, and may adopt by reference any report prepared by those other associations.

(h) Nonperformance by the commissioner of any of the acts specified in this section or failure to meet the specified time limits does not affect the association, its members, or any other person as to the person's duties and obligations.

Nothing in this section supersedes other requirements of law.

Sec. 26. Minnesota Statutes 2018, section 61B.28, subdivision 3, is amended to read:

Subd. 3. **Association as creditor.** For the purpose of carrying out its obligations under sections 61B.18 to 61B.32, the association is considered to be a creditor of the impaired or insolvent insurer to the extent of assets attributable to covered policies, reduced by amounts which the association recovers from the assets of the impaired or insolvent insurer as subrogee under section 61B.23, subdivision 12. Recoveries by the association as subrogee under section 61B.23, subdivision 12, from assets other than from assets of the impaired or insolvent insurer shall not reduce or act as an offset to the association's claim as creditor of the impaired or insolvent insurer. Assets of the impaired or insolvent insurer attributable to covered policies or contracts must be used to continue all covered policies or contracts and pay all contractual obligations of the impaired or insolvent insurer as required by sections 61B.18 to 61B.32. Assets attributable to covered policies or contracts, as used in this subdivision, are that proportion of the assets which the reserves that should have been established for those policies bear to the reserves that should have been established for all policies of insurance written by the impaired or insolvent insurer.

Sec. 27. Minnesota Statutes 2018, section 61B.28, subdivision 3a, is amended to read:

Subd. 3a. **Association access to insolvent insurer's assets.** As a creditor of the impaired or insolvent insurer as established in subdivision 3 of this section and consistent with section 60B.46, the association and other similar associations is entitled to receive a disbursement of assets out of the marshalled assets, from time to time as the assets become available to reimburse it, as a credit against contractual obligations under sections 61B.18 to 61B.32. If the liquidator has not, within 120 days of a final determination of insolvency of ~~an~~ a member insurer by the receivership court, made an application to the court for the approval of a proposal to disburse assets out of marshalled assets to guaranty associations having obligations because of the insolvency, then the association

shall be entitled to make application to the receivership court for approval of its own proposal to disburse these assets.

Sec. 28. Minnesota Statutes 2018, section 61B.28, subdivision 4, is amended to read:

Subd. 4. **Prohibited sales practice.** No person, including ~~an~~ a member insurer, agent, or affiliate of ~~an~~ a member insurer, shall make, publish, disseminate, circulate, or place before the public, or cause directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in any newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio station or television station, or in any other way, an advertisement, announcement, or statement, written or oral, which uses the existence of the Minnesota Life and Health Insurance Guaranty Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance or other coverage covered by sections 61B.18 to 61B.32. The notice required by subdivision 8 is not a violation of this subdivision nor is it a violation of this subdivision to explain verbally to an applicant or potential applicant the coverage provided by the Minnesota Life and Health Insurance Guaranty Association at any time during the application process or thereafter. This subdivision does not apply to the Minnesota Life and Health Insurance Guaranty Association or an entity that does not sell or solicit insurance or coverage by a health maintenance organization.

Sec. 29. Minnesota Statutes 2018, section 61B.28, subdivision 6, is amended to read:

Subd. 6. **Reinstatement.** No member insurer may be reinstated to do business in this state until all payments of or on account of the impaired insurer's contractual obligations by the guaranty association, along with all expenses thereof and interest on all such payments and expenses, shall have been repaid to the guaranty association or a plan of repayment by the impaired insurer shall have been approved by the association.

Sec. 30. Minnesota Statutes 2018, section 61B.28, subdivision 7, is amended to read:

Subd. 7. **Notice concerning limitations and exclusions.** (a) No person, including ~~an~~ a member insurer, agent, or affiliate of ~~an~~ a member insurer or agent, shall offer for sale in this state a covered life insurance, annuity, or health insurance policy or contract without delivering, either at the time of application for that policy or contract or at the time of delivery of the policy or contract, a notice in the form specified in subdivision 8, or in a form approved by the commissioner under paragraph (b), relating to coverage provided by the Minnesota Life and Health Insurance Guaranty Association. The notice may be part of the application. A copy of the notice must be given to the applicant or the ~~policyholder~~ policy owner, contract owner, certificate holder, or enrollee. The person offering the policy or contract shall document the fact that the notice was given at the time of application or the fact that the notice was delivered at the time the policy or contract was delivered. This does not require that the receipt of the notice be acknowledged by the applicant.

(b) The association may prepare, and file with the commissioner for approval, a form of notice as an alternative to the form of notice specified in subdivision 8 describing the general purposes and limitations of this chapter. The form of notice shall:

(1) state the name, address, and telephone number of the Minnesota Life and Health Insurance Guaranty Association;

(2) prominently warn the policy ~~owner~~, contract owner, certificate holder, or enrollee that the Minnesota Life and Health Insurance Guaranty Association may not cover the policy or, if coverage is available, it will be subject to substantial limitations and exclusions and conditioned on continued residence in the state;

(3) state that the member insurer and its agents are prohibited by law from using the existence of the Minnesota Life and Health Insurance Guaranty Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance or health maintenance organization coverage;

(4) emphasize that the policy ~~owner~~, contract, owner, certificate holder, or enrollee should not rely on coverage under the Minnesota Life and Health Insurance Guaranty Association when selecting an insurer or health maintenance organization;

(5) provide other information as directed by the commissioner. The commissioner may approve any form of notice proposed by the association and, as to the approved form of notice, the association may notify all member insurers by mail or other electronic means that the form of notice is available as an alternative to the notice specified in subdivision 8.

(c) A policy or contract not covered by the Minnesota Life and Health Insurance Guaranty Association or the Minnesota Insurance Guaranty Association must contain the following notice in ten-point type, stamped in red ink or contrasting type on the policy or contract and the application:

"THIS POLICY OR CONTRACT IS NOT PROTECTED BY THE MINNESOTA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OR THE MINNESOTA INSURANCE GUARANTY ASSOCIATION. IN THE CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED. ONLY THE ASSETS OF THIS INSURER OR HEALTH MAINTENANCE ORGANIZATION WILL BE AVAILABLE TO PAY YOUR CLAIM."

This section does not apply to fraternal benefit societies regulated under chapter 64B.

Sec. 31. Minnesota Statutes 2018, section 61B.28, subdivision 8, is amended to read:

Subd. 8. **Form.** The form of notice referred to in subdivision 7, paragraph (a), is as follows:

".....
.....
....."

(insert name, current address, and telephone number of member insurer)

NOTICE CONCERNING POLICYHOLDER RIGHTS IN AN
INSOLVENCY UNDER THE MINNESOTA LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION LAW

If the insurer or health maintenance organization that issued your life, annuity, or health insurance policy becomes impaired or insolvent, you are entitled to compensation for your policy or contract

from the assets of that insurer. The amount you recover will depend on the financial condition of the insurer or health maintenance organization.

In addition, residents of Minnesota who purchase life insurance, annuities, ~~or~~ health insurance, or health maintenance organization coverage from insurance companies authorized to do business in Minnesota are protected, SUBJECT TO LIMITS AND EXCLUSIONS, in the event the insurer or health maintenance organization becomes financially impaired or insolvent. This protection is provided by the Minnesota Life and Health Insurance Guaranty Association.

For purposes of this notice, the terms "insurance company" and "insurer" include health maintenance organizations.

Minnesota Life and Health Insurance Guaranty Association
(insert current
address and telephone number)

The maximum amount the guaranty association will pay for all policies or contracts issued on one life by the same insurer or health maintenance organization is limited to \$500,000. Subject to this \$500,000 limit, the guaranty association will pay up to \$500,000 in life insurance death benefits, \$130,000 in net cash surrender and net cash withdrawal values for life insurance, \$500,000 in health insurance, health maintenance organization, and long-term care benefits, including any net cash surrender and net cash withdrawal values, \$500,000 in disability income insurance, \$250,000 in annuity net cash surrender and net cash withdrawal values, \$410,000 in present value of annuity benefits for annuities which are part of a structured settlement or for annuities in regard to which periodic annuity benefits, for a period of not less than the annuitant's lifetime or for a period certain of not less than ten years, have begun to be paid on or before the date of impairment or insolvency, or if no coverage limit has been specified for a covered policy or benefit, the coverage limit shall be \$500,000 in present value. Unallocated annuity contracts issued to retirement plans, other than defined benefit plans, established under section 401, 403(b), or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1992, are covered up to \$250,000 in net cash surrender and net cash withdrawal values, for Minnesota residents covered by the plan provided, however, that the association shall not be responsible for more than \$10,000,000 in claims from all Minnesota residents covered by the plan. If total claims exceed \$10,000,000, the \$10,000,000 shall be prorated among all claimants. These are the maximum claim amounts. Coverage by the guaranty association is also subject to other substantial limitations and exclusions and requires continued residency in Minnesota. If your claim exceeds the guaranty association's limits, you may still recover a part or all of that amount from the proceeds of the liquidation of the insolvent insurer, if any exist. Funds to pay claims may not be immediately available. The guaranty association assesses insurers and health maintenance organizations licensed to sell life and health insurance in Minnesota after the insolvency occurs. Claims are paid from this assessment.

Benefits provided by a long-term care rider to a life insurance policy or annuity contract shall be considered the same type of benefits as the base life insurance policy or annuity contract to which it relates.

THE COVERAGE PROVIDED BY THE GUARANTY ASSOCIATION IS NOT A SUBSTITUTE FOR USING CARE IN SELECTING INSURANCE COMPANIES THAT ARE WELL MANAGED AND FINANCIALLY STABLE. IN SELECTING AN INSURANCE

COMPANY, CONTRACT, OR POLICY, YOU SHOULD NOT RELY ON COVERAGE BY THE GUARANTY ASSOCIATION.

THIS NOTICE IS REQUIRED BY MINNESOTA STATE LAW TO ADVISE POLICYHOLDERS OF LIFE, ANNUITY, ~~OR~~ HEALTH INSURANCE, OR HEALTH MAINTENANCE ORGANIZATION POLICIES AND CONTRACTS OF THEIR RIGHTS IN THE EVENT THEIR INSURANCE CARRIER BECOMES FINANCIALLY IMPAIRED OR INSOLVENT. THIS NOTICE IN NO WAY IMPLIES THAT THE COMPANY CURRENTLY HAS ANY TYPE OF FINANCIAL PROBLEMS. ALL LIFE, ANNUITY, ~~AND~~ HEALTH INSURANCE, AND HEALTH MAINTENANCE ORGANIZATION POLICIES AND CONTRACTS ARE REQUIRED TO PROVIDE THIS NOTICE."

Additional language may be added to the notice if approved by the commissioner prior to its use in the form. This section does not apply to fraternal benefit societies regulated under chapter 64B.

Sec. 32. **[61B.33] RIGHTS AND OBLIGATIONS OF ASSOCIATION.**

Notwithstanding any other provision of law, the provisions of the Minnesota Life and Health Insurance Guaranty Association Act in effect on the date the association first becomes obligated for the policies or contracts of an insolvent or impaired member insurer govern the association's rights or obligations to the policy owners, contract owners, or enrollees of the insolvent or impaired member insurer.

Sec. 33. Minnesota Statutes 2018, section 62D.18, subdivision 1, is amended to read:

Subdivision 1. **Commissioner of health; order.** The commissioner of health may apply by verified petition to the district court of Ramsey County or the county in which the principal office of the health maintenance organization is located for an order directing the commissioner of health to rehabilitate or liquidate a health maintenance organization. The rehabilitation or liquidation of a health maintenance organization shall be conducted under the supervision of the commissioner of health under the procedures, and with the powers granted to a rehabilitator or liquidator, in chapter 60B, except to the extent that the nature of health maintenance organizations renders the procedures or powers clearly inappropriate and as provided in this subdivision or in chapter 60B. A health maintenance organization shall be considered an insurance company for the purposes of rehabilitation or liquidation as provided in subdivisions 4, 6, and 7. For health maintenance organizations that will be liquidated on or after August 1, 2020, chapters 60B and 61B apply.

Sec. 34. Minnesota Statutes 2018, section 297I.20, subdivision 1, is amended to read:

Subdivision 1. **Guaranty association assessment offsets.** (a) An insurance company or health maintenance organization may offset against its premium tax liability to this state any amount paid for assessments made for insolvencies ~~which occur after July 31, 1994,~~ under sections 60C.01 to 60C.22; and any amount paid for assessments ~~made after July 31, 1994,~~ under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or under sections 61B.18 to 61B.32 as follows:

(1) Each such assessment shall give rise to an amount of offset equal to 20 percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid.

(2) The amount of offset initially determined for each taxable year is the sum of the amounts determined under clause (1) for that taxable year.

(b)(1) Each year the commissioner shall compare total guaranty association assessments levied over the preceding five calendar years to the sum of all premium tax and corporate franchise tax revenues collected from insurance companies and health maintenance organizations, without reduction for any guaranty association assessment offset in the preceding calendar year, referred to in this subdivision as "preceding year insurance tax revenues."

(2) If total guaranty association assessments levied over the preceding five years exceed the preceding year insurance tax revenues, insurance companies and health maintenance organizations must be allowed only a proportionate part of the premium tax offset calculated under paragraph (a) for the current calendar year.

(3) The proportionate part of the premium tax offset allowed in the current calendar year is determined by multiplying the amount calculated under paragraph (a) by a fraction. The numerator of the fraction equals the preceding year insurance tax revenues, and its denominator equals total guaranty association assessments levied over the preceding five-year period.

(4) The proportionate part of the premium tax offset that is not allowed must be carried forward to subsequent tax years and added to the amount of premium tax offset calculated under paragraph (a) prior to application of the limitation imposed by this paragraph.

(5) Any amount carried forward from prior years must be allowed before allowance of the offset for the current year calculated under paragraph (a).

(6) The premium tax offset limitation must be calculated separately for (i) insurance companies subject to assessment under sections 60C.01 to 60C.22, and (ii) insurance companies or health maintenance organizations subject to assessment under ~~Minnesota Statutes 1992,~~ sections 61B.01 to 61B.16, or 61B.18 to 61B.32.

(7) When the premium tax offset is limited by this provision, the commissioner shall notify affected insurance companies or health maintenance organizations on a timely basis for purposes of completing premium and corporate franchise tax returns.

(8) The guaranty associations created under sections 60C.01 to 60C.22, ~~Minnesota Statutes 1992,~~ sections 61B.01 to 61B.16, and 61B.18 to 61B.32, shall provide the commissioner with the necessary information on guaranty association assessments.

(c)(1) If the offset determined by the application of paragraphs (a) and (b) exceeds the insurance company's or health maintenance organization's premium tax liability under this section prior to allowance of the credit for premium taxes, then the insurance company or health maintenance organization may carry forward the excess, referred to in this subdivision as the "carryforward credit" to subsequent taxable years.

(2) The carryforward credit is allowed as an offset against premium tax liability for the first succeeding year to the extent that the premium tax liability for that year exceeds the amount of the allowable offset for the year determined under paragraphs (a) and (b).

(3) The carryforward credit must be reduced, but not below zero, by the amount of the carryforward credit allowed as an offset against the premium tax under this paragraph. The remainder, if any, of the carryforward credit must be carried forward to succeeding taxable years until the entire carryforward credit has been credited against the insurance company's or health maintenance organization's liability for premium tax under this chapter if applicable for that taxable year.

(d) When an insurer or health maintenance organization has offset against taxes its payment of an assessment of the Minnesota Life and Health Guaranty Association, and the association pays the insurer or health maintenance organization a refund with respect to the assessment under ~~Minnesota Statutes 1992~~, section 61B.07, subdivision 6, or 61B.24, subdivision 6, then the refund reduces the insurer's or health maintenance organization's carryforward credit under paragraph (c). If the refund exceeds the amount of the carryforward credit, the excess amount must be repaid to the state by the insurers or health maintenance organizations to the extent of the offset in the manner the commissioner requires.

Sec. 35. EFFECTIVE DATE.

Sections 1 to 34 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to commerce; making technical changes to various provisions governing or administered by the Department of Commerce; modifying the Minnesota Life and Health Insurance Guaranty Association Act; amending Minnesota Statutes 2018, sections 47.60, by adding a subdivision; 48A.11; 53.03, by adding a subdivision; 53A.03; 53B.07, by adding a subdivision; 53C.01, subdivision 12; 53C.02; 56.02; 58.02, subdivision 21; 58.06, by adding a subdivision; 58A.02, subdivision 13; 58A.13; 59A.03, by adding a subdivision; 60A.031, subdivision 4; 60A.07, subdivision 1d; 60A.16, subdivisions 1, 2; 60B.02; 61B.19, subdivisions 1, 2, 3, 4; 61B.20, subdivisions 10, 13, 16; 61B.21, subdivision 1; 61B.22, subdivision 1; 61B.23, subdivisions 1, 3, 4, 8a, 12, 13, 14; 61B.24, subdivisions 3, 5, 6, 7, 8, 10; 61B.26; 61B.27; 61B.28, subdivisions 3, 3a, 4, 6, 7, 8; 62D.18, subdivision 1; 82.68, subdivision 2; 82C.03, subdivision 2; 82C.06; 82C.15; 216C.437, subdivision 11; 297I.20, subdivision 1; 332.30; 332.54, subdivision 4, by adding a subdivision; 332.57, subdivision 2; 332A.03; 332B.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 61B; repealing Minnesota Statutes 2018, sections 53B.27, subdivisions 3, 4; 60A.07, subdivision 1a; 72B.14."

And when so amended the bill do pass.

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

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

S.F. No. 3255: A bill for an act relating to transportation; transferring jurisdiction of certain highway on the trunk highway system; amending Minnesota Statutes 2018, section 161.115, subdivision 43; Laws 2019, First Special Session chapter 3, article 3, section 120.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2018, section 160.05, subdivision 1, is amended to read:

Subdivision 1. **Six years.** (a) When any road or portion of a road has been used and kept in repair and worked for at least six years continuously as a public highway by a road authority, it shall be deemed dedicated to the public to the width of the actual use and be and remain, until lawfully vacated, a public highway whether it has ever been established as a public highway or not. Nothing contained in this subdivision shall impair the right, title, or interest of the water department of any city of the first class secured under Special Laws 1885, chapter 110. This subdivision shall apply to roads and streets except platted streets within cities. If a road authority fails to give the notice required by paragraph (b), this subdivision does not apply.

(b) Before a road authority may make any repairs or conduct any work on a private road as defined by section 169.011, subdivision 57, the road authority must notify the owner of the road of the intent to make repairs or conduct work on the private road. The notice must be sent to the owner by certified mail. The notice must specify the segment of road that is the subject of the notice and state the duration of the repairs or work. The notice must include the following: "Pursuant to Minnesota Statutes, section 160.05, your private road may be deemed to be dedicated to the public if the following conditions are met for six continuous years: (1) the road is used by the public; and (2) the road is repaired or worked on by a road authority. This means that the road will no longer be a private road but will be a public road. You will not receive compensation from the road authority when the road is dedicated to the public."

EFFECTIVE DATE; APPLICATION. This section is effective August 1, 2020, and applies to any repairs, maintenance, or work newly started on a private road on or after that date. This section does not apply to a road segment for which: (1) repair or work started before August 1, 2020; or (2) a road authority has continuously maintained since before August 1, 2020.

Sec. 2. Minnesota Statutes 2018, section 161.115, subdivision 43, is amended to read:

Subd. 43. **Route No. 112.** Beginning at ~~the terminus of Route No. 53 on the southerly limits of the city of South St. Paul~~ a point on the southerly limits of the city of St. Paul, thence extending through South St. Paul into the city of St. Paul northerly to connect with Route No. 102 as herein established.

EFFECTIVE DATE. This section is effective after the conditions in Laws 2019, First Special Session chapter 3, article 3, section 120, as amended by this act, are met.

Sec. 3. Minnesota Statutes 2019 Supplement, section 161.14, subdivision 94, is amended to read:

Subd. 94. **Specialist Noah Pierce Bridge.** The bridge on marked ~~Trunk Highway 37 over marked U.S. Highway 53~~ U.S. Highway 53 over marked Trunk Highway 37 in the city of Eveleth is designated as "Specialist Noah Pierce Bridge." Subject to section 161.139, the commissioner must adopt a suitable design to mark this bridge and erect appropriate signs.

Sec. 4. Minnesota Statutes 2018, section 168.09, subdivision 7, is amended to read:

Subd. 7. **Display of temporary permit.** (a) A vehicle that displays a Minnesota plate issued under this chapter may display a temporary permit in conjunction with expired registration if:

- (1) the current registration tax and all other fees and taxes have been paid in full; and
- (2) the plate has been applied for.

(b) A vehicle may display a temporary permit in conjunction with expired registration, with or without a registration plate, if:

- (1) the plates have been applied for;
- (2) the registration tax and other fees and taxes have been paid in full; and

(3) either the vehicle is used solely as a collector vehicle while displaying the temporary permit and not used for general transportation purposes or the vehicle was issued a 21-day permit under section 168.092, subdivision 1.

(c) The permit is valid for a period of 60 days. The permit must be in a format prescribed by the commissioner ~~and whenever practicable must be posted upon the driver's side of the rear window on the inside of the vehicle,~~ affixed to the rear of the vehicle where a license plate would normally be affixed, and plainly visible. The permit is valid only for the vehicle for which it was issued to allow a reasonable time for the new plates to be manufactured and delivered to the applicant. The permit may be issued only by the commissioner or by a deputy registrar under section 168.33.

EFFECTIVE DATE. This section is effective January 1, 2021, or upon initial deployment of the replacement motor vehicle title and registration information system, whichever is earlier. The commissioner of public safety must notify the revisor of statutes of the effective date.

Sec. 5. Minnesota Statutes 2018, section 168.091, is amended to read:

168.091 31-DAY TEMPORARY VEHICLE PERMIT.

Subdivision 1. **Nonresident buyer.** (a) Upon payment of a fee of \$1, the commissioner may issue a permit to a nonresident purchasing a vehicle in this state for the sole purpose of allowing the vehicle to be removed from this state.

(b) The permit is in lieu of any other registration or taxation for use of the highways and is valid for a period of 31 days from the date of sale, trade, or gift.

(c) The permit must be available in an electronic format as determined by the commissioner.

(d) If the sale, gift, or trade information is electronically transmitted to the commissioner by a dealer or deputy registrar of motor vehicles, the \$1 fee is waived.

(e) The permit must be ~~posted upon the left side of the inside rear window of the vehicle or, if not practicable,~~ affixed to the rear of the vehicle where it is plainly visible to law enforcement. Each permit is valid only for the vehicle for which the permit was issued.

Subd. 2. **Dealer.** The registrar may issue a quantity of permits in booklet form to licensed dealers upon payment of the proper fee for each permit contained in said booklet. When issuing a permit, the dealer shall immediately forward to the registrar information on forms supplied by the registrar showing to whom the permit was issued, the vehicle description, date of issue and expiration, and such other information as the registrar may require.

Subd. 3. **Proceeds to highway user fund.** All payments received for such permits shall be paid into the state treasury and credited to the highway user tax distribution fund.

EFFECTIVE DATE. This section is effective January 1, 2021, or upon initial deployment of the replacement motor vehicle title and registration information system, whichever is earlier. The commissioner of public safety must notify the revisor of statutes of the effective date.

Sec. 6. Minnesota Statutes 2018, section 168.092, is amended to read:

168.092 21-DAY TEMPORARY VEHICLE PERMIT.

Subdivision 1. **Resident buyer.** The motor vehicle registrar may issue a permit to a person purchasing a new or used motor vehicle in this state for the purpose of allowing the purchaser a reasonable time to register the vehicle and pay fees and taxes due on the transfer. The permit is valid for a period of 21 days. The permit must be in a form as the registrar may determine and, whenever practicable must be posted upon the left side of the inside rear window of the vehicle, affixed to the rear of the vehicle where a license plate would normally be affixed, and plainly visible. Each permit is valid only for the vehicle for which issued.

Subd. 2. **Dealer.** The registrar may issue a quantity of permits to licensed dealers. When issuing a permit, the dealer shall complete the permit in the manner prescribed by the department. ~~One copy of the permit shall be retained in sequential order in the dealer's files.~~

EFFECTIVE DATE. This section is effective January 1, 2021, or upon initial deployment of the replacement motor vehicle title and registration information system, whichever is earlier. The commissioner of public safety must notify the revisor of statutes of the effective date.

Sec. 7. Minnesota Statutes 2018, section 169.09, subdivision 3, is amended to read:

Subd. 3. **Driver to give information.** (a) The driver of any motor vehicle involved in a collision the driver knows or has reason to know results in bodily injury to or death of another, or damage to any vehicle driven or attended by another, shall give the driver's name, ~~address, and~~ date of birth, mailing address or e-mail address, and the registration plate number of the vehicle being driven. The driver shall, upon request and if available, exhibit the driver's license or permit to drive ~~to the individual struck or the driver or occupant of or individual attending any vehicle collided with.~~ The driver also shall give the information and upon request exhibit the license or permit to any peace officer at the scene of the collision or who is investigating the collision. The driver shall render reasonable assistance to any individual injured in the collision.

(b) If not given at the scene of the collision, the driver, within 72 hours after the accident, shall give, on request to any individual involved in the collision or to a peace officer investigating the collision, the name and address of the insurer providing vehicle liability insurance coverage, and the local insurance agent for the insurer.

Sec. 8. Minnesota Statutes 2018, section 169.451, subdivision 2, is amended to read:

Subd. 2. **Inspection certificate.** Except as provided in subdivision 2a, no person shall drive, or no owner shall knowingly permit or cause to be driven, any school bus or Head Start bus unless there is displayed thereon a certificate issued by the commissioner of public safety stating that on a certain date, which shall be within 13 months of the date of operation, a member of the Minnesota State Patrol inspected the bus and found that on the date of inspection the bus complied with the applicable provisions of state law relating to construction, design, equipment, and color.

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

Sec. 9. Minnesota Statutes 2018, section 169.451, is amended by adding a subdivision to read:

Subd. 2a. **Interim inspection; certificate.** In lieu of the certificate required in subdivision 2, a new or used school bus being sold by a dealer in this state may display an interim inspection certificate. The school bus dealer completing the preregistration certificate required in section 168.102 may inspect the bus to determine if the bus complies with the applicable provisions of state law relating to construction, design, equipment, and color. If the bus complies with the applicable provisions of state law, the dealer may affix the interim inspection certificate to the school bus, indicating that on the date of the inspection, the bus complied with the applicable provisions of state law relating to construction, design, equipment, and color. The interim certificate must include the date of the inspection and must be valid until the owner's next scheduled annual inspection, but must not be valid for more than 12 months following the month of the initial inspection. The commissioner must provide the prescribed interim inspection certificates at no cost to the dealer.

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

Sec. 10. Minnesota Statutes 2018, section 169.451, subdivision 4, is amended to read:

Subd. 4. **Violation; penalty.** The State Patrol shall enforce ~~subdivision~~ subdivisions 2 and 2a. A ~~violation of subdivision 2~~ is person who operates a school bus without a valid inspection certificate issued pursuant to subdivision 2 or an interim inspection certificate issued pursuant to subdivision 2a is guilty of a misdemeanor.

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

Sec. 11. **[169.812] ESCORT VEHICLES FOR OVERDIMENSIONAL LOADS; DEFINITIONS; REQUIREMENTS.**

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

(b) "Licensed peace officer" means a law enforcement officer licensed under sections 626.84 to 626.863, who holds a certificate under section 299D.085, and who may operate an authorized emergency vehicle and direct and control traffic and require traffic to yield to an overdimensional load.

(c) "Escort driver" means an individual who holds a certificate under section 299D.085 and is authorized to control and direct traffic as a flagger during the movement of an overdimensional load

following the Manual on Uniform Traffic Control Devices standards as defined by the Federal Highway Administration and section 169.06, subdivision 4.

(d) "Flagger" means a person who actively controls the flow of vehicular traffic into, through, or into and through a temporary traffic control zone using hand-signaling devices or an automated flagger assistance device.

(e) "Overdimensional load" is a vehicle or combination of vehicles of a size or weight of vehicle or load exceeding the maximum specified in this chapter, or otherwise not in conformity with the provisions of this chapter.

Subd. 2. Escort vehicles required; width. (a) Except as provided in paragraphs (d) and (e), no escort vehicle is required if the width of an overdimensional load is 15 feet or less as measured at the bottom of the load or is 16 feet or less as measured at the top of the load.

(b) Only one rear escort vehicle is required on a multilane divided roadway if the width of an overdimensional load is more than 15 feet as measured at the bottom of the load or is more than 16 feet as measured at the top of the load.

(c) Only one lead escort vehicle and one rear escort vehicle is required on any undivided roadway if the width of an overdimensional load is more than 15 feet as measured at the bottom of the load or is more than 16 feet as measured at the top of the load.

(d) Only one lead licensed peace officer is required when any part of an overdimensional load or a vehicle transporting an overdimensional load extends beyond the left of the centerline on an undivided roadway.

(e) The commissioner may require additional escorts when deemed necessary to protect public safety or to ensure against undue damage to the road foundations, surfaces, or structures. The commissioner must specify in the permit (1) the number of additional escorts required; and (2) whether the operators of the escort vehicles must be licensed peace officers or may be escort drivers, as defined in subdivision 1.

Subd. 3. Escort vehicles required; length. (a) When a vehicle transporting an overdimensional load is operated on a multilane divided roadway:

(1) only one rear escort vehicle is required if the overdimensional load has an overall length exceeding 110 feet; or

(2) only one lead escort vehicle and one rear escort vehicle is required if the overdimensional load has an overall length exceeding 150 feet.

(b) One lead escort vehicle and one rear escort vehicle is required on any undivided roadway if the overall length of the overdimensional load exceeds 110 feet.

(c) Notwithstanding paragraphs (a) and (b), the commissioner may require additional escorts when deemed necessary to protect public safety or to ensure against undue damage to the road foundations, surfaces, or structures. The commissioner must specify in the permit (1) the number

of additional escorts required; and (2) whether the operators of the escort vehicles must be licensed peace officers or may be escort drivers, as defined in subdivision 1.

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

Sec. 12. Minnesota Statutes 2019 Supplement, section 171.07, subdivision 6a, is amended to read:

Subd. 6a. **Autism spectrum ~~or mental health~~ identifier.** Upon the written request of the applicant, the ~~department~~ commissioner must issue a driver's license or Minnesota identification card bearing a graphic or written identifier for an autism spectrum disorder, as defined in section 62A.3094, subdivision 1, paragraph (b), ~~or a mental health condition.~~ The applicant must submit the written request for the identifier at the time the photograph or electronically produced image is taken. The commissioner must not include any specific medical information on the driver's license or Minnesota identification card.

Sec. 13. Minnesota Statutes 2018, section 171.07, is amended by adding a subdivision to read:

Subd. 6b. Mental health identifier. Upon the written request of the applicant, the commissioner must issue a driver's license or Minnesota identification card bearing a graphic or written identifier for a mental health condition. The applicant must submit the written request for the identifier at the time the photograph or electronically produced image is taken. The commissioner must not include any specific medical information on the driver's license or Minnesota identification card.

Sec. 14. Minnesota Statutes 2018, section 174.30, subdivision 2a, is amended to read:

Subd. 2a. **Vehicle and equipment safety; provider responsibilities.** (a) Every special transportation service provider shall systematically inspect, repair, and maintain, or cause to be inspected, repaired, and maintained, the vehicles and equipment subject to the control of the provider. Each vehicle and its equipment must be inspected daily. A vehicle may not be operated in a condition that is likely to cause an accident or breakdown of the vehicle. Equipment, including specialized equipment necessary to ensure vehicle usability and safety for disabled persons, must be in proper and safe operating condition at all times.

(b) Each special transportation provider shall maintain the following records for each vehicle:

(1) an identification of the vehicle, including make, serial number, and year, and, if the vehicle is not owned by the provider, the name and address of the person furnishing the vehicle;

(2) a schedule of inspection and maintenance operations to be performed;

(3) a record of inspections, repairs, and maintenance showing the date and nature;

(4) a lubrication record; ~~and~~

(5) a record of tests conducted to ensure that emergency doors or windows and wheelchair lifts function properly; and

(6) a record of trips, limited to date, time, and driver's name.

Sec. 15. Minnesota Statutes 2018, section 174.30, subdivision 4a, is amended to read:

Subd. 4a. **Certification of special transportation provider.** (a) The commissioner may refuse to issue a certificate of compliance if an individual specified in subdivision 10, paragraph (a), clauses (1) to (3), is disqualified or is not on the provider's active roster, as defined in section 245C.02, subdivision 17a, paragraph (b).

(b) The commissioner shall annually evaluate or provide for the evaluation of each provider of special transportation service regulated under this section and certify that the provider is in compliance with the standards under this section.

Sec. 16. Minnesota Statutes 2018, section 174.30, subdivision 8, is amended to read:

Subd. 8. **Administrative penalties; loss of certificate of compliance.** (a) The commissioner may issue an order requiring violations of this section and the operating standards adopted under this section to be corrected and assessing monetary penalties of up to \$1,000 for all violations identified during a single inspection, investigation, or audit. Section 221.036 applies to administrative penalty orders issued under this section or section 174.315. The commissioner shall suspend, without a hearing, a special transportation service provider's certificate of compliance for failure to pay, or make satisfactory arrangements to pay, an administrative penalty when due.

(b) If the commissioner determines that an individual subject to background studies under subdivision 10, paragraph (a), is disqualified or is not on the provider's active roster, as defined in section 245C.02, subdivision 17a, paragraph (b), the commissioner must issue a written notice ordering the special transportation service provider to immediately cease permitting the individual to perform services or functions listed in subdivision 10, paragraph (a). The written notice must include a warning that failure to comply with the order may result in the suspension or revocation of the provider's certificate of compliance under this section.

(c) The commissioner may suspend or revoke a provider's certificate of compliance upon determining that, following receipt by a provider of written notice under paragraph (b), the individual has continued to perform services or functions listed in subdivision 10, paragraph (a), for the provider. A provider whose certificate is suspended or revoked may appeal the commissioner's action in a contested case proceeding under chapter 14.

(d) If the commissioner determines that a provider has failed to pay the decal fees as required by subdivision 4, the commissioner must send written notice by certified mail ordering the provider to pay the applicable fees within 60 days after the notice was mailed.

(e) The commissioner may suspend a provider's certificate of compliance if the provider fails to submit the required payment after receiving written notice under paragraph (d). A provider whose certificate is suspended may appeal the commissioner's action in a contested case proceeding under chapter 14.

~~(d)~~ (f) Penalties collected under this section must be deposited in the state treasury and credited to the trunk highway fund.

Sec. 17. Laws 2019, First Special Session chapter 3, article 2, section 34, subdivision 2, is amended to read:

Subd. 2. **Driver and Vehicle Systems Oversight Committee established.** (a) The Driver and Vehicle Systems Oversight Committee is established and consists of the following members:

(1) the chair of the senate Finance Committee, or a senator appointed by the chair of the senate Finance Committee;

(2) the chair and ranking minority member of the senate committee with jurisdiction over transportation finance;

(3) the chair of the house of representatives Ways and Means Committee, or a member of the house of representatives appointed by the chair of the house of representatives Ways and Means Committee; and

(4) the chair and ranking minority member of the house of representatives committee with jurisdiction over transportation finance.

(b) The chair of the Blue Ribbon Council on Information Technology, or the chair's designee, must serve on the committee as a nonvoting member. If the council expires or is dissolved, ~~this position on the committee is discontinued.~~ the chair of the council at the time of expiration or dissolution, or the chair's designee, must continue to serve on the committee as a nonvoting member until the committee expires as provided by subdivision 8.

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

Sec. 18. Laws 2019, First Special Session chapter 3, article 3, section 120, is amended to read:

Sec. 120. **LEGISLATIVE ROUTE NO. 112 REMOVED; PARTIAL REMOVAL.**

~~(a) Minnesota Statutes, section 161.115, subdivision 43, is repealed~~ modified effective the day after the commissioner of transportation receives copies of the agreements between the commissioner and the governing bodies of Dakota County, ~~and the city of South St. Paul, and the city of St. Paul~~ to transfer jurisdiction of portions of Legislative Route No. 112 and after the commissioner ~~notifies the revisor of statutes under paragraph (b).~~

~~(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.~~

Sec. 19. Laws 2020, chapter 71, article 2, section 15, subdivision 2, is amended to read:

Subd. 2. **Licenses and identification cards.** (a) Notwithstanding Minnesota Statutes, sections 171.07, subdivision 4; 171.186, subdivision 4; and 171.27, the expiration date is extended for any valid driver's license, including but not limited to an instruction permit, provisional license, operator's permit, limited license, and farm work license, and any Minnesota identification card, issued under Minnesota Statutes, chapter 171, that absent this subdivision would otherwise expire (1) during the peacetime public health emergency period, ~~or~~ (2) on any day of the month in which the peacetime public health emergency period terminates, or (3) on any day of the month following the month in which the peacetime public health emergency period terminates.

(b) An extension in this subdivision is provided to the last day of the second consecutive month following the month in which the peacetime public health emergency period terminates.

(c) No fee or surcharge under Minnesota Statutes, chapter 171, is imposed for an extension under this subdivision.

(d) An extension under this subdivision does not alter the expiration date for subsequent license or Minnesota identification card renewals. Nothing in this subdivision prevents suspension, cancellation, revocation, or disqualification as provided in Minnesota Statutes, chapter 168, 169, 169A, 171, 260B, 260C, or any other chapter.

(e) The authority in this subdivision does not apply:

(1) to issuance of a new driver's license or Minnesota identification card, except as provided in subdivision 3;

(2) to reinstatement of a canceled, suspended, or revoked license; and

(3) to a person who is no longer eligible for the license or Minnesota identification card.

(f) The commissioner of public safety must ensure that the driving record of a person whose driver's license expiration date is extended pursuant to this subdivision indicates that the person's driver's license is valid until the extension expires as provided in this subdivision. The commissioner must ensure, as far as practicable, that this information is available to law enforcement and other entities outside the state of Minnesota.

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

Sec. 20. **FEDERAL FUNDS REPORTING REQUIREMENTS.**

(a) For purposes of this section, "federal funds" means any funding received by the state from the federal government pursuant to any federal law, rule, grant, or loan relating to the infectious disease known as COVID-19. This includes but is not limited to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Public Law 116-136.

(b) The commissioner of transportation must report all expenditures of federal funds to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy by February 15, 2021, and annually thereafter until all federal funds are expended. The report must include the total amount of each expenditure, the purpose of each expenditure, and any additional information the commissioner determines is necessary to properly document each expenditure.

(c) The commissioner of public safety must report all expenditures of federal funds relating to driver and vehicle services and the State Patrol to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy by February 15, 2021, and annually thereafter until all federal funds are expended. The report must include the total amount of each expenditure, the purpose of each expenditure, and any additional information the commissioner determines is necessary to properly document each expenditure.

(d) The chair of the Metropolitan Council must report all expenditures of federal funds to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy or the Metropolitan Council by February 15, 2021, and annually thereafter until all federal funds are expended. The report must include the total amount of each expenditure, the purpose of each expenditure, and any additional information the chair determines is necessary to properly document each expenditure.

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

Sec. 21. LEGISLATIVE ROUTE NO. 237 REMOVED.

(a) Minnesota Statutes, section 161.115, subdivision 168, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Stearns County to transfer jurisdiction of Legislative Route No. 237 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 22. REQUIRING USE OF WARNING LIGHTS AND STOP ARMS ON SCHOOL BUSES WHEN MAKING DELIVERIES TO STUDENTS.

(a) For purposes of this section, "peacetime public health emergency period" means the duration of any peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19, but ending no later than January 31, 2021.

(b) Notwithstanding Minnesota Statutes, section 169.443, subdivision 3, during a peacetime emergency, a school bus driver must activate the prewarning flashing amber signals or flashing red signals and the stop arm signal when the school bus is stopped on a street or highway to deliver or drop off food, schoolwork, supplies, or other items for students.

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

Sec. 23. ROAD AND BRIDGE FUND MONEY FROM UNORGANIZED TOWNSHIPS; AITKIN COUNTY.

Notwithstanding Minnesota Statutes, section 163.06, subdivision 4, the road and bridge fund tax money collected from unorganized townships in Aitkin County need not be set apart in separate funds for each township. Notwithstanding Minnesota Statutes, section 163.06, subdivision 5, road and bridge fund tax money that is collected from the various unorganized townships may be expended by the Aitkin County Board in any of the unorganized townships in the county.

EFFECTIVE DATE. This section is effective the day after the Aitkin County Board of Commissioners and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. TRANSPORTATION PROJECT SELECTION PROCESS.

Subdivision 1. **Adoption of policy.** (a) The commissioner of transportation must develop, adopt, and implement a policy for project evaluation and selection for every program or process the commissioner uses to select projects; award grants; or allocate funding or resources, including trunk highway and general obligation bonds. At a minimum, the commissioner must adopt a policy for each of the following programs and selections: rail grade separation program; local bridge replacement program; local road improvement fund grants; greater Minnesota transit capital program; high priority bridges; state airport development program; safety improvements on crude oil corridors; highway railroad grade crossing-warning devices replacement; safe routes to school infrastructure program; facilities capital improvement program; Minnesota rail service improvement program; port development assistance program; passenger rail program; and statewide freight safety investments. Prior to developing, adopting, or implementing a policy for a program or selection process, the commissioner must consult with the following entities, where appropriate: the Federal Highway Administration; metropolitan planning organizations; regional development commissions; area transportation partnerships; local governments; the Metropolitan Council; transportation stakeholders; or other appropriate federal, state, or local government agency. The commissioner must develop, adopt, and implement the policy no later than November 1, 2021, and may update the policy as appropriate. The commissioner must publish the policy and updates on the department's website and through other effective means selected by the commissioner.

(b) For each selection process, the policy adopted under this section must:

(1) establish a process that identifies criteria, the weight of each criterion, and a process to score each project based on the weighted criteria; the scoring system may consider project readiness as a criterion for evaluation, but project readiness must not be a major factor in determining the final score;

(2) identify and apply all relevant criteria contained in enacted Minnesota or federal law, or added by the commissioner;

(3) identify for stakeholders and the general public the candidate project selected under each selection process and every project considered that was not selected;

(4) involve area transportation partnerships and other local authorities, as appropriate, in the process of scoring and ranking candidate projects under consideration;

(5) publicize scoring and decision outcomes concerning each candidate project, including the projects that were considered but not selected, and the reason each project was not selected; and

(6) require that the projects in the state transportation improvement program include the score assigned to the project.

Subd. 2. **Report to legislature.** By February 1, 2022, the commissioner must submit a report to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation policy and finance concerning the adopted policy and how the policy is anticipated to improve the consistency, objectivity, and transparency of the selection process. The report must include information on input from members of the public and the organizations identified in subdivision 1.

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

Sec. 25. **REPEALER.**

(a) Minnesota Statutes 2018, section 169.86, subdivision 3b, is repealed.

(b) Minnesota Statutes 2018, section 174.30, subdivision 4b, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective August 1, 2020."

Delete the title and insert:

"A bill for an act relating to transportation; modifying and authorizing various provisions relating to transportation, motor vehicles, and drivers; requiring reports; amending Minnesota Statutes 2018, sections 160.05, subdivision 1; 161.115, subdivision 43; 168.09, subdivision 7; 168.091; 168.092; 169.09, subdivision 3; 169.451, subdivisions 2, 4, by adding a subdivision; 171.07, by adding a subdivision; 174.30, subdivisions 2a, 4a, 8; Minnesota Statutes 2019 Supplement, sections 161.14, subdivision 94; 171.07, subdivision 6a; Laws 2019, First Special Session chapter 3, article 2, section 34, subdivision 2; article 3, section 120; Laws 2020, chapter 71, article 2, section 15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 169; repealing Minnesota Statutes 2018, sections 169.86, subdivision 3b; 174.30, subdivision 4b."

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

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

SECOND READING OF SENATE BILLS

S.F. No. 3843 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Draheim, Jasinski, Rosen, Rarick, and Koran introduced--

S.F. No. 4537: A bill for an act relating to economic development; appropriating money for main street small business relief grants.

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

Senators Simonson, Tomassoni, and Bakk introduced--

S.F. No. 4538: A bill for an act relating to economic development; modifying conditions for forgiveness of a loan from the Minnesota investment fund; amending Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, as amended.

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

Senators Hayden, Pratt, and Eichorn introduced--

S.F. No. 4539: A bill for an act relating to education finance; appropriating money for a grant to the African American Registry; requiring a report.

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

Senators Franzen, Isaacson, Hayden, Champion, and Torres Ray introduced--

S.F. No. 4540: A bill for an act relating to economic development; establishing a program for emergency community relief grants; appropriating money.

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

Senator Cohen introduced--

S.F. No. 4541: A bill for an act relating to capital investment; modifying an appropriation from the 2018 bonding bill regarding the RiverCentre parking ramp; amending Laws 2018, chapter 214, article 1, sections 21, subdivision 27; 26, subdivisions 1, as amended, 2.

Referred to the Committee on Capital Investment.

Senators Nelson, Rarick, Lang, Jasinski, and Dibble introduced--

S.F. No. 4542: A bill for an act relating to motor vehicles; allowing clear coverings on license plates; amending Minnesota Statutes 2018, section 169.79, subdivision 7.

Referred to the Committee on Transportation Finance and Policy.

Senators Isaacson and Kent introduced--

S.F. No. 4543: A bill for an act relating to state government; ratifying labor agreements and a compensation plan.

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

MOTIONS AND RESOLUTIONS

Senator Anderson, P. moved that the name of Senator Tomassoni be added as a co-author to S.F. No. 4481. The motion prevailed.

Senator Dziejdzic moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Latz be added as chief author to S.F. No. 4530. The motion prevailed.

Senator Ruud moved that the name of Senator Ingebrigtsen be added as a co-author to S.F. No. 3842. The motion prevailed.

Senator Housley moved that S.F. No. 2466 be withdrawn from the Committee on State Government Finance and Policy and Elections, given a second reading, and placed on General Orders. The motion prevailed.

S.F. No. 2466 was read the second time.

Senator Abeler moved that S.F. No. 2774 be withdrawn from the Committee on Human Services Reform Finance and Policy and re-referred to the Committee on Judiciary and Public Safety Finance and Policy. The motion prevailed.

Senator Westrom introduced --

Senate Resolution No. 232: A Senate resolution congratulating Dorothy Westrom on her 100th birthday.

Referred to the Committee on Rules and Administration.

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. 4073 and 3020.

SPECIAL ORDER

S.F. No. 4073: A bill for an act relating to environment; banning certain uses of trichloroethylene; appropriating money to help identify alternative chemicals; proposing coding for new law in Minnesota Statutes, chapter 116.

Senator Chamberlain moved to amend S.F. No. 4073 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[116.385] TRICHLOROETHYLENE; BAN.**

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

(b) "Small business" means a business that has less than 500 full-time equivalent employees.

(c) "Trichloroethylene" means a chemical with the Chemical Abstract Services Registry Number of 79-01-6.

Subd. 2. **Use restriction.** (a) Beginning June 1, 2022, an owner or operator of a facility required to have an air emissions permit issued by the Pollution Control Agency may not use trichloroethylene at its permitted facility, including in any manufacturing, processing, or cleaning processes, except as otherwise provided in this section. Cessation of use must be made enforceable in the air emissions permit for the facility or in an enforceable agreement by June 1, 2022. The commissioner of the

Pollution Control Agency must not issue an air emissions permit that authorizes using trichloroethylene at a permitted facility after January 1, 2022, except as described in paragraph (b) and subdivision 4.

(b) If a small business needs additional time to assess replacement chemicals or modifications to facility operations, then by June 1, 2022, the commissioner shall include a schedule of compliance in the facility's permit or enter into an enforceable agreement that requires compliance with this section before June 1, 2023. A small business owner or operator requesting additional time under this paragraph must demonstrate compliance with the health-based value and health risk limits for trichloroethylene, as established by the Department of Health as of January 1, 2019. Owners or operators may be required to comply with additional restrictions based on impacts from nearby sources or background concentrations. Owners or operators may be required to provide additional information as requested by the commissioner to evaluate site-specific conditions or impacts.

Subd. 3. **Replacement chemicals.** An owner or operator that must comply with this section and elects to replace trichloroethylene with another chemical must replace trichloroethylene with a chemical demonstrated to be less toxic to human health and reviewed in a form determined and approved by the commissioner of the Pollution Control Agency.

Subd. 4. **Exceptions.** (a) The commissioner of the Pollution Control Agency shall grant exceptions to the prohibition in subdivision 2, for any of the following uses where compliance with the health-based value and health risk limits for trichloroethylene established by the Department of Health as of January 1, 2019, is demonstrated:

(1) use of trichloroethylene in closed systems so that no trichloroethylene is emitted from the facility;

(2) holding trichloroethylene or products containing trichloroethylene for distribution to a third party; and

(3) a hospital licensed under sections 144.50 to 144.56, or an academic medical facility.

(b) The commissioner of the Pollution Control Agency may grant exceptions to the prohibition in subdivision 2 through the variance process established in Minnesota Rules, part 7000.7000, for any of the following uses where compliance with the health-based value and health risk limits for trichloroethylene established by the Department of Health as of January 1, 2019, is demonstrated:

(1) a facility that uses trichloroethylene exclusively for research and development, or other laboratory or experimental purposes; and

(2) a facility that processes trichloroethylene for waste disposal.

(c) Owners or operators of facilities seeking an exception under this section must submit information to the commissioner that specifies the exception that applies and provide all information needed to determine applicability.

Subd. 5. **Application of exceptions.** Nothing in subdivision 4 shall be construed to authorize a use of an amount of trichloroethylene that exceeds the levels authorized in a stipulation agreement

entered into between the Pollution Control Agency and a permittee that was in effect on June 1, 2022.

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

Sec. 2. **AVAILABILITY OF SMALL BUSINESS ASSISTANCE ENVIRONMENTAL-IMPROVEMENT LOANS TO MINIMIZE TRICHLOROETHYLENE USE.**

Notwithstanding Minnesota Statutes, section 116.993, \$250,000 in interest-free loans shall be made available under the program established by that section to small businesses, as defined in Minnesota Statutes, section 116.385, to assist with reducing borrowers' use of trichloroethylene. Environmental consultant services obtained for this purpose shall constitute an eligible use of a loan made under this section."

Delete the title and insert:

"A bill for an act relating to environment; banning certain uses of trichloroethylene; proposing coding for new law in Minnesota Statutes, chapter 116."

Senator Wiger moved to amend the Chamberlain amendment to S.F. No. 4073 as follows:

Page 2, after line 22, insert:

"Subd. 6. Short title. This act is the "White Bear Area Neighborhood Concerned Citizens Group Ban TCE Act."

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Chamberlain amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

S.F. No. 4073 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	Ingebrigtsen	Marty	Senjem
Anderson, B.	Dziedzic	Isaacson	Mathews	Simonson
Anderson, P.	Eaton	Jasinski	Miller	Sparks
Bakk	Eichorn	Jensen	Nelson	Tomassoni
Benson	Eken	Johnson	Newman	Torres Ray
Bigham	Franzen	Kent	Newton	Utke
Carlson	Frentz	Kiffmeyer	Osmek	Weber
Chamberlain	Gazelka	Klein	Pappas	Westrom
Champion	Goggin	Koran	Pratt	Wiger
Clausen	Hall	Laine	Rarick	Wiklund
Cohen	Hawj	Lang	Relph	
Cwodzinski	Hayden	Latz	Rest	
Dahms	Hoffman	Limmer	Rosen	
Dibble	Housley	Little	Ruud	

Pursuant to Rule 40, Senator Gazelka cast the affirmative vote on behalf of the following Senators: Anderson, B.; Dahms; Hall; Ingebrigtsen; Jensen; Johnson; Mathews; Newman; Osmek; Rarick; Relph; Ruud; Senjem; and Westrom.

Pursuant to Rule 40, Senator Kent cast the affirmative vote on behalf of the following Senators: Carlson, Clausen, Eaton, Frentz, Klein, Laine, Latz, Little, Newton, Pappas, Rest, Sparks, Torres Ray, and Wiklund.

Those who voted in the negative were:

Howe

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

SPECIAL ORDER

S.F. No. 3020: A bill for an act relating to local government; permitting the city of North Branch to increase the membership of its Public Utilities Commission.

S.F. No. 3020 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	

Pursuant to Rule 40, Senator Gazelka cast the affirmative vote on behalf of the following Senators: Anderson, B.; Dahms; Hall; Ingebrigtsen; Jensen; Johnson; Mathews; Newman; Osmek; Rarick; Relph; Ruud; Senjem; and Westrom.

Pursuant to Rule 40, Senator Kent cast the affirmative vote on behalf of the following Senators: Carlson, Clausen, Eaton, Frentz, Klein, Laine, Latz, Little, Newton, Pappas, Rest, Sparks, Torres Ray, and Wiklund.

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Senator Gazelka moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 3843 and that the rules of the Senate be so far suspended as to give S.F. No. 3843, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 3843: A bill for an act relating to taxation; modifying income and corporate franchise, special taxes, and property taxes; modifying the K-12 education expense credit, charitable contribution subtraction, and section 179 expensing provisions; providing ongoing funding for the small business investment tax credit; extending certain deadlines; modifying certain lawful gambling tax and other provisions; providing for certain federal conformity; modifying referendum equalization levy; requiring a moratorium on reclassifying certain property; amending Minnesota Statutes 2018, sections 273.13, subdivision 25; 290.0131, subdivision 10; 290.0133, subdivision 12; 290.0674, subdivision 2; 297E.02, subdivision 6; 297E.021, subdivision 2; 349.15, subdivision 1; 349.151, subdivision 4; Minnesota Statutes 2019 Supplement, sections 116J.8737, subdivision 5; 126C.17, subdivision 6; 289A.02, subdivision 7; 290.01, subdivisions 19, 31; 290.0132, subdivision 7; 290A.03, subdivision 15; 291.005, subdivision 1; repealing Minnesota Statutes 2018, sections 290.0674, subdivision 2a; 290.0692, subdivision 6; Minnesota Statutes 2019 Supplement, section 116J.8737, subdivision 12.

Senator Chamberlain moved to amend S.F. No. 3843 as follows:

Page 10, lines 22 to 24, strike "2010" and insert "2020"

Page 15, line 20, delete "152" and insert "32(c)(3)"

Page 15, after line 28, insert:

"Sec. 9. Minnesota Statutes 2019 Supplement, section 290.0921, subdivision 2, is amended to read:

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

(b) "Alternative minimum taxable net income" is alternative minimum taxable income,

(1) less the exemption amount, and

(2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

(c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of the excess of alternative minimum taxable income over \$150,000.

(d) "Minnesota alternative minimum taxable income" is alternative minimum taxable net income, less the deductions for alternative tax net operating loss under subdivision 4; and dividends received under subdivision 6. The sum of the deductions under this paragraph may not exceed 90 percent of alternative minimum taxable net income. This limitation does not apply to:

(1) a deduction for dividends paid to or received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code; or

(2) a deduction for dividends received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 16, 2016, except that for purposes of exclusion from gross income of paycheck protection loans under section 1106 of Public Law 116-136, "Internal Revenue Code" means the Internal Revenue Code as amended through March 27, 2020.

EFFECTIVE DATE. This section is effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes."

Page 19, line 23, delete "July 1, 2020" and insert "for games reported as played after June 30, 2020"

Page 19, line 31, delete "\$....." and insert "\$26,700,000" and delete "\$....." and insert "\$25,800,000" and delete "\$....." and insert "\$24,900,000"

Page 23, line 12, before "individual" insert "an" and after "individual" insert "filing an individual income tax return"

Page 23, line 13, delete "income taxpayers"

Page 23, line 17, after "of" insert "individual income"

Page 23, delete lines 19 to 21

Page 23, line 23, before "289A.19" insert "and" and delete "and 289A.20, subdivision" and insert "the time for filing"

Page 23, line 24, delete everything before "a" and after "year" insert "2018 or" and delete "at the later of" and insert "is"

Page 23, line 25, delete "an extension" and insert "the amount of time" and after "Service" insert ", whichever is longer"

Page 23, line 26, delete the colon and insert "fiduciaries, partnerships, or S corporations, including nonresident fiduciaries, partners, or shareholders filing composite returns under Minnesota Statutes, section 289A.08, subdivision 7; and C corporations. "Qualifying taxpayer" does not include taxpayers required to file returns for and pay the occupation tax under Minnesota Statutes, chapter 298, or the taxes imposed under Minnesota Statutes, sections 295.50 to 295.57."

Page 23, delete lines 27 to 31

Page 24, line 15, delete "means:" and insert "has the meaning given in subdivision 2, paragraph (b)."

Page 24, delete lines 16 to 20

Page 25, line 7, after "year" insert "2018 or"

Page 25, line 19, delete "recompute their tax for the" and insert "add back any subtraction claimed in a taxable"

Page 25, line 20, delete everything after "service" and insert a period

Page 26, line 4, delete "of the effective date of this section" and insert "following final enactment"

Page 26, line 11, after "Notwithstanding" insert "any law to the contrary, taxpayers required to file taxes under" and delete "taxpayers," and insert "and"

Page 26, line 12, delete "including"

Page 26, line 14, delete "For calendar year taxpayers, installments" and insert "Installments"

Page 26, line 20, delete "For fiscal year tax payers making" and insert "Installments of"

Page 26, line 21, delete "installments of estimated payments"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 3843 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 40 and nays 27, as follows:

Those who voted in the affirmative were:

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

Pursuant to Rule 40, Senator Benson cast the affirmative vote on behalf of the following Senators: Anderson, B.; Dahms; Hall; Ingebrigtsen; Jensen; Johnson; Mathews; Newman; Osmek; Rarick; Relph; Ruud; Senjem; and Westrom.

Pursuant to Rule 40, Senator Kent cast the affirmative vote on behalf of the following Senators: Little and Sparks.

Those who voted in the negative were:

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

Pursuant to Rule 40, Senator Kent cast the negative vote on behalf of the following Senators: Carlson, Clausen, Eaton, Frentz, Klein, Laine, Latz, Newton, Pappas, Rest, Torres Ray, and Wiklund.

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

Senator Gazelka moved that S.F. No. 3843 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Rest moved that her name be stricken as a co-author to S.F. No. 3843. The motion prevailed.

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

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 3298, 4352, 4495, 4525, 3121, and 4499. The motion prevailed.

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

S.F. No. 3298: A bill for an act relating to local government; modifying the deadline for appointments of commission members; permitting reappointments; amending Minnesota Statutes 2018, section 410.05, subdivision 2.

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

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

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

S.F. No. 4352: A bill for an act relating to commerce; authorizing certain insurers to offer paid family leave insurance benefits; proposing coding for new law as Minnesota Statutes, chapter 63A.

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

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

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

S.F. No. 4495: A bill for an act relating to housing; providing for eviction and mortgage foreclosure protection and emergency housing assistance during a public health emergency; requiring a report; prescribing penalties for false statements; appropriating money.

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

Page 1, delete line 21

Page 2, line 1, delete "(5)" and insert "(4)"

Page 2, line 6, delete "(6)" and insert "(5)"

Page 2, lines 27 and 30, delete "60-day" and insert "30-day"

Page 3, line 2, delete "5 or applies" and insert "4"

Page 3, line 3, delete everything before "which"

Page 3, line 4, delete "or private"

Page 3, delete section 4

Page 6, line 3, after the semicolon, insert "or"

Page 6, line 5, after "unemployment" insert "as a result of COVID-19, or"

Page 6, line 6, delete the semicolon and after "or" insert "any other peacetime emergency declared by the governor by an executive order issued on or before September 30, 2020, that relates to COVID-19."

Page 6, delete lines 7 and 8

Renumber the sections in sequence

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

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

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

S.F. No. 4525: A bill for an act relating to local government; authorizing counties, cities, and townships to accept certain documents or signatures electronically, by mail, or by facsimile.

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

Page 1, delete line 15

Page 1, line 16, delete "(4)" and insert "(3)"

Page 1, line 19, delete "(5)" and insert "(4)"

Page 1, line 21, delete "(6)" and insert "(5)"

Page 2, line 7, after "2021" insert ", or 60 days after the peacetime public health emergency is terminated, whichever is earlier"

And when so amended the bill do pass.

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

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

S.F. No. 3121: A bill for an act relating to human services; modifying medical assistance requirements for persons needing treatment for breast or cervical cancer; amending Minnesota Statutes 2018, section 256B.057, subdivision 10.

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

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

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

S.F. No. 4494: A bill for an act relating to telecommunications; establishing a grant program for distance learning equipment; establishing a grant program for telemedicine equipment purchased to deal with COVID-19; requiring reports; appropriating money.

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

Delete everything after the enacting clause and insert:

"Section 1. **DISTANCE LEARNING BROADBAND ACCESS GRANT PROGRAM.**

Subdivision 1. **Definition.** For the purposes of this section, "commissioner" means the commissioner of education.

Subd. 2. **Establishment.** A distance learning broadband access grant program is established in the Department of Education to provide wireless or wire-line broadband access for a limited duration to students currently lacking Internet access so that the students may participate in distance learning offered by school districts and charter schools during the peacetime public health emergency period that relates to the infectious disease known as COVID-19.

Subd. 3. **Eligible expenditures.** A grant awarded under this section may be used to:

(1) provide a student with the equipment necessary for the student to use a broadband connection to access learning materials available on the Internet through a mobile wireless or wire-line broadband connection;

(2) reimburse a school district or charter school for actual costs incurred to provide emergency distance learning wireless or wire-line broadband access during the 2019-2020 school year; and

(3) reimburse a school district or charter school for the cost of wireless or wire-line broadband Internet access for households with students that did not otherwise have Internet access before March 13, 2020, for the 2019-2020 school year.

Subd. 4. **Eligible applicants.** A Minnesota school district or charter school may apply for a grant award under this section.

Subd. 5. **Application review.** (a) An applicant for a grant under this section must file an application with the commissioner on a form developed by the commissioner. The commissioner may consult with the commissioner of employment and economic development when developing the form.

(b) An application for a grant under this subdivision must describe a school district's or charter school's approach to identify and prioritize access for students unable to access the Internet for distance learning and may include a description of local or private matching grants or in-kind contributions.

(c) A school district or charter school may develop its application in cooperation with the school district's or charter school's community education department, the school district's or charter school's adult basic education program provider, a public library, an Internet service provider, or other community partner.

(d) The commissioner must prioritize applicants based on an evaluation of the following factors: (1) the location of a school in or near an unserved area of the state, (2) the percent of students that live in a household without wired or wireless broadband service, and (3) the percent of students that were provided Internet access by the district or charter school under subdivision 3, clause (3).

(e) The commissioner must develop administrative procedures governing the application and grant award process.

Subd. 6. **Grant amount.** The commissioner must establish a minimum and maximum per-pupil amount for grants awarded under this section based on (1) the number of districts and charter schools that apply for a grant, (2) the total amount of money requested in the applications, and (3) the availability of federal money for a similar purpose.

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

Sec. 2. **TELEMEDICINE EQUIPMENT REIMBURSEMENT GRANT PROGRAM.**

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Telemedicine" has the meaning given in Minnesota Statutes, section 62A.671, subdivision

(d) "Telemedicine equipment" means multimedia communications equipment and software that facilitates the delivery of telemedicine by a licensed health care provider.

Subd. 2. **Establishment.** A grant program is established in the Department of Employment and Economic Development to award grants to provide reimbursement to grantees for the purchase and installation of telemedicine equipment in order to provide health care services through telemedicine during the COVID-19 pandemic and to ensure that necessary health care services continue to be accessible to patients during this pandemic.

Subd. 3. **Eligible applicants.** Eligible applicants include the following:

- (1) community health clinics defined under Minnesota Statutes, section 145.9268, clause (1);
- (2) critical access hospitals described in Minnesota Statutes, section 144.1483, clause (9);
- (3) local public health departments as defined in Minnesota Statutes, chapter 145A;
- (4) county boards as defined in Minnesota Statutes, chapter 375;
- (5) individual or small group physician practices that are primarily focused on primary care;
and
- (6) nursing facilities licensed under Minnesota Statutes, chapter 144A.

Subd. 4. **Eligible expenditures.** A grant may be used to reimburse the cost incurred by a grantee for the purchase and installation of telemedicine equipment that enables the grantee to provide health care services through telemedicine in response to the COVID-19 pandemic, including the diagnosis and evaluation of patients for the COVID-19 disease during the COVID-19 pandemic.

Subd. 5. **Application; review.** (a) An eligible applicant must submit a grant application to the commissioner on a form prescribed by the commissioner. The application must include, at a minimum:

(1) the amount of the grant requested and a description of the telemedicine equipment for which the applicant is seeking reimbursement; and

(2) a description of the intended use of the telemedicine equipment.

(b) In developing the application, the commissioner shall consult with the commissioner of health.

(c) The commissioner may award grants on a first-come, first-served basis, and, to the extent practicable, priority must be given to applicants:

(1) serving uninsured, underinsured, and medically underserved individuals in either rural or urban areas; or

(2) located in areas of the state where the commissioner of health has determined that increasing telemedicine service capabilities would improve the quality of care, access, patient safety, or community health during the COVID-19 pandemic.

Subd. 6. **Limitation.** The commissioner may establish a maximum amount for a grant awarded under this section based on the number of applications received and the total reimbursement amount requested.

Subd. 7. **Assistance from other federal coronavirus-related sources.** If a grantee receives funds from a federal source related to coronavirus for telemedicine equipment described in this section, the grantee must notify the commissioner of the amount received from the federal source. If the commissioner determines that the total amount the grantee received under this section and from the federal source exceeds the costs of the telemedicine equipment, the commissioner must reduce the grant amount in this section so that the total amount received does not exceed the cost of the equipment.

Sec. 3. APPROPRIATION.

(a) \$8,000,000 in fiscal year 2020 is appropriated from the general fund to the commissioner of employment and economic development for transfer to the commissioner of education for emergency distance learning wireless or wire-line broadband access for student grants for school districts and charter schools under section 1. Up to five percent of the appropriation under this paragraph may be used to reimburse reasonable costs incurred by the Department of Education to administer section 1. This is a onetime appropriation. Any funds that remain unexpended on September 30, 2020, are canceled. By December 1, 2020, the commissioner of education must report to the legislature regarding the districts and charter schools that received grants under section 1, the per-pupil amount for each grant, and the number of students that were provided Internet access. The report must also identify the costs to administer the grant program and the amount canceled.

(b) \$2,000,000 in fiscal year 2020 is appropriated from the general fund to the commissioner of employment and economic development to award grants for the purchase of telemedicine equipment under section 2. Up to five percent of the appropriation under this paragraph may be used to reimburse the reasonable costs incurred by the Department of Employment and Economic Development to administer section 2. This is a onetime appropriation. Any funds that remain unexpended on September 30, 2020, are canceled. By December 31, 2020, the commissioner of employment and economic development must report to the legislature regarding the number of applications received under section 2, the number of grants awarded, the maximum and minimum grant amounts awarded, and the mean and median grant amounts awarded. The report must also identify the costs to administer the grant program and the amount canceled.

(c) \$10,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of employment and economic development for deposit in the border-to-border broadband fund account established in Minnesota Statutes, section 116J.396. The appropriation must be used only to provide broadband service in unserved areas, except that broadband infrastructure, as defined in Minnesota Statutes, section 116J.394, for that purpose may be placed in underserved areas. Notwithstanding the limitation in Minnesota Statutes, section 116J.395, subdivision 7, paragraph (a), the grants are available for 55 percent of total project cost if the grant is matched by ten percent or more from a nonstate entity. The nonstate entity providing the match may include but is not limited to organized townships, cities, counties, foundations, nonprofits, school districts, or higher education institutions. This is a onetime appropriation. No money in this appropriation may be spent until the commissioner of management and budget determines that the appropriation in this paragraph is an eligible use of the coronavirus relief account in the federal fund.

(d) If the commissioner of management and budget determines that any money spent from the appropriations made in this section is an eligible expenditure from the coronavirus relief account in the federal fund, the amount of the expenditure is appropriated from the coronavirus relief account and the corresponding amount is canceled from the general fund.

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

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

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

S.F. No. 4499: A bill for an act relating to state government; appropriating money for environment and natural resources; creating soil and water conservation fund; modifying state park permit provisions; modifying provisions for conveying state land interests; modifying provisions for closed landfill investment fund; reestablishing Advisory Council on Water Supply Systems and Wastewater Treatment Facilities; modifying provisions for riparian protection aid; modifying prior appropriations; authorizing sales of certain surplus state land; requiring rulemaking; amending Minnesota Statutes 2018, sections 16A.531, by adding a subdivision; 84.63; 85.053, by adding a subdivision; 92.502; 115B.421; 477A.21, subdivisions 2, 4; Laws 2019, First Special Session chapter 4, article 1, section 2, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapters 84; 92; 115.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2018, section 14.05, is amended by adding a subdivision to read:

Subd. 1a. Limitation regarding certain policies, guidelines, and other interpretive statements. An agency must not seek to impose or require in a permit or contract or to enforce against any person through monetary or nonmonetary penalty a policy, guideline, bulletin, criterion, manual, standard, interpretive statement, or similar pronouncement that has not been properly adopted under this chapter.

Sec. 2. Minnesota Statutes 2018, section 17.4982, subdivision 6, is amended to read:

Subd. 6. Certifiable diseases. "Certifiable diseases" includes any of the following expressed as clinical symptoms or based on the presence of the pathogen: channel catfish virus, *Renibacterium salmoninarum* (bacterial kidney disease), *Aeromonas salmonicida* (bacterial furunculosis), *Yersinia ruckeri* (enteric redmouth disease), *Edwardsiella ictaluri* (enteric septicemia of catfish), infectious hematopoietic necrosis virus, infectious pancreatic necrosis virus, *Myxobolus cerebralis* (whirling disease), *Tetracapsuloides bryosalmonae* (proliferative kidney disease), viral hemorrhagic septicemia virus, epizootic epitheliotropic virus, *Ceratomyxa shasta* (ceratomyxosis), and any emergency fish disease.

Sec. 3. Minnesota Statutes 2018, section 17.4982, subdivision 8, is amended to read:

Subd. 8. **Containment facility.** "Containment facility" means a licensed facility for salmonids, catfish, or species on the ~~viral hemorrhagic septicemia (VHS) susceptible list published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list that complies with clauses (1), (3), and (4), or clauses (2), (3), and (4):

(1) disinfects its effluent to the standards in section 17.4991 before the effluent is discharged to public waters;

(2) does not discharge to public waters or to waters of the state directly connected to public waters;

(3) raises aquatic life that is prohibited from being released into the wild and must be kept in a facility approved by the commissioner unless processed for food consumption;

(4) contains aquatic life requiring a fish health inspection prior to transportation.

Sec. 4. Minnesota Statutes 2018, section 17.4982, subdivision 9, is amended to read:

Subd. 9. **Emergency fish disease.** "Emergency fish disease" means designated fish diseases or pathogens not already present in this state that could impact populations of aquatic life if inadvertently released by infected aquatic life, including channel catfish virus, viral hemorrhagic septicemia virus, infectious hematopoietic necrosis virus, infectious pancreatic necrosis virus, whirling disease, ceratomyxosis, proliferative kidney disease, and epizootic epitheliotropic virus disease.

Sec. 5. Minnesota Statutes 2018, section 17.4982, subdivision 12, is amended to read:

Subd. 12. **Fish health inspection.** (a) "Fish health inspection" means an on-site, statistically based sampling, collection, and testing of fish in accordance with processes in the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE) to test for causative pathogens. The samples for inspection must be collected by a fish health inspector or a fish collector in cooperation with the producer. Testing of samples must be done by an approved laboratory.

(b) The inspection for viral hemorrhagic septicemia (VHS), infectious pancreatic necrosis (IPN), and infectious hematopoietic necrosis (IHN) in salmonids and for VHS in nonsalmonids must include at a minimum viral testing of ovarian fluids at the 95 percent confidence level of detecting two percent incidence of disease.

(c) The inspection for certifiable diseases and pathogens for wild fish must follow the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases.

Sec. 6. Minnesota Statutes 2018, section 17.4982, is amended by adding a subdivision to read:

Subd. 21a. **VHS-susceptible species.** "VHS-susceptible species" are aquatic species that are natural hosts for viral hemorrhagic septicemia according to the Fish Health Blue Book or the book's successor.

Sec. 7. Minnesota Statutes 2018, section 17.4982, is amended by adding a subdivision to read:

Subd. 21b. **VHS-susceptible-species list.** "VHS-susceptible-species list" is the VHS-susceptible species listed in the Fish Health Blue Book that are found in or that can survive in the Great Lakes region.

Sec. 8. Minnesota Statutes 2018, section 17.4985, subdivision 2, is amended to read:

Subd. 2. **Bill of lading.** (a) A state-issued bill of lading is required for:

(1) intrastate transportation of aquatic life other than salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia-susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list between licensed private fish hatcheries, aquatic farms, or aquarium facilities licensed for the species being transported if the aquatic life is being transported into a watershed where it is not currently present, if walleyes whose original source is south of marked State Highway 210 are being transported to a facility north of marked State Highway 210, or if the original source of the aquatic life is outside Minnesota and contiguous states; and

(2) stocking of waters other than public waters with aquatic life other than salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia-susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list.

(b) When aquatic life is transported under paragraph (a), a copy of the bill of lading must be submitted to the regional fisheries manager at least 72 hours before the transportation.

(c) For transportation and stocking of waters that are not public waters:

(1) a bill of lading must be submitted to the regional fisheries manager 72 hours before transporting fish for stocking;

(2) a bill of lading must be submitted to the regional fisheries manager within five days after stocking if the waters to be stocked are confirmed by telecopy or telephone prior to stocking by the regional fisheries office not to be public waters; or

(3) a completed bill of lading may be submitted to the regional fisheries office by telecopy prior to transporting fish for stocking. Confirmation that the waters to be stocked are not public waters may be made by returning the bill of lading by telecopy or in writing, in which cases additional copies need not be submitted to the Department of Natural Resources.

(d) Bill of lading forms may only be issued by the Department of Natural Resources in St. Paul, and new bill of lading forms may not be issued until all previously issued forms have been returned.

Sec. 9. Minnesota Statutes 2018, section 17.4985, subdivision 3, is amended to read:

Subd. 3. **Exemptions for transportation permits and bills of lading.** (a) A state-issued bill of lading or transportation permit is not required by an aquatic farm licensee for ~~importation of importing~~ animals not on the ~~official list of viral hemorrhagic septicemia-susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services;~~ transportation of VHS-susceptible-species list, transporting animals not on the ~~official list of viral~~

~~hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services; or export for~~ VHS-susceptible-species list, or exporting the following:

- (1) minnows taken under an aquatic farm license in this state and transported intrastate;
- (2) aquarium or ornamental fish including goldfish and tropical, subtropical, and saltwater species that cannot survive in the waters of the state, which may be imported or transported if accompanied by shipping documents;
- (3) fish or fish eggs that have been processed for use as food, bait, or other purposes unrelated to fish propagation;
- (4) live fish from a licensed aquatic farm, which may be transported directly to an outlet for processing or for other food purposes if accompanied by shipping documents;
- (5) fish being exported if accompanied by shipping documents;
- (6) sucker eggs, sucker fry, or fathead minnows transported intrastate for bait propagation or feeding of cultural aquatic life, except that if either species becomes listed on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list, then a transportation permit is required;
- (7) species of fish that are found within the state used in connection with public shows, exhibits, demonstrations, or fishing pools for periods not exceeding 14 days;
- (8) fish being transported through the state if accompanied by shipping documents; or
- (9) intrastate transportation of aquatic life between or within licensed private fish hatcheries, aquatic farms, or aquarium facilities licensed for the species being transported, except where required in subdivision 2 and except that salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~, VHS-susceptible-species list may only be transferred or transported intrastate without a transportation permit if they had no record of bacterial kidney disease or viral hemorrhagic septicemia at the time they were imported into the state and if they have had a fish health inspection within the preceding year that has shown no certifiable diseases to be present.

Aquatic life being transferred between licensed private fish hatcheries, aquatic farms, or aquarium facilities must be accompanied by shipping documents and salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~, VHS-susceptible-species list being transferred or transported intrastate without a transportation permit must be accompanied by a copy of their most recent fish health inspection.

(b) Shipping documents required under paragraph (a) must show the place of origin, owner or consignee, destination, number, and species.

Sec. 10. Minnesota Statutes 2018, section 17.4985, subdivision 5, is amended to read:

Subd. 5. **Permit application.** An application for a transportation permit must be made on forms provided by the commissioner. An incomplete application must be rejected. An application for a transportation permit for salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list; their eggs; or their sperm must be accompanied by certification that the source of the eggs or sperm are free of certifiable diseases, except that eggs with enteric redmouth, whirling disease, or furunculosis may be imported, transported, or stocked following treatment approved by the commissioner, and fish with bacterial kidney disease or viral hemorrhagic septicemia may be imported, transported, or stocked into areas where the disease has been identified as being present. A copy of the transportation permit showing the date of certification inspection must accompany the shipment of fish while in transit and must be available for inspection by the commissioner. By 14 days after a completed application is received, the commissioner must approve or deny the importation permits as provided in this section.

Sec. 11. Minnesota Statutes 2018, section 17.4986, subdivision 2, is amended to read:

Subd. 2. **Licensed facilities.** (a) The commissioner shall issue transportation permits to import:

(1) indigenous and naturalized species except trout, salmon, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list and sperm from any source to a standard facility;

(2) trout, salmon, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list from a nonemergency enzootic disease area to a containment facility if the fish are certified within the previous year to be free of certifiable diseases, except that eggs with enteric redmouth, whirling disease, or furunculosis may be imported following treatment approved by the commissioner, and fish with bacterial kidney disease or viral hemorrhagic septicemia may be imported into areas where the disease has been identified as being present; and

(3) trout, salmon, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list from a facility in a nonemergency enzootic disease area with a disease-free history of three years or more to a standard facility, except that eggs with enteric redmouth, whirling disease, or furunculosis may be imported following treatment approved by the commissioner, and fish with bacterial kidney disease or viral hemorrhagic septicemia may be imported into areas where the disease has been identified as being present.

(b) If a source facility in a nonemergency enzootic disease area cannot demonstrate a history free from disease, aquatic life may only be imported into a quarantine facility.

Sec. 12. Minnesota Statutes 2018, section 17.4986, subdivision 4, is amended to read:

Subd. 4. **Disease-free history.** Disease-free histories required under this section must include the results of a fish health inspection. When disease-free histories of more than one year are required for importing salmonids, catfish, or species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant~~

~~Health Inspection Services~~ VHS-susceptible-species list, the disease history must be of consecutive years that include the year previous to, or the year of, the transportation request.

Sec. 13. Minnesota Statutes 2018, section 17.4991, subdivision 3, is amended to read:

Subd. 3. **Fish health inspection.** (a) An aquatic farm propagating salmonids, catfish, or species on the ~~viral hemorrhagic septicemia (VHS) susceptible list published by the United States Department of Agriculture, Animal and Plant Health Inspection Services,~~ VHS-susceptible-species list and having an effluent discharge from the aquatic farm into public waters must have a fish health inspection conducted at least once every 12 months by a certified fish health inspector. Testing must be conducted according to laboratory methods of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE).

(b) An aquatic farm propagating any species on the VHS susceptible list and having an effluent discharge from the aquatic farm into public waters must test for VHS virus using the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases. The commissioner may, by written order published in the State Register, prescribe alternative testing time periods and methods from those prescribed in the Fish Health Blue Book or the OIE Diagnostic Manual if the commissioner determines that biosecurity measures will not be compromised. These alternatives are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner must provide reasonable notice to affected parties of any changes in testing requirements.

(c) Results of fish health inspections must be provided to the commissioner for all fish that remain in the state. All data used to prepare and issue a fish health certificate must be maintained for three years by the issuing fish health inspector, approved laboratory, or accredited veterinarian.

(d) A health inspection fee must be charged based on each lot of fish sampled. The fee by check or money order payable to the Department of Natural Resources must be prepaid or paid at the time a bill or notice is received from the commissioner that the inspection and processing of samples is completed.

(e) Upon receipt of payment and completion of inspection, the commissioner shall notify the operator and issue a fish health certificate. The certification must be made according to the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases by a person certified as a fish health inspector.

(f) All aquatic life in transit or held at transfer stations within the state may be inspected by the commissioner. This inspection may include the collection of stock for purposes of pathological analysis. Sample size necessary for analysis will follow guidelines listed in the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases.

(g) Salmonids, catfish, or species on the VHS susceptible list must have a fish health inspection before being transported from a containment facility, unless the fish are being transported directly to an outlet for processing or other food purposes or unless the commissioner determines that an inspection is not needed. A fish health inspection conducted for this purpose need only be done on the lot or lots of fish that will be transported. The commissioner must conduct a fish health inspection requested for this purpose within five working days of receiving written notice. Salmonids and catfish may be immediately transported from a containment facility to another containment facility

once a sample has been obtained for a health inspection or once the five-day notice period has expired.

Sec. 14. Minnesota Statutes 2018, section 17.4992, subdivision 2, is amended to read:

Subd. 2. **Restriction on the sale of fish.** (a) Except as provided in paragraph (b), species on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services, VHS-susceptible-species~~ list must be free of viral hemorrhagic septicemia and species of the family salmonidae or ictaluridae, except bullheads, must be free of certifiable diseases if sold for stocking or transfer to another aquatic farm.

(b) The following exceptions apply to paragraph (a):

(1) eggs with enteric redmouth, whirling disease, or furunculosis may be transferred between licensed facilities or stocked following treatment approved by the commissioner;

(2) fish with bacterial kidney disease or viral hemorrhagic septicemia may be transferred between licensed facilities or stocked in areas where the disease has been identified as being present; and

(3) the commissioner may allow transfer between licensed facilities or stocking of fish with enteric redmouth or furunculosis when the commissioner determines that doing so would pose no threat to the state's aquatic resources.

Sec. 15. Minnesota Statutes 2019 Supplement, section 84.027, subdivision 18, is amended to read:

Subd. 18. **Permanent school fund authority; reporting.** (a) The commissioner of natural resources has the authority and responsibility to administer school trust lands under sections 92.122 and 127A.31. The commissioner shall ~~biannually~~ biennially report to the Legislative Permanent School Fund Commission and the legislature on the management of the school trust lands that shows how the commissioner has and will continue to achieve the following goals:

(1) manage the school trust lands efficiently and in a manner that reflects the undivided loyalty to the beneficiaries consistent with the commissioner's fiduciary duties;

(2) reduce the management expenditures of school trust lands and maximize the revenues deposited in the permanent school trust fund;

(3) manage the sale, exchange, and commercial leasing of school trust lands, requiring returns of not less than fair market value, to maximize the revenues deposited in the permanent school trust fund and retain the value from the long-term appreciation of the school trust lands;

(4) manage the school trust lands to maximize the long-term economic return for the permanent school trust fund while maintaining sound natural resource conservation and management principles;

(5) optimize school trust land revenues and maximize the value of the trust consistent with balancing short-term and long-term interests, so that long-term benefits are not lost in an effort to maximize short-term gains; and

(6) maintain the integrity of the trust and prevent the misapplication of its lands and its revenues.

(b) When the commissioner finds an irresolvable conflict between maximizing the long-term economic return and protecting natural resources and recreational values on school trust lands, the commissioner shall give precedence to the long-term economic return in managing school trust lands. By July 1, 2018, the permanent school fund must be compensated for all school trust lands included under a designation or policy provision that prohibits long-term economic return. The commissioner shall submit recommendations to the appropriate legislative committees and divisions on methods of funding for the compensation required under this paragraph, including recommendations for appropriations from the general fund, nongeneral funds, and the state bond fund. Any uncompensated designation or policy provision restrictions on the long-term economic return on school trust lands remaining after July 1, 2018, must be compiled and submitted to the Legislative Permanent School Fund Commission for review.

(c) By December 31, 2013, the report required under paragraph (a) must provide an inventory and identification of all school trust lands that are included under a designation or policy provision that prohibits long-term economic return. The report must include a plan to compensate the permanent school fund through the purchase or exchange of the lands or a plan to manage the school trust land to generate long-term economic return to the permanent school fund. Subsequent reports under paragraph (a) must include a status report of the commissioner's progress in maximizing the long-term economic return on lands identified in the 2013 report.

(d) When management practices, policies, or designations by the commissioner diminish or prohibit the long-term economic return on school trust land, the conflict must be resolved as provided in section 92.122.

Sec. 16. Minnesota Statutes 2018, section 84.63, is amended to read:

84.63 CONVEYANCE OF INTERESTS IN LANDS TO STATE AND, FEDERAL, AND TRIBAL GOVERNMENTS.

(a) Notwithstanding any existing law to the contrary, the commissioner of natural resources is hereby authorized on behalf of the state to convey to the United States, to a federally recognized Indian tribe, or to the state of Minnesota or any of its subdivisions, upon state-owned lands under the administration of the commissioner of natural resources, permanent or temporary easements for specified periods or otherwise for trails, highways, roads including limitation of right of access from the lands to adjacent highways and roads, flowage for development of fish and game resources, stream protection, flood control, and necessary appurtenances thereto, such conveyances to be made upon such terms and conditions including provision for reversion in the event of non-user as the commissioner of natural resources may determine.

(b) In addition to the fee for the market value of the easement, the commissioner of natural resources shall assess the applicant the following fees:

(1) an application fee of \$2,000 to cover reasonable costs for reviewing the application and preparing the easement; and

(2) a monitoring fee to cover the projected reasonable costs for monitoring the construction of the improvement for which the easement was conveyed and preparing special terms and conditions

for the easement. The commissioner must give the applicant an estimate of the monitoring fee before the applicant submits the fee.

(c) The applicant shall pay these fees to the commissioner of natural resources. The commissioner shall not issue the easement until the applicant has paid in full the application fee, the monitoring fee, and the market value payment for the easement.

(d) Upon completion of construction of the improvement for which the easement was conveyed, the commissioner shall refund the unobligated balance from the monitoring fee revenue. The commissioner shall not return the application fee, even if the application is withdrawn or denied.

(e) Money received under paragraph (b) must be deposited in the land management account in the natural resources fund and is appropriated to the commissioner of natural resources to cover the reasonable costs incurred for issuing and monitoring easements.

(f) A county or joint county regional railroad authority is exempt from all fees specified under this section for trail easements on state-owned land.

Sec. 17. Minnesota Statutes 2018, section 84.82, subdivision 1a, is amended to read:

Subd. 1a. **General requirements.** A person may not operate ~~or transport~~ a snowmobile unless the snowmobile has been registered under this section. A person may not sell a snowmobile without furnishing the buyer a bill of sale on a form prescribed by the commissioner.

Sec. 18. Minnesota Statutes 2018, section 84.82, subdivision 7a, is amended to read:

Subd. 7a. **Collector limited snowmobile use.** The commissioner may issue a special permit to a person or organization to operate ~~or transport~~ a collector snowmobile without registration in parades or organized group outings, such as races, rallies, and other promotional events and for up to ten days each year for personal transportation. The commissioner may impose a reasonable restriction on a permittee and may revoke, amend, suspend, or modify a permit for cause.

Sec. 19. Minnesota Statutes 2018, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means a motorized vehicle with: (1) not less than three, but not more than six ~~low pressure or non-pneumatic~~ tires; (2) a total dry weight of 2,000 pounds or less; and (3) a total width from outside of tire rim to outside of tire rim that is 65 inches or less. All-terrain vehicle includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle. All-terrain vehicle does not include a golf cart, mini-truck, dune buggy, or go-cart or a vehicle designed and used specifically for lawn maintenance, agriculture, logging, or mining purposes.

Sec. 20. Minnesota Statutes 2018, section 84D.11, subdivision 1a, is amended to read:

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

Sec. 21. Minnesota Statutes 2018, section 85.052, subdivision 1, is amended to read:

Subdivision 1. **Authority to establish.** (a) The commissioner may establish, by written order, provisions for the use of state parks for the following:

(1) special parking space for automobiles or other motor-driven vehicles in a state park or state recreation area;

(2) special parking spurs, campgrounds for automobiles, sites for tent camping, other types of lodging, camping, or day use facilities, and special auto trailer coach parking spaces, for the use of the individual charged for the space or facility; and

~~(3) improvement and maintenance of golf courses already established in state parks, and charging reasonable use fees; and~~

~~(4)~~ (3) providing water, sewer, and electric service to trailer or tent campsites and charging a reasonable use fee.

(b) Provisions established under paragraph (a) are exempt from section 16A.1283 and the rulemaking provisions of chapter 14. Section 14.386 does not apply.

(c) For the purposes of this subdivision, "lodging" means an enclosed shelter, room, or building with furnishings for overnight use.

Sec. 22. Minnesota Statutes 2018, section 85.052, subdivision 2, is amended to read:

Subd. 2. **State park ~~pageants~~ special events.** (a) The commissioner may stage state park ~~pageants~~ special events in a state park, municipal park, or on other land near or adjoining a state park and charge an entrance or use fee for the ~~pageant~~ special event. All receipts from the ~~pageants~~ special events must be used in the same manner as though the ~~pageants~~ special events were conducted in a state park.

(b) The commissioner may establish, by written order, state park ~~pageant~~ special event areas to hold historical or other ~~pageants~~ special events conducted by the commissioner of a state agency or other public agency. Establishment of the areas is exempt from the rulemaking provisions of chapter 14₂ and section 14.386 does not apply.

Sec. 23. Minnesota Statutes 2018, section 85.052, subdivision 6, is amended to read:

Subd. 6. **State park reservation system.** (a) The commissioner may, by written order, develop reasonable reservation policies for ~~campsites and other~~ using camping, lodging, and day-use facilities and for tours, educational programs, seminars, events, and rentals. These policies are exempt from rulemaking provisions under chapter 14₂ and section 14.386 does not apply.

(b) The revenue collected from the state park reservation fee established under subdivision 5, including interest earned, shall be deposited in the state park account in the natural resources fund and is annually appropriated to the commissioner for the cost of the state park reservation system.

Sec. 24. Minnesota Statutes 2018, section 85.052, is amended by adding a subdivision to read:

Subd. 7. **Special-use permits.** The commissioner may, by written order, develop reasonable policies for special-use permits to use state parks, state recreation areas, and state waysides. These policies are exempt from rulemaking provisions under chapter 14, and section 14.386 does not apply.

Sec. 25. Minnesota Statutes 2018, section 85.053, subdivision 2, is amended to read:

Subd. 2. **Requirement.** Except as provided in section 85.054, a motor vehicle may not enter a state park, state recreation area, or state wayside over 50 acres in area, without a state park permit issued under this section or a state parks and trails plate issued under section 168.1295. Except for vehicles permitted under subdivisions 7, paragraph (a), clause (2), and 8, the state park permit must be affixed to the lower right corner windshield of the motor vehicle and must be completely affixed by its own adhesive to the windshield, or the commissioner may, by written order, provide an alternative means to display and validate state park permits. A motor vehicle owner or lessee is responsible for ensuring the owner's or lessee's vehicle has a state park permit, and the commissioner may issue warnings and citations under section 84.0835 to the owner or lessee of a vehicle not in compliance.

Sec. 26. Minnesota Statutes 2019 Supplement, section 85.054, subdivision 1, is amended to read:

Subdivision 1. **State Park Open House Days.** (a) A state park permit is not required for a motor vehicle to enter a state park, state monument, state recreation area, or state wayside, on four days each calendar year at each park, which the commissioner shall designate as State Park Open House Days. The commissioner may designate two consecutive days as State Park Open House Days, if the open house is held in conjunction with a special ~~pageant~~ event described in section 85.052, subdivision 2.

(b) The commissioner shall announce the date of each State Park Open House Day at least 30 days in advance of the date it occurs.

(c) The purpose of State Park Open House Days is to acquaint the public with state parks, recreation areas, and waysides.

Sec. 27. Minnesota Statutes 2019 Supplement, section 85.47, is amended to read:

85.47 ~~SPECIAL-USE~~ SPECIAL-USE PERMITS; FEES.

Subdivision 1. **Special-use permits.** The commissioner may, by written order, develop reasonable policies for special-use permits to use state trails and state water access sites. The policies are exempt from rulemaking provisions under chapter 14, and section 14.386 does not apply.

Subd. 2. **Disposition of fees.** Fees collected for ~~special-use~~ special-use permits to use state trails and state water access sites not on state forest, state park, or state recreation area lands ~~and for use of state water access sites~~ must be deposited in the natural resources fund and are appropriated to the commissioner of natural resources for operating and maintaining state trails and water access sites.

Sec. 28. Minnesota Statutes 2018, section 86B.005, is amended by adding a subdivision to read:

Subd. 17a. **Wake surfer.** "Wake surfer" means a person who wake surfs.

Sec. 29. Minnesota Statutes 2018, section 86B.005, is amended by adding a subdivision to read:

Subd. 17b. **Wake surf.** "Wake surf" means:

(1) to surf a wake, regardless of whether the surfer is being pulled by a tow rope attached to the watercraft that is producing the wake; or

(2) to operate a boat that creates a wake that is, or is intended to be, surfed by another person.

Sec. 30. Minnesota Statutes 2018, section 86B.315, subdivision 1, is amended to read:

Subdivision 1. **Observer or mirror required.** A person may not wake surf on waters of this state or operate a watercraft on waters of this state ~~and create a wake for a wake surfer or tow~~ while towing a person on water skis, an aquaplane, a surfboard, a saucer, or a similar device unless:

(1) there is another person in the watercraft in addition to the operator who is in a position to continually observe the person being towed; or

(2) the boat is equipped with a mirror providing the operator a wide field of vision to the rear.

Sec. 31. Minnesota Statutes 2018, section 86B.315, is amended by adding a subdivision to read:

Subd. 3. **Distance from shore.** On waters of this state, a person may not wake surf at greater than slow-no wake speed within 200 feet of a:

(1) shoreline;

(2) dock;

(3) swimmer;

(4) raft used for swimming or diving; or

(5) moored, anchored, or nonmotorized watercraft.

Sec. 32. Minnesota Statutes 2018, section 86B.315, is amended by adding a subdivision to read:

Subd. 4. **Requirements for wake surfing.** A person may not wake surf unless the watercraft used to wake surf is powered with a propeller that is forward of the watercraft's transom or swim platform or powered by a jet drive.

Sec. 33. Minnesota Statutes 2018, section 92.502, is amended to read:

92.502 LEASE OF TAX-FORFEITED AND STATE LANDS.

(a) Notwithstanding section 282.04 or other law to the contrary, St. Louis County may enter a 30-year lease of tax-forfeited land for a wind energy project.

(b) The commissioner of natural resources may enter a 30-year lease of land administered by the commissioner for a wind energy project.

(c) The commissioner of natural resources may enter a 30-year lease of land administered by the commissioner for recreational trails and facilities. The commissioner may assess the lease applicant a monitoring fee to cover the projected reasonable costs of monitoring construction of the recreational trail or facility and preparing special terms and conditions of the license to ensure proper construction. The commissioner must give the applicant an estimate of the monitoring fee before the applicant is required to submit the fee. Upon completion of construction of the trail or facility, the commissioner must refund the unobligated balance from the monitoring fee revenue.

(d) Notwithstanding section 282.04 or other law to the contrary, Lake and St. Louis Counties may enter into 30-year leases of tax-forfeited land for recreational trails and facilities.

Sec. 34. Minnesota Statutes 2018, section 97A.015, subdivision 51, is amended to read:

Subd. 51. **Unloaded.** "Unloaded" means, with reference to a firearm, without ammunition in the barrels and magazine, if the magazine is in the firearm. A muzzle-loading firearm ~~with~~ is unloaded if:

(1) for a flintlock ignition is ~~unloaded if,~~ it does not have priming powder in a pan. ~~A muzzle-loading firearm with;~~

(2) for a percussion ignition is ~~unloaded if,~~ it does not have a percussion cap on a nipple;

(3) for an electronic ignition system, the battery is removed and is disconnected from the firearm;
and

(4) for an encapsulated powder charge ignition system, the primer and powder charge are removed from the firearm.

Sec. 35. Minnesota Statutes 2018, section 97A.137, subdivision 5, is amended to read:

Subd. 5. **Portable stands.** (a) Prior to the Saturday on or nearest September 16, a portable stand may be left overnight in a wildlife management area by a person with a valid bear license who is hunting within 100 yards of a bear bait site that is legally tagged and registered as prescribed under section 97B.425. Any person leaving a portable stand overnight under this subdivision must affix a tag with: (1) the person's name and address; (2) the licensee's driver's license number; or (3) the "MDNR#" license identification number issued to the licensee. The tag must be affixed to the stand in a manner that it can be read from the ground.

(b) From November 1 through December 31, a portable stand may be left overnight by a person possessing a license to take deer in a wildlife management area located in whole or in part north and west of a line described as follows:

State Trunk Highway 1 from the west boundary of the state to State Trunk Highway 89; then north along State Trunk Highway 89 to Fourtown; then north on County State-Aid Highway 44, Beltrami County, to County Road 704, Beltrami County; then north on County Road 704 to Dick's Parkway State Forest Road; then north on Dick's Parkway to County State-Aid Highway 5, Roseau

County; then north on County State-Aid Highway 5 to Warroad; then north on State Trunk Highway 11 to State Trunk Highway 313; then north on State Trunk Highway 313 to the north boundary of the state.

A person leaving a portable stand overnight under this paragraph must affix a tag with: (1) the person's name and address; (2) the licensee's driver's license number; or (3) the "MDNR#" license identification number issued to the licensee. The tag must be affixed to the stand so that it can be read from the ground and must be made of a material sufficient to withstand weather conditions. A person leaving a portable stand overnight in a wildlife management area under this paragraph may not leave more than two portable stands in any one wildlife management area. Unoccupied portable stands left overnight under this paragraph may be used by any member of the public. ~~This paragraph expires December 31, 2019.~~

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

Sec. 36. Minnesota Statutes 2018, section 97A.401, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's authority.** The commissioner may issue special permits for the activities in this section. A special permit may be issued in the form of a general permit to a governmental subdivision or to the general public to conduct one or more activities under subdivisions 2 to ~~7~~ 8.

Sec. 37. Minnesota Statutes 2018, section 97A.401, is amended by adding a subdivision to read:

Subd. 8. **Snakes, lizards, and salamanders.** (a) The commissioner must prescribe conditions and may issue permits to breed, propagate, and sell snakes, lizards, and salamanders. A snake, lizard, or salamander that is obtained from a permitted breeder or that was possessed before August 1, 2020, may be possessed as a pet.

(b) If the commissioner does not prescribe conditions to issue permits under this subdivision by March 31, 2021, authority to prescribe conditions under this subdivision is repealed. Authority to prescribe conditions under this subdivision is not continuing authority to amend or repeal the conditions. Notwithstanding section 14.125, any additional action on prescribed conditions after adoption must be under specific statutory authority to take the additional action.

Sec. 38. Minnesota Statutes 2018, section 97A.421, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The annual license of a person convicted of a violation of the game and fish laws relating to the license or wild animals covered by the license is void when:

(1) a second conviction occurs within three years under a license to trap fur-bearing animals, take small game, or to take fish by angling or spearing;

(2) a ~~third~~ second conviction occurs within ~~one year~~ three years under a minnow dealer's license;

(3) a second conviction occurs within three years for violations of section 97A.425 that do not involve falsifications or intentional omissions of information required to be recorded, or attempts to conceal unlawful acts within the records;

(4) two or more misdemeanor convictions occur within a three-year period under a private fish hatchery license;

(5) the conviction occurs under a license not described in clause (1), (2), or (4) or is for a violation of section 97A.425 not described in clause (3); or

(6) the conviction is related to assisting a person in the illegal taking, transportation, or possession of wild animals, when acting as a hunting or angling guide.

(b) Except for big-game licenses and as otherwise provided in this section, for one year after the conviction the person may not obtain the kind of license or take wild animals under a lifetime license, issued under section 97A.473 or 97A.474, relating to the game and fish law violation.

Sec. 39. Minnesota Statutes 2018, section 97A.421, is amended by adding a subdivision to read:

Subd. 3b. **Issuance after conviction; night vision or thermal imaging equipment.** (a) A person who is convicted of a violation under paragraph (b) and who possessed night vision or thermal imaging equipment during the violation may not obtain a hunting license or hunt wild animals for five years from the date of conviction.

(b) The revocation under this subdivision applies to convictions for:

(1) trespassing;

(2) hunting game in closed season;

(3) hunting game in closed hours;

(4) possessing night vision or thermal imaging equipment while taking wild animals in violation of section 97B.086; or

(5) possessing unlawful firearms in deer zones in violation of section 97B.041.

Sec. 40. Minnesota Statutes 2018, section 97A.505, subdivision 3b, is amended to read:

Subd. 3b. **Wild animals taken on Red Lake Reservation lands within Northwest Angle.** Wild animals taken and tagged on the Red Lake Reservation lands in accordance with the Red Lake Band's Conservation Code ~~on the Red Lake Reservation lands in Minnesota north of the 49th parallel shall be~~ and all applicable federal law are considered lawfully taken and possessed under state law. Possessing wild animals harvested under this subdivision is in addition to any state limits.

Sec. 41. Minnesota Statutes 2019 Supplement, section 97A.505, subdivision 8, is amended to read:

Subd. 8. **Importing ~~hunter-harvested~~ Cervidae carcasses.** (a) Importing ~~hunter-harvested~~ Cervidae carcasses procured by any means into Minnesota is prohibited except for cut and wrapped meat, quarters or other portions of meat with no part of the spinal column or head attached, antlers, hides, teeth, finished taxidermy mounts, and antlers attached to skull caps that are cleaned of all brain tissue.

~~Hunter-harvested~~ (b) Cervidae carcasses ~~taken~~ originating from outside of Minnesota may be transported on a direct route through the state by nonresidents.

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

Sec. 42. Minnesota Statutes 2018, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. **Permissible firearms and ammunition; big game and wolves.** A person may take big game and wolves with a firearm only if:

(1) ~~the any~~ rifle, shotgun, ~~and or~~ handgun used is a caliber of at least .22 inches and ~~with~~ has centerfire ignition;

(2) the firearm is loaded only with single projectile ammunition;

(3) a projectile used is a caliber of at least .22 inches and has a soft point or is an expanding bullet type;

(4) ~~the any~~ muzzleloader used ~~is incapable of being~~ has the projectile loaded only at the breech muzzle;

(5) ~~the any~~ smooth-bore muzzleloader used is a caliber of at least .45 inches; and

(6) ~~the any~~ rifled muzzleloader used is a caliber of at least .40 inches.

Sec. 43. Minnesota Statutes 2018, section 97B.036, is amended to read:

97B.036 CROSSBOW HUNTING DURING FIREARMS SEASON.

Notwithstanding section 97B.035, subdivisions 1 and 2, a person may take deer, bear, or turkey by crossbow during the respective ~~regular~~ firearms seasons. The transportation requirements of section 97B.051 apply to crossbows during the ~~regular~~ firearms deer, bear, or turkey season. Crossbows must meet the requirements of section 97B.106, subdivision 2. A person taking deer, bear, or turkey by crossbow under this section must have a valid ~~firearms~~ license to take the respective game by firearm. This section does not allow the use of a crossbow by licensed muzzleloader hunters during the muzzleloader firearms deer season under section 97B.311.

Sec. 44. Minnesota Statutes 2019 Supplement, section 97B.086, is amended to read:

97B.086 POSSESSING NIGHT VISION OR THERMAL IMAGING EQUIPMENT.

(a) A person may not possess night vision or thermal imaging equipment while taking wild animals or while having in possession, either individually or as one of a group of persons, a firearm, bow, or other implement that could be used to take wild animals.

(b) This section does not apply to a firearm that is:

(1) unloaded;

(2) in a gun case expressly made to contain a firearm that fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened without any portion of the firearm exposed; and

(3) in the closed trunk of a motor vehicle.

(c) This section does not apply to a bow that is:

(1) completely encased or unstrung; and

(2) in the closed trunk of a motor vehicle.

(d) If the motor vehicle under paragraph (b) or (c) does not have a trunk, the firearm or bow must be placed in the rearmost location of the vehicle.

(e) This section does not apply to night vision, night vision enhanced with an infrared illuminator, or thermal imaging equipment possessed by:

(1) peace officers or military personnel while exercising their duties; or

(2) a person taking coyote or fox as provided under section 97B.075 and rules adopted under section 97B.605, but the equipment must not be possessed during the regular firearms deer season.

Sec. 45. Minnesota Statutes 2018, section 97B.311, is amended to read:

97B.311 DEER SEASONS AND RESTRICTIONS.

(a) Except as provided under paragraph (c), the commissioner may, by rule, prescribe restrictions and designate areas where deer may be taken, including hunter selection criteria for special hunts established under section 97A.401, subdivision 4. The commissioner may, by rule, prescribe the open seasons for deer within the following periods:

(1) taking with firearms, other than muzzle-loading firearms, between November 1 and December 15;

(2) taking with muzzle-loading firearms between September 1 and December 31; and

(3) taking by archery between September 1 and December 31.

(b) Notwithstanding paragraph (a), the commissioner may establish special seasons within designated areas at any time of year.

(c) The commissioner may not impose an antler point restriction other than that imposed under Minnesota Rules, part 6232.0200, subpart 6.

Sec. 46. Minnesota Statutes 2018, section 97C.005, subdivision 3, is amended to read:

Subd. 3. **Seasons, limits, and other rules.** The commissioner may, in accordance with the procedures in subdivision 2, paragraphs (c) and (e), or by rule under chapter 14, establish open seasons, limits, methods, and other requirements for taking fish on special management waters. The commissioner may, by written order published in the State Register, amend daily, possession, or

size limits to make midseason adjustments based on available harvest, angling pressure, and population data to manage the fisheries in the 1837 Ceded Territory in compliance with the court orders in *Mille Lacs Band of Chippewa v. Minnesota*, 119 S. Ct. 1187 (1999) and in the state waters of Upper Red Lake. The midseason adjustments in daily, possession, or size limits are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. Before the written order is effective, the commissioner shall attempt to notify persons or groups of persons affected by the written order by public announcement, posting, and other appropriate means as determined by the commissioner.

Sec. 47. Minnesota Statutes 2018, section 97C.342, subdivision 2, is amended to read:

Subd. 2. **Bait restrictions.** Frozen or dead fish on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list under section 17.4982, subdivision 21b; cisco (all *Coregonus*, including lake herring and tullibee); and smelt (all *Osmerus*, *Spirincus*, *Hypomesus*, and *Allosmerus*) being used as bait in waters of the state must originate from water bodies certified disease-free. Certification for these water bodies is valid for one year from the date of test results.

Sec. 48. Minnesota Statutes 2018, section 97C.515, subdivision 2, is amended to read:

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

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

(c) The commissioner may require the person transporting minnow species found on the ~~official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services~~ VHS-susceptible-species list under section 17.4982, subdivision 21b, to provide health certification for viral hemorrhagic septicemia. The certification must disclose any incidentally isolated replicating viruses, and must be dated within the 12 months preceding transport.

Sec. 49. Minnesota Statutes 2018, section 97C.805, subdivision 2, is amended to read:

Subd. 2. **Restrictions.** (a) ~~The Netting of lake whitefish and ciscoes~~ is subject to the restrictions in this subdivision.

(b) A person may not use:

- (1) more than ~~two nets~~ one net;
- (2) a net more than 100 feet long; or
- (3) a net more than three feet wide.

(c) The mesh size of the ~~nets~~ net may not be less than:

(1) 1-3/4 inches, stretch measure, for nets used to take ciscoes; and

(2) 3-1/2 inches, stretch measure, for all other nets.

(d) A net may not be set in water, including ice thickness, deeper than six feet.

(e) The commissioner may designate waters where nets may be set so that portions of the net extend into water deeper than six feet under conditions prescribed by the commissioner to protect game fish. A pole or stake must project at least two feet above the surface of the water or ice at one end of ~~each~~ the net.

(f) A net may not be set within 50 feet of another net.

(g) A person may not have angling equipment in possession while netting lake whitefish or ciscoes.

Sec. 50. Minnesota Statutes 2018, section 97C.836, is amended to read:

97C.836 LAKE SUPERIOR LAKE TROUT; EXPANDED ASSESSMENT HARVEST.

The commissioner shall provide for taking of lake trout by licensed commercial operators in Lake Superior management zones MN-3 and MN-2 for expanded assessment and sale. The commissioner shall authorize expanded assessment taking and sale of lake trout in Lake Superior management zone MN-3 beginning annually in 2007 and zone MN-2 beginning annually in 2010. Total assessment taking and sale may not exceed 3,000 lake trout in zone MN-3 and 2,000 lake trout in zone MN-2 and may be reduced when necessary to protect the lake trout population or to manage the effects of invasive species or fish disease. Taking lake trout for expanded assessment and sale shall be allowed from June 1 to September 30, but may end earlier in the respective zones if the quotas are reached. The quotas must be reassessed at the expiration of the current ten-year Fisheries Management Plan for the Minnesota Waters of Lake Superior ~~dated September 2006~~.

Sec. 51. Minnesota Statutes 2018, section 103A.212, is amended to read:

103A.212 WATERSHED MANAGEMENT POLICY.

Subdivision 1. Purpose. The quality of life of every Minnesotan depends on water. Minnesota's rivers, lakes, streams, wetlands, and groundwater provide a foundation for drinking water and the state's recreational, municipal, commercial, industrial, agricultural, environmental, aesthetic, and economic well-being. The legislature finds that it is in the public interest to manage groundwater and surface water resources from the perspective of aquifers, watersheds, and river basins to achieve protection, preservation, enhancement, and restoration of the state's valuable groundwater and surface water resources.

Subd. 2. Coordination and cooperation. In implementing the policy under this section, state agencies and local and regional governments with authority for local water management conservation, land use, land management, and development plans must take into consideration the manner in which their plans are consistent with the policy. To the extent practicable, state agencies and local and regional governments must endeavor to enter into formal and informal agreements and

arrangements to jointly utilize staff and educational, technical, and financial resources to deliver programs or conduct activities to achieve the intent of the policy.

Sec. 52. Minnesota Statutes 2018, section 103C.315, subdivision 4, is amended to read:

Subd. 4. **Compensation.** A supervisor shall receive compensation for services up to ~~\$75~~ \$125 per day, and may be reimbursed for expenses, including traveling expenses, necessarily incurred in the discharge of duties. A supervisor may be reimbursed for the use of the supervisor's own automobile in the performance of official duties at a rate up to the maximum tax-deductible mileage rate permitted under the federal Internal Revenue Code.

Sec. 53. **[103F.05] MINNESOTA RIVER BASIN WATER QUALITY AND STORAGE PROGRAM.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "board" means the Board of Water and Soil Resources; and

(2) "local units of government" has the meaning given under section 103B.305, subdivision 5.

Subd. 2. **Establishment.** The board may establish a program to provide financial assistance to local units of government located in the Minnesota River basin to control water volume and rates for the purpose of protecting infrastructure and improving water quality and related public benefits.

Subd. 3. **Financial assistance.** (a) The board may provide financial assistance to local units of government to cover the costs of water storage projects and other water quality practices consistent with a plan approved according to chapter 103B, 103C, or 103D. Costs may include site acquisition, design, engineering, and construction. The board may acquire conservation easements under sections 103F.501 to 103F.531 as necessary to implement a project or practice under this section.

(b) The board must enter into agreements with local units of government receiving financial assistance under this section. The agreements must specify the terms of state and local cooperation, including financing arrangements for construction and assurances for maintenance of any structures after completion.

(c) The board may adopt procedures based on the provisions of section 103C.501, for cost-sharing contracts needed to implement this program.

Subd. 4. **Local match.** The board may require a local match and may adjust match requirements if federal funds are available for the project.

Subd. 5. **Technical assistance.** (a) The board may employ or contract with an engineer or hydrologist to work on the technical implementation of the program established under this section.

(b) When implementing the program, the board must:

(1) assist local units of government in achieving the purposes of the program;

(2) review and analyze projects and project sites; and

(3) evaluate the effectiveness of completed projects constructed under the program.

(c) The board may enter into cooperative agreements with the commissioner of natural resources, the Natural Resources Conservation Service of the United States Department of Agriculture, and other agencies as needed to analyze hydrological and engineering information on proposed sites.

Subd. 6. **Requirements.** (a) A local unit of government applying for financial assistance under this section must provide a copy of a resolution or other documentation of the local unit of government's support for the project. The documentation must include provisions for local funding and management, the proposed method of obtaining necessary land rights for the proposed project, and an assignment of responsibility for maintenance of any structures or practices upon completion of the project.

(b) A local unit of government, with the assistance of the board, must evaluate the environmental and other benefits that are reasonably expected upon completion of the proposed project. The evaluation must be submitted to the board before the final design.

Subd. 7. **Interstate cooperation.** The board may enter into or approve working agreements with neighboring states or their political subdivisions to accomplish projects consistent with the program established in this section.

Subd. 8. **Federal aid availability.** The board must regularly complete an analysis of the availability of federal funds and programs to supplement or complement state and local efforts consistent with the purposes of this section.

Sec. 54. Minnesota Statutes 2018, section 103G.271, subdivision 7, is amended to read:

Subd. 7. **Transferring permit.** (a) A water-use permit may be transferred to a successive owner of real property if the permittee conveys the real property where the source of water is located. The new owner must notify the commissioner immediately after the conveyance and request transfer of the permit. The commissioner must not deny the transfer of a permit if:

(1) the permittee is in compliance with all permit conditions, as demonstrated by:

(i) the permit being valid at the time of the real property transfer; and

(ii) the permittee has complied with the total volume allowed under the water-use permit prior to transferring the real property; and

(2) the permit meets the requirements of sections 103G.255 to 103G.301.

(b) The commissioner must not require additional conditions on the permit, reduce the appropriation, or require any testing when transferring a permit.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2010.

Sec. 55. Minnesota Statutes 2018, section 103G.271, is amended by adding a subdivision to read:

Subd. 8. **Management plans; economic impacts.** Before a management plan for appropriating water is prepared, the commissioner must provide estimates of the economic impact of any new restriction or policy on existing and future groundwater users and local governments in the affected area. Strategies to address economic impacts must be included in the plan.

Sec. 56. Minnesota Statutes 2018, section 103G.287, subdivision 4, is amended to read:

Subd. 4. Groundwater management areas. (a) The commissioner may designate groundwater management areas and limit total annual water appropriations and uses within a designated area to ensure sustainable use of groundwater that protects ecosystems, water quality, and the ability of future generations to meet their own needs. Water appropriations and uses within a designated management area must be consistent with a groundwater management area plan approved by the commissioner that addresses water conservation requirements and water allocation priorities established in section 103G.261. During the development of a groundwater management plan, the commissioner and employees and agents of the department may disseminate information related to the timing, location, and agendas of meetings related to the plan, but shall otherwise limit public information disseminated related to the ground water management area to direct factual responses to public and media inquires. At least 30 days prior to implementing or modifying a groundwater management area plan under this subdivision, the commissioner shall consult with the advisory team established in paragraph (c).

(b) Notwithstanding section 103G.271, subdivision 1, paragraph (b), and Minnesota Rules, within designated groundwater management areas, the commissioner may require general permits as specified in section 103G.271, subdivision 1, paragraph (c), for water users using less than 10,000 gallons per day or 1,000,000 gallons per year and water suppliers serving less than 25 persons for domestic purposes. The commissioner may waive the requirements under section 103G.281 for general permits issued under this paragraph, and the fee specified in section 103G.301, subdivision 2, paragraph (c), does not apply to general permits issued under this paragraph.

(c) When designating a groundwater management area, the commissioner shall assemble an advisory team to assist in developing a groundwater management area plan for the area. The advisory team members shall be selected from public and private entities that have an interest in the water resources affected by the groundwater management area. A majority of the advisory team members shall be public and private entities that currently hold water-use permits for water appropriations from the affected water resources. The commissioner shall consult with the League of Minnesota Cities, the Association of Minnesota Counties, the Minnesota Association of Watershed Districts, and the Minnesota Association of Townships in appointing the local government representatives to the advisory team. The advisory team may also include representatives from the University of Minnesota, the Minnesota State Colleges and Universities, other institutions of higher learning in Minnesota, political subdivisions with jurisdiction over water issues, nonprofits with expertise in water, and federal agencies.

(d) Before designating a groundwater management area, the commissioner must provide estimates of the economic effect of any new restriction or policy on existing and future groundwater users and local governments in the affected area. Strategies to address economic impacts must be included in any plan.

Sec. 57. Minnesota Statutes 2018, section 103G.287, subdivision 5, is amended to read:

Subd. 5. **Sustainability standard.** (a) The commissioner may issue water-use permits for appropriation from groundwater only if the commissioner determines that the groundwater use is sustainable to supply the needs of future generations and the proposed use will not harm ecosystems, degrade water, or reduce water levels beyond the reach of public water supply and private domestic wells constructed according to Minnesota Rules, chapter 4725.

(b) For the purposes of this subdivision and subdivision 4, "sustainable" means a change in hydrologic regime of 20 percent or less relative to the August median stream flow.

Sec. 58. Minnesota Statutes 2018, section 103G.289, is amended to read:

103G.289 WELL INTERFERENCE; WELL SEALING VALIDATION; CONTESTED CASE.

(a) The commissioner shall not validate a claim for well interference ~~claim~~ if the affected well has been sealed prior to the completion of the commissioner's investigation of the complaint. If the well is sealed prior to completion of the investigation, the commissioner must dismiss the complaint.

(b) When validating a claim for well interference, the commissioner must take into account the condition of the affected well.

(c) Within 30 days after the commissioner's decision on a claim for well interference, a party ordered by the commissioner to contribute to an affected well owner may petition for a contested case hearing under sections 14.57 to 14.62. The commissioner must grant the petitioner a contested case hearing on the commissioner's decision.

Sec. 59. Minnesota Statutes 2018, section 115.03, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The agency is hereby given and charged with the following powers and duties:

~~(a)~~ (1) to administer and enforce all laws relating to the pollution of any of the waters of the state;

~~(b)~~ (2) to investigate the extent, character, and effect of the pollution of the waters of this state and to gather data and information necessary or desirable in the administration or enforcement of pollution laws, and to make such classification of the waters of the state as it may deem advisable;

~~(c)~~ (3) to establish and alter such reasonable pollution standards for any waters of the state in relation to the public use to which they are or may be put as it shall deem necessary for the purposes of this chapter and, with respect to the pollution of waters of the state, chapter 116;

~~(d)~~ (4) to encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;

~~(e)~~ (5) to adopt, issue, reissue, modify, deny, or revoke, enter into or enforce reasonable orders, permits, variances, standards, rules, schedules of compliance, and stipulation agreements, under such conditions as it may prescribe, in order to prevent, control or abate water pollution, or for the installation or operation of disposal systems or parts thereof, or for other equipment and facilities:

(1) (i) requiring the discontinuance of the discharge of sewage, industrial waste or other wastes into any waters of the state resulting in pollution in excess of the applicable pollution standard established under this chapter;

(2) (ii) prohibiting or directing the abatement of any discharge of sewage, industrial waste, or other wastes, into any waters of the state or the deposit thereof or the discharge into any municipal disposal system where the same is likely to get into any waters of the state in violation of this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards or rules promulgated or permits issued pursuant thereto, and specifying the schedule of compliance within which such prohibition or abatement must be accomplished;

(3) (iii) prohibiting the storage of any liquid or solid substance or other pollutant in a manner which does not reasonably assure proper retention against entry into any waters of the state that would be likely to pollute any waters of the state;

(4) (iv) requiring the construction, installation, maintenance, and operation by any person of any disposal system or any part thereof, or other equipment and facilities, or the reconstruction, alteration, or enlargement of its existing disposal system or any part thereof, or the adoption of other remedial measures to prevent, control or abate any discharge or deposit of sewage, industrial waste or other wastes by any person;

(5) (v) establishing, and from time to time revising, standards of performance for new sources taking into consideration, among other things, classes, types, sizes, and categories of sources, processes, pollution control technology, cost of achieving such effluent reduction, and any nonwater quality environmental impact and energy requirements. Said standards of performance for new sources shall encompass those standards for the control of the discharge of pollutants which reflect the greatest degree of effluent reduction which the agency determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants. New sources shall encompass buildings, structures, facilities, or installations from which there is or may be the discharge of pollutants, the construction of which is commenced after the publication by the agency of proposed rules prescribing a standard of performance which will be applicable to such source. Notwithstanding any other provision of the law of this state, any point source the construction of which is commenced after May 20, 1973, and which is so constructed as to meet all applicable standards of performance for new sources shall, consistent with and subject to the provisions of section 306(d) of the Amendments of 1972 to the Federal Water Pollution Control Act, not be subject to any more stringent standard of performance for new sources during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169, or both, of the Federal Internal Revenue Code of 1954, whichever period ends first. Construction shall encompass any placement, assembly, or installation of facilities or equipment, including contractual obligations to purchase such facilities or equipment, at the premises where such equipment will be used, including preparation work at such premises;

(6) (vi) establishing and revising pretreatment standards to prevent or abate the discharge of any pollutant into any publicly owned disposal system, which pollutant interferes with, passes through, or otherwise is incompatible with such disposal system;

~~(7)~~ (vii) requiring the owner or operator of any disposal system or any point source to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment or methods, including where appropriate biological monitoring methods, sample such effluents in accordance with such methods, at such locations, at such intervals, and in such a manner as the agency shall prescribe, and providing such other information as the agency may reasonably require;

~~(8)~~ (viii) notwithstanding any other provision of this chapter, and with respect to the pollution of waters of the state, chapter 116, requiring the achievement of more stringent limitations than otherwise imposed by effluent limitations in order to meet any applicable water quality standard by establishing new effluent limitations, based upon section 115.01, subdivision 13, clause (b), including alternative effluent control strategies for any point source or group of point sources to insure the integrity of water quality classifications, whenever the agency determines that discharges of pollutants from such point source or sources, with the application of effluent limitations required to comply with any standard of best available technology, would interfere with the attainment or maintenance of the water quality classification in a specific portion of the waters of the state. Prior to establishment of any such effluent limitation, the agency shall hold a public hearing to determine the relationship of the economic and social costs of achieving such limitation or limitations, including any economic or social dislocation in the affected community or communities, to the social and economic benefits to be obtained and to determine whether or not such effluent limitation can be implemented with available technology or other alternative control strategies. If a person affected by such limitation demonstrates at such hearing that, whether or not such technology or other alternative control strategies are available, there is no reasonable relationship between the economic and social costs and the benefits to be obtained, such limitation shall not become effective and shall be adjusted as it applies to such person;

~~(9)~~ (ix) modifying, in its discretion, any requirement or limitation based upon best available technology with respect to any point source for which a permit application is filed after July 1, 1977, upon a showing by the owner or operator of such point source satisfactory to the agency that such modified requirements will represent the maximum use of technology within the economic capability of the owner or operator and will result in reasonable further progress toward the elimination of the discharge of pollutants; and

~~(10)~~ (x) requiring that applicants for wastewater discharge permits evaluate in their applications the potential reuses of the discharged wastewater;

~~(f)~~ (6) to require to be submitted and to approve plans and specifications for disposal systems or point sources, or any part thereof and to inspect the construction thereof for compliance with the approved plans and specifications thereof;

~~(g)~~ (7) to prescribe and alter rules, not inconsistent with law, for the conduct of the agency and other matters within the scope of the powers granted to and imposed upon it by this chapter and, with respect to pollution of waters of the state, in chapter 116, provided that every rule affecting any other department or agency of the state or any person other than a member or employee of the agency shall be filed with the secretary of state;

~~(h)~~ (8) to conduct such investigations, issue such notices, public and otherwise, and hold such hearings as are necessary or which it may deem advisable for the discharge of its duties under this chapter and, with respect to the pollution of waters of the state, under chapter 116, including, but

not limited to, the issuance of permits, and to authorize any member, employee, or agent appointed by it to conduct such investigations or, issue such notices and hold such hearings;

~~(j)~~ (9) for the purpose of water pollution control planning by the state and pursuant to the Federal Water Pollution Control Act, as amended, to establish and revise planning areas, adopt plans and programs and continuing planning processes, including, but not limited to, basin plans and areawide waste treatment management plans, and to provide for the implementation of any such plans by means of, including, but not limited to, standards, plan elements, procedures for revision, intergovernmental cooperation, residual treatment process waste controls, and needs inventory and ranking for construction of disposal systems;

~~(j)~~ (10) to train water pollution control personnel; and charge ~~such fees therefor as are~~ for the training as necessary to cover the agency's costs. The fees under this clause are subject to legislative approval under section 16A.1283. All such fees received shall be paid into the state treasury and credited to the Pollution Control Agency training account;

~~(k)~~ (11) to impose as additional conditions in permits to publicly owned disposal systems appropriate measures to insure compliance by industrial and other users with any pretreatment standard, including, but not limited to, those related to toxic pollutants, and any system of user charges ratably as is hereby required under state law or said Federal Water Pollution Control Act, as amended, or any regulations or guidelines promulgated thereunder;

~~(l)~~ (12) to set a period not to exceed five years for the duration of any national pollutant discharge elimination system permit or not to exceed ten years for any permit issued as a state disposal system permit only;

~~(m)~~ (13) to require each governmental subdivision identified as a permittee for a wastewater treatment works to evaluate in every odd-numbered year the condition of its existing system and identify future capital improvements that will be needed to attain or maintain compliance with a national pollutant discharge elimination system or state disposal system permit; and

~~(n)~~ (14) to train subsurface sewage treatment system personnel, including persons who design, construct, install, inspect, service, and operate subsurface sewage treatment systems, and charge fees for the training as necessary to pay the agency's costs. The fees under this clause are subject to legislative approval under section 16A.1283. All fees received must be paid into the state treasury and credited to the agency's training account. Money in the account is appropriated to the agency to pay expenses related to training.

(b) The information required in paragraph (a), clause ~~(m)~~ (13), must be submitted in every odd-numbered year to the commissioner on a form provided by the commissioner. The commissioner shall provide technical assistance if requested by the governmental subdivision.

(c) The powers and duties given the agency in this subdivision also apply to permits issued under chapter 114C.

Sec. 60. Minnesota Statutes 2018, section 115.455, is amended to read:

115.455 EFFLUENT LIMITATIONS; COMPLIANCE.

To the extent allowable under federal law, for a municipality that constructs a publicly owned treatment works or for an industrial national pollutant discharge elimination system and state disposal system permit holder that constructs a treatment works to comply with a new or modified effluent limitation, compliance with any new or modified effluent limitation adopted after construction begins that would require additional capital investment is required no sooner than 16 years after the date the facility begins operating.

Sec. 61. Minnesota Statutes 2018, section 115.77, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The agency shall collect fees in amounts necessary, but no greater than the amounts necessary, to cover the reasonable costs of reviewing applications and issuing certifications. The fees under this subdivision are subject to legislative approval under section 16A.1283.

Sec. 62. Minnesota Statutes 2018, section 115.84, subdivision 2, is amended to read:

Subd. 2. **Rules.** The agency may adopt rules to govern certification of laboratories according to this section. ~~Notwithstanding section 16A.1283, the agency may adopt rules establishing fees.~~

Sec. 63. Minnesota Statutes 2018, section 115.84, subdivision 3, is amended to read:

Subd. 3. **Fees.** (a) Until the agency adopts a rule establishing fees for certification, the agency shall collect fees from laboratories registering with the agency, but not accredited by the commissioner of health under sections 144.97 to 144.99, in amounts necessary to cover the reasonable costs of the certification program, including reviewing applications, issuing certifications, and conducting audits and compliance assistance. The fees under this paragraph are subject to legislative approval under section 16A.1283.

(b) Fees under this section must be based on the number, type, and complexity of analytical methods that laboratories are certified to perform.

(c) Revenue from fees charged by the agency for certification ~~shall~~ must be credited to the environmental fund.

Sec. 64. Minnesota Statutes 2018, section 115B.49, is amended by adding a subdivision to read:

Subd. 4c. **Registration; fees.** (a) The owner or operator of a dry cleaning facility must register on or before October 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The fee is:

(1) \$3,886 for facilities with a full-time equivalent of fewer than five;

(2) \$8,386 for facilities with a full-time equivalent of five to ten; and

(3) \$15,442 for facilities with a full-time equivalent of more than ten.

(b) The registration fee must be paid on or before October 18, or the owner or operator of a dry cleaning facility may elect to pay the fee in equal installments. Installment payments must be paid on or before October 18, on or before January 18, on or before April 18, and on or before June 18. All payments made after October 18 bear interest at the rate specified in section 270C.40.

(c) A person who sells dry cleaning solvents for use by dry cleaning facilities in the state must collect and remit to the commissioner of revenue, in the same manner prescribed by the commissioner of revenue for the taxes imposed under chapter 297A, a fee of:

(1) \$46.73 for each gallon of perchloroethylene sold for use by dry cleaning facilities in the state;

(2) \$24.78 for each gallon of hydrocarbon-based dry cleaning solvent sold for use by dry cleaning facilities in the state; and

(3) \$11.57 for each gallon of other nonaqueous solvents sold for use by dry cleaning facilities in the state.

(d) The audit, assessment, appeal, collection, enforcement, and administrative provisions of chapters 270C and 289A apply to the fees imposed under this subdivision. To enforce this subdivision, the commissioner of revenue may grant extensions to file returns and pay fees, impose penalties and interest on the fees imposed by this subdivision, and abate penalties and interest in the manner provided in chapters 270C and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

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

Sec. 65. Minnesota Statutes 2018, section 116.03, subdivision 2b, is amended to read:

Subd. 2b. **Permitting efficiency.** (a) It is the goal of the state that environmental and resource management permits be issued or denied within 90 days for tier 1 permits or 150 days for tier 2 permits following submission of a permit application. The commissioner of the Pollution Control Agency shall establish management systems designed to achieve the goal. For the purposes of this section, "tier 1 permits" are permits that do not require individualized actions or public comment periods, and "tier 2 permits" are permits that require individualized actions or public comment periods.

(b) The commissioner ~~shall~~ must prepare ~~an annual~~ semiannual permitting efficiency ~~report~~ reports that ~~includes~~ include statistics on meeting the tier 2 goal in paragraph (a) and the criteria for tier 2 by permit categories. ~~The report is~~ reports are due on February 1 and August 1 each year. For permit applications that have not met the goal, ~~the~~ each report must state the reasons for not meeting the goal. In stating the reasons for not meeting the goal, the commissioner ~~shall~~ must separately identify delays caused by the responsiveness of the proposer, ~~lack of staff,~~ scientific or technical disagreements, or the level of public engagement. ~~The~~ Each report must specify the number of days from initial submission of the application to the day of determination that the application is complete. ~~The~~ Each report must aggregate the data for the ~~year~~ reporting period and assess whether program or system changes are necessary to achieve the goal, in which case the commissioner must implement those changes. Whenever a report required by this subdivision states the number of permits completed within a particular period, the report must, immediately after the number and in parentheses, state the percentage of total applications received for that permit category that the number represents. Whenever a report required by this subdivision states the number of permits completed within a particular period, the report must separately state completion data for industrial and municipal permits. The ~~report~~ reports must be posted on the agency's website and submitted to the governor

and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over environment policy and finance.

(c) The commissioner shall allow electronic submission of environmental review and permit documents to the agency.

(d) Within 30 business days of application for a permit subject to paragraph (a), the commissioner of the Pollution Control Agency shall notify the permit applicant, in writing, whether the application is complete or incomplete. If the commissioner determines that an application is incomplete, the notice to the applicant must enumerate all deficiencies, citing specific provisions of the applicable rules and statutes, and advise the applicant on how the deficiencies can be remedied. If the commissioner determines that the application is complete, the notice must confirm the application's tier 1 or tier 2 permit status. If the commissioner believes that a complete application for a tier 2 construction permit cannot be issued within the 150-day goal, the commissioner must provide notice to the applicant with the commissioner's notice that the application is complete and, upon request of the applicant, provide the permit applicant with a schedule estimating when the agency will begin drafting the permit and issue the public notice of the draft permit. This paragraph does not apply to an application for a permit that is subject to a grant or loan agreement under chapter 446A.

(e) For purposes of this subdivision, "permit professional" means an individual not employed by the Pollution Control Agency who:

(1) has a professional license issued by the state of Minnesota in the subject area of the permit;

(2) has at least ten years of experience in the subject area of the permit; and

(3) abides by the duty of candor applicable to employees of the Pollution Control Agency under agency rules and complies with all applicable requirements under chapter 326.

(f) Upon the agency's request, an applicant relying on a permit professional must participate in a meeting with the agency before submitting an application:

(1) at least two weeks prior to the preapplication meeting, the applicant must submit at least the following:

(i) project description, including, but not limited to, scope of work, primary emissions points, discharge outfalls, and water intake points;

(ii) location of the project, including county, municipality, and location on the site;

(iii) business schedule for project completion; and

(iv) other information requested by the agency at least four weeks prior to the scheduled meeting; and

(2) during the preapplication meeting, the agency shall provide for the applicant at least the following:

(i) an overview of the permit review program;

(ii) a determination of which specific application or applications will be necessary to complete the project;

(iii) a statement notifying the applicant if the specific permit being sought requires a mandatory public hearing or comment period;

(iv) a review of the timetable established in the permit review program for the specific permit being sought; and

(v) a determination of what information must be included in the application, including a description of any required modeling or testing.

(g) The applicant may select a permit professional to undertake the preparation of the permit application and draft permit.

(h) If a preapplication meeting was held, the agency shall, within seven business days of receipt of an application, notify the applicant and submitting permit professional that the application is complete or is denied, specifying the deficiencies of the application.

(i) Upon receipt of notice that the application is complete, the permit professional shall submit to the agency a timetable for submitting a draft permit. The permit professional shall submit a draft permit on or before the date provided in the timetable. Within 60 days after the close of the public comment period, the commissioner shall notify the applicant whether the permit can be issued.

(j) Nothing in this section shall be construed to modify:

(1) any requirement of law that is necessary to retain federal delegation to or assumption by the state; or

(2) the authority to implement a federal law or program.

(k) The permit application and draft permit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the permit application and draft permit. The commissioner shall request additional studies, if needed, and the permit applicant shall submit all additional studies and information necessary for the commissioner to perform the commissioner's responsibility to review, modify, and determine the completeness of the application and approve the draft permit.

(l) If an environmental or resource management permit is not issued or denied within the applicable period described in paragraph (a), the commissioner must immediately begin review of the application and must take all steps necessary to issue the final permit, deny the permit, or issue the public notice for the draft permit within 150 days of the expiration of the applicable period described in paragraph (a). The commissioner may extend the period for up to 60 days by issuing a written notice to the applicant stating the length of and reason for the extension. Except as prohibited by federal law, after the applicable period expires, any person may seek an order of the district court requiring the commissioner to immediately take action on the permit application. A time limit under this paragraph may be extended through written agreement between the commissioner and the applicant.

Sec. 66. Minnesota Statutes 2018, section 116.07, subdivision 2, is amended to read:

Subd. 2. **Adopting standards.** (a) The Pollution Control Agency shall improve air quality by promoting, in the most practicable way possible, the use of energy sources and waste disposal methods which produce or emit the least air contaminants consistent with the agency's overall goal of reducing all forms of pollution. The agency shall also adopt standards of air quality, not including maximum allowable standards of emission of air contaminants from motor vehicles, recognizing that due to variable factors, no single standard of purity of air is applicable to all areas of the state. In adopting standards the Pollution Control Agency shall give due recognition to the fact that the quantity or characteristics of air contaminants or the duration of their presence in the atmosphere, which may cause air pollution in one area of the state, may cause less or not cause any air pollution in another area of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, zoning classifications, topography, prevailing wind directions and velocities, and the fact that a standard of air quality which may be proper as to an essentially residential area of the state, may not be proper as to a highly developed industrial area of the state. Such standards of air quality shall be premised upon scientific knowledge of causes as well as effects based on technically substantiated criteria and commonly accepted practices. No local government unit shall set standards of air quality which are more stringent than those set by the Pollution Control Agency.

(b) The Pollution Control Agency shall promote solid waste disposal control by encouraging the updating of collection systems, elimination of open dumps, and improvements in incinerator practices. The agency shall also adopt standards for the control of the collection, transportation, storage, processing, and disposal of solid waste and sewage sludge for the prevention and abatement of water, air, and land pollution, recognizing that due to variable factors, no single standard of control is applicable to all areas of the state. In adopting standards, the Pollution Control Agency shall give due recognition to the fact that elements of control which may be reasonable and proper in densely populated areas of the state may be unreasonable and improper in sparsely populated or remote areas of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, topography, soils and geology, climate, transportation, and land use. Such standards of control shall be premised on technical criteria and commonly accepted practices.

(c) The Pollution Control Agency shall also adopt standards describing the maximum levels of noise in terms of sound pressure level which may occur in the outdoor atmosphere, recognizing that due to variable factors no single standard of sound pressure is applicable to all areas of the state. Such standards shall give due consideration to such factors as the intensity of noises, the types of noises, the frequency with which noises recur, the time period for which noises continue, the times of day during which noises occur, and such other factors as could affect the extent to which noises may be injurious to human health or welfare, animal or plant life, or property, or could interfere unreasonably with the enjoyment of life or property. In adopting standards, the Pollution Control Agency shall give due recognition to the fact that the quantity or characteristics of noise or the duration of its presence in the outdoor atmosphere, which may cause noise pollution in one area of the state, may cause less or not cause any noise pollution in another area of the state, and it shall take into consideration in this connection such factors, including others which it may deem proper, as existing physical conditions, zoning classifications, topography, meteorological conditions and the fact that a standard which may be proper in an essentially residential area of the state, may not be proper as to a highly developed industrial area of the state. Such noise standards shall be premised

upon scientific knowledge as well as effects based on technically substantiated criteria and commonly accepted practices. No local governing unit shall set standards describing the maximum levels of sound pressure which are more stringent than those set by the Pollution Control Agency.

(d) The Pollution Control Agency shall adopt standards for the identification of hazardous waste and for the management, identification, labeling, classification, storage, collection, transportation, processing, and disposal of hazardous waste, recognizing that due to variable factors, a single standard of hazardous waste control may not be applicable to all areas of the state. In adopting standards, the Pollution Control Agency shall recognize that elements of control which may be reasonable and proper in densely populated areas of the state may be unreasonable and improper in sparsely populated or remote areas of the state. The agency shall consider existing physical conditions, topography, soils, and geology, climate, transportation and land use. Standards of hazardous waste control shall be premised on technical knowledge, and commonly accepted practices. Hazardous waste generator licenses may be issued for a term not to exceed five years. No local government unit shall set standards of hazardous waste control which are in conflict or inconsistent with those set by the Pollution Control Agency.

(e) A person who generates less than 100 kilograms of hazardous waste per month is exempt from the following agency hazardous waste rules:

(1) rules relating to transportation, manifesting, storage, and labeling for photographic fixer and x-ray negative wastes that are hazardous solely because of silver content; and

(2) any rule requiring the generator to send to the agency or commissioner a copy of each manifest for the transportation of hazardous waste for off-site treatment, storage, or disposal, except that counties within the metropolitan area may require generators to provide manifests.

Nothing in this paragraph exempts the generator from the agency's rules relating to on-site accumulation or outdoor storage. A political subdivision or other local unit of government may not adopt management requirements that are more restrictive than this paragraph.

(f) In any rulemaking proceeding under chapter 14 to adopt standards for air quality, solid waste, or hazardous waste under this chapter, or standards for water quality under chapter 115, the statement of need and reasonableness must include:

(1) an assessment of any differences between the proposed rule and:

(i) existing federal standards adopted under the Clean Air Act, United States Code, title 42, section 7412(b)(2); the Clean Water Act, United States Code, title 33, sections 1312(a) and 1313(c)(4); and the Resource Conservation and Recovery Act, United States Code, title 42, section 6921(b)(1);

(ii) similar standards in states bordering Minnesota; and

(iii) similar standards in states within the Environmental Protection Agency Region 5; and

(2) a specific analysis of the need and reasonableness of each difference.

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

Sec. 67. Minnesota Statutes 2018, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. **Permit fees.** (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees ~~shall~~ must not include the costs of litigation. The fee schedule must reflect reasonable and routine direct and indirect costs associated with permitting, implementation, and enforcement. The agency may impose an additional enforcement fee to be collected for ~~a period of~~ up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Water fees under this paragraph are subject to legislative approval under section 16A.1283. Any money collected under this paragraph ~~shall~~ must be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to a notification, permit, or license requirement under this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. The annual fee ~~shall~~ must be used to pay for all direct and indirect reasonable costs, including legal costs, required to develop and administer the notification, permit, or license program requirements of this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency shall set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds ~~shall be~~ is a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 ~~shall~~ must be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Permit applicants who wish to construct, reconstruct, or modify a project may offer to reimburse the agency for the costs of staff time or consultant services needed to expedite the preapplication process and permit development process through the final decision on the permit, including the analysis of environmental review documents. The reimbursement ~~shall be~~ is in addition to permit application fees imposed by law. When the agency determines that it needs additional resources to develop the permit application in an expedited manner, and that expediting the development is consistent with permitting program priorities, the agency may accept the reimbursement. The commissioner must give the applicant an estimate of costs to be incurred by the commissioner. The estimate must include a brief description of the tasks to be performed, a schedule for completing the tasks, and the estimated cost for each task. The applicant and the commissioner must enter into a written agreement detailing the estimated costs for the expedited permit decision-making process to be incurred by the agency. The agreement must also identify staff anticipated to be assigned to the project. The commissioner must not issue a permit until the applicant has paid all fees in full. The commissioner must refund any unobligated balance of fees paid. Reimbursements accepted by the agency are appropriated to the agency for the purpose of developing the permit or analyzing environmental review documents. Reimbursement by a permit applicant ~~shall~~ must precede and not be contingent upon issuance of a permit; ~~shall~~ must not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations; and ~~shall~~ must not affect final decisions regarding environmental review.

(g) The fees under this subdivision are exempt from section 16A.1285.

Sec. 68. [116.2025] SALT APPLICATORS; VOLUNTARY CERTIFICATION PROGRAM.

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

(1) "certified commercial applicator" means an individual who applies deicer, completed training on snow and ice removal and deicer application approved by the commissioner, and passed an examination after completing the training;

(2) "commercial applicator" means an individual who applies deicer for hire, but does not include a municipal, state, or other government employee;

(3) "deicer" means any substance used to melt snow and ice, or used for its anti-icing effects, on privately owned surfaces traveled by pedestrians and vehicles; and

(4) "owner" means a person that owns or leases real estate and that enters into a written contract with a certified commercial applicator for snow and ice removal and deicer application.

Subd. 2. Voluntary certification program; best management practices. (a) The commissioner of the Pollution Control Agency must develop a training program that promotes best management practices for snow and ice removal and deicer application and allows commercial applicators to obtain certification as a water-friendly applicator. The commissioner must certify a commercial applicator as a water-friendly applicator if the applicator successfully completes the program and passes the examination.

(b) The commissioner must provide additional training under this section for certified commercial applicators renewing their certification after their initial training and certification.

(c) The commissioner must provide the training and testing module at locations statewide and may make the recertification training available online.

(d) The commissioner must annually post the best management practices and a list of certified commercial applicators on the agency's website.

Subd. 3. Record keeping. A certified commercial applicator must maintain the following records as part of the best management practices approved by the commissioner:

(1) a copy of the applicator's certification approved by the commissioner and any recertification;

(2) evidence of passing the examination approved by the commissioner;

(3) copies of the winter maintenance assessment tool requirements developed by the commissioner; and

(4) a written record describing the road, parking lot, and property maintenance practices used. The written record must include the type and rate of application of deicer used, the dates of treatment, and the weather conditions for each event requiring deicing. The records must be kept for a minimum of six years.

Subd. 4. Relation to other law. Nothing in this section affects municipal liability under section 466.03.

Sec. 69. Minnesota Statutes 2018, section 116G.07, is amended by adding a subdivision to read:

Subd. 4. Exemption; Mississippi River Corridor Critical Area. Plans and regulations of local units of government within the Mississippi River Corridor Critical Area are exempt from subdivisions 1 to 3 and are subject to section 116G.15, subdivision 8.

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

Sec. 70. Minnesota Statutes 2018, section 116G.15, is amended by adding a subdivision to read:

Subd. 8. **Reviewing and approving local plans and regulations.** (a) In the Mississippi River Corridor Critical Area, the commissioner of natural resources is responsible for carrying out the duties of the board and the Metropolitan Council is responsible for carrying out the duties of the regional development commission under sections 116G.07 to 116G.10. Notwithstanding sections 116G.07, subdivisions 2 and 3, and 116G.10, subdivision 3, the responsibilities and procedures for reviewing and approving local plans and regulations in the Mississippi River Corridor Critical Area, and amendments thereto, are subject to this subdivision.

(b) Within 60 days of receiving a draft plan from a local unit of government, the commissioner, in coordination with the Metropolitan Council, must review the plan to determine the plan's consistency with:

- (1) this section;
- (2) Minnesota Rules, chapter 6106; and
- (3) the local unit of government's comprehensive plan.

(c) Within 60 days of receiving draft regulations from a local unit of government, the commissioner must review the regulations to determine the regulations' consistency with:

- (1) Minnesota Rules, chapter 6106; and
- (2) the commissioner-approved plan adopted by the local unit of government under paragraph (b).

(d) Upon review of a draft plan and regulations under paragraphs (b) and (c), the commissioner must:

- (1) conditionally approve the draft plan and regulations by written decision; or
- (2) return the draft plan and regulations to the local unit of government for modification, along with a written explanation of the need for modification.

(i) When the commissioner returns a draft plan and regulations to the local unit of government for modification, the local unit of government must revise the draft plan and regulations within 60 days after receiving the commissioner's written explanation and must resubmit the revised draft plan and regulations to the commissioner.

(ii) The Metropolitan Council and the commissioner must review the revised draft plan and regulations upon receipt from the local unit of government as provided under paragraphs (b) and (c).

(iii) If the local unit of government or the Metropolitan Council requests a meeting, a final revision need not be made until a meeting is held with the commissioner on the draft plan and regulations. The request extends the 60-day time limit specified in item (i) until after the meeting is held.

(e) Only plans and regulations receiving final approval from the commissioner have the force and effect of law. The commissioner must grant final approval under this section only if:

(1) the plan is an element of a comprehensive plan that is authorized by the Metropolitan Council according to sections 473.175 and 473.858; and

(2) the local unit of government adopts a plan and regulations that are consistent with the draft plan and regulations conditionally approved under paragraph (d).

(f) The local unit of government must implement and enforce the commissioner-approved plan and regulations after the plan and regulations take effect.

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

Sec. 71. Minnesota Statutes 2018, section 216G.01, subdivision 3, is amended to read:

Subd. 3. **Pipeline.** "Pipeline" means a pipeline owned or operated by a condemning authority, as defined in section 117.025, subdivision 4, located in this state ~~which~~ that is used to transport natural or synthetic gas at a pressure of more than 90 pounds per square inch, or to transport crude petroleum or petroleum fuels or oil or their derivatives, coal, anhydrous ammonia or any mineral slurry to a distribution center or storage facility ~~which~~ that is located within or outside of this state. "Pipeline" does not include a pipeline owned or operated by a natural gas public utility as defined in section 216B.02, subdivision 4.

Sec. 72. Minnesota Statutes 2018, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. **Use of funds.** (a) The money in the account may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop and coordinate markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441;

(3) program administration;

(4) public education on solid waste reduction and recycling;

(5) solid waste research; and

(6) grants to multicounty groups for regionwide planning for solid waste management system operations and use of management capacity.

(b) The commissioner shall allocate at least ~~50~~ 95 percent of the annual revenue received by the account for grants to counties under section 473.8441.

EFFECTIVE DATE. This section is effective July 1, 2020.

Sec. 73. Laws 2016, chapter 154, section 16, is amended to read:

Sec. 16. **EXCHANGE OF STATE LAND; AITKIN, BELTRAMI, AND KOOCHICHING COUNTIES.**

(a) Notwithstanding the riparian restrictions in Minnesota Statutes, section 94.342, subdivision 3, and subject to the valuation restrictions described in paragraph (c), the commissioner of natural resources may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the remaining provisions of Minnesota Statutes, sections 94.342 to 94.347, exchange the state-owned land leased for farming wild rice described in paragraph (b).

(b) The state land that may be exchanged is held under the following state leases for farming of wild rice:

- (1) Lease LAGR001305, covering 175.1 acres in Aitkin County;
- (2) Lease LMIS010040, covering 107.1 acres in Beltrami County;
- (3) Lease LMIS010096, covering 137.4 acres in Beltrami County; and
- (4) Lease LAGR001295, covering 264.40 acres in Koochiching County.

(c) For the appraisal of the land, no improvements paid for by the lessee shall be included in the estimate of market value.

(d) Additional adjoining state lands may be added to the exchanges if mutually agreed upon by the commissioner and the exchange partner to avoid leaving unmanageable parcels of land in state ownership after an exchange or to meet county zoning standards or other regulatory needs for the wild rice farming operations.

(e) The state land administered by the commissioner of natural resources in Koochiching County borders the Lost River. The lands to be exchanged are not required to provide at least equal opportunity for access to waters by the public, but the lands must be at least equal in value and have the potential to generate revenue for the school trust lands.

(f) Notwithstanding Minnesota Statutes, section 94.343, subdivision 8a, lessees must pay to the commissioner all costs, as determined by the commissioner, that are associated with each exchange transaction, including valuation expenses; legal fees; survey expenses; costs of title work, advertising, and public hearings; transactional staff costs; and closing costs.

Sec. 74. Laws 2019, First Special Session chapter 4, article 1, section 2, subdivision 10, is amended to read:

Subd. 10. Transfers

(a) The commissioner must transfer up to \$44,000,000 from the environmental fund to the remediation fund for purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

(b) \$600,000 the first year is transferred from the remediation fund to the dry cleaner environmental response and reimbursement

account for purposes of Minnesota Statutes, section 115B.49, with reimbursement prioritized to persons who meet the definition in Minnesota Statutes, section 115B.48, subdivision 10, clause (2), and who have made a request to the commissioner, as required under Minnesota Statutes, section 115B.50, subdivision 2.

(c) Notwithstanding Minnesota Statutes, section 115B.49, subdivision 3, paragraph (a), \$600,000 the first year is transferred from the remediation fund to the dry cleaner environmental response and reimbursement account for the commissioner for preparing to prepare a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources finance that includes an assessment of the possibility of recovering environmental response costs from insurance held by dry cleaning facilities and an analysis of the long-term expected revenues and expenditures that would be incurred by the account under current law. The report must also include recommendations for other possible revenue sources for the account that would cover the ongoing and future environmental response costs related to dry cleaning facilities. The commissioner must work with owners and operators of dry cleaning facilities and representative associations in preparing the report. The report must be submitted by January 15, 2021.

(d) \$600,000 the second year is transferred from the remediation fund to the dry cleaner environmental response and reimbursement account for purposes of Minnesota Statutes, section 115B.49, if legislation is enacted in the 2020 legislative session to address the insolvency of the dry cleaner environmental response and reimbursement account.

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

Sec. 75. Laws 2019, First Special Session chapter 4, article 3, section 109, is amended to read:

Sec. 109. **APPLYING STORM WATER RULES TO CITIES AND TOWNSHIPS.**

Until the Pollution Control Agency amends rules for storm water, Minnesota Rules, part 7090.1010, subpart 1, item B, subitem (1), applies only to the portions of a city, ~~a town, and unorganized areas of counties~~ or township that are designated as urbanized under Code of Federal Regulations, title 40, section 122.26 ~~(2)(9)(i)(A)~~ (a)(9)(i)(A), and other platted areas within ~~that jurisdiction~~ those jurisdictions.

Sec. 76. **2019 APPROPRIATION MODIFICATION.**

The Lower Minnesota River Watershed District may use up to \$111,000 from money appropriated in fiscal year 2021 under Laws 2019, First Special Session chapter 4, article 1, section 4, paragraph (j), to reimburse the district for money the district owed the city of Chaska to stabilize the Seminary Fen.

Sec. 77. **ANALYSIS OF WISCONSIN'S GREEN TIER PROGRAM.**

The commissioner of the Pollution Control Agency must conduct an analysis of the Green Tier Program operated in Wisconsin under Wisconsin Statutes, section 299.83, which recognizes and rewards environmental performance that voluntarily exceeds legal requirements related to health, safety, and the environment resulting in continuous improvement in Wisconsin's environment, economy, and quality of life. By February 1, 2021, the commissioner must report the results of the analysis to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources. The report must include:

- (1) an overview of how the program operates in Wisconsin;
- (2) an assessment of benefits and challenges that would likely accompany the adoption of a similar program in Minnesota;
- (3) a comparison of the program with the Minnesota XL permit project operated under Minnesota Statutes, sections 114C.10 to 114C.19;
- (4) an assessment of what policy changes, legal changes, and funding would be required to successfully implement a similar program in Minnesota; and
- (5) any other related matters deemed relevant by the commissioner.

Sec. 78. **STATE IMPLEMENTATION PLAN REVISIONS.**

(a) The commissioner of the Pollution Control Agency must seek approval from the federal Environmental Protection Agency for revisions to the state's federal Clean Air Act state implementation plan so that under the revised plan, the Pollution Control Agency is prohibited from applying a national or state ambient air quality standard in a permit issued solely to authorize operations to continue at an existing facility with unmodified emissions levels. Nothing in this section shall be construed to require the commissioner to apply for a revision that would prohibit the agency from applying a national or state ambient air quality standard in a permit that authorizes

an increase in emissions due to construction of a new facility or in a permit that authorizes changes to existing facilities that result in a significant net emissions increase of a regulated NSR pollutant, as defined in Code of Federal Regulations, title 40, section 52.21(b)(50).

(b) The commissioner of the Pollution Control Agency must report quarterly to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy on the status of efforts to implement paragraph (a) until the revisions required by paragraph (a) have been either approved or denied.

Sec. 79. ADDITION TO STATE PARK.

[85.012] [Subd. 18.] Fort Snelling State Park, Dakota County. The following areas are added to Fort Snelling State Park, Dakota County:

(1) that part of Section 28, Township 28 North, Range 23 West, Dakota County, Minnesota, bounded by the Dakota County line along the Minnesota River and the following described lines:

Beginning at the intersection of the south line of Lot 18 of Auditor's Subdivision Number 29 of Mendota, according to the plat on file in the Office of the Dakota County Recorder, with the westerly right-of-way line of the existing Sibley Memorial Highway; thence northerly along said westerly right-of-way line to the north line of said Lot 18; thence westerly along the north line of said Lot 18 to the easterly right-of-way line of the Chicago and Northwestern Railroad; thence northerly and northeasterly along said easterly right-of-way to the east line of said Section 28;

(2) that part of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying westerly of the easterly right-of-way of the Chicago and Northwestern Railroad;

(3) that part of Government Lot 6 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway and North of the South 752 feet of said Government Lot 6;

(4) the North 152 feet of the South 752 feet of that part of Government Lot 6 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway;

(5) the North 270 feet of the South 600 feet of that part of Government Lot 6 lying between the westerly right-of-way of Sibley Memorial Highway and the easterly right-of-way of the Chicago and Northwestern Railroad in Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota;

(6) that part of the South 20 rods of Government Lot 6 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway, excepting therefrom that part described as follows:

Commencing at the southeast corner of said Government Lot 6; thence North 89 degrees 56 minutes 54 seconds West assumed bearing along the south line of said Government Lot 6 a distance of 260.31 feet to the point of beginning of the property to be described; thence continue North 89 degrees 56 minutes 54 seconds West a distance of 71.17 feet; thence northwesterly a distance of 37.25 feet along a nontangential curve concave to the East having a radius of 4,098.00 feet and a central angle of 00 degrees 31 minutes 15 seconds the chord of said curve bears North 23 degrees 31 minutes 27 seconds West; thence northerly a distance of 127.39 feet along a compound curve concave to the East having a radius of 2,005.98 feet and a central angle of 03 degrees 38 minutes 19 seconds; thence North 70 degrees 22 minutes 29 seconds East not tangent to said curve a distance of 65.00 feet; thence southerly a distance of 123.26 feet along a nontangential curve concave to the East having a radius of 1,940.98 feet and a central angle of 03 degrees 38 minutes 19 seconds the chord of said curve bears South 21 degrees 26 minutes 40 seconds East; thence southerly a distance of 65.42 feet to the point of beginning along a compound curve concave to the East having a radius of 4,033.00 feet and a central angle of 00 degrees 55 minutes 46 seconds;

(7) that part of Government Lot 5 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and West of the westerly right-of-way of Sibley Memorial Highway, excepting therefrom that part described as follows:

Commencing at the southeast corner of said Government Lot 5; thence North 89 degrees 56 minutes 18 seconds West assumed bearing along the south line of said Government Lot 5 a distance of 70.48 feet to the point of beginning of the property to be described; thence continue North 89 degrees 56 minutes 18 seconds West along said south line of Government Lot 5 a distance of 40.01 feet; thence North 01 degree 30 minutes 25 seconds East a distance of 6.08 feet; thence northerly a distance of 185.58 feet along a tangential curve concave to the West having a radius of 4,427.00 feet and a central angle of 02 degrees 24 minutes 07 seconds; thence South 89 degrees 06 minutes 18 seconds West not tangent to said curve a distance of 25.00 feet; thence North 00 degrees 53 minutes 42 seconds West a distance of 539.13 feet; thence northerly a distance of 103.77 feet along a tangential curve concave to the West having a radius of 1,524.65 feet and a central angle of 03 degrees 53 minutes 59 seconds; thence northerly a distance of 159.33 feet along a compound curve concave to the West having a radius of 522.45 feet and a central angle of 17 degrees 28 minutes 23 seconds; thence northwesterly a distance of 86.78 feet along a tangential curve concave to the West having a radius of 1,240.87 feet and a central angle of 04 degrees 00 minutes 25 seconds; thence North 26 degrees 16 minutes 30 seconds West tangent to said curve a distance of 92.39 feet; thence northwesterly a distance of 178.12 feet along a tangential curve concave to the East having a radius of 4,098.00 feet and a central angle of 02 degrees 29 minutes 25 seconds to a point on the north line of said Government Lot 5 which is 331.48 feet from the northeast corner thereof as measured along said north line; thence South 89 degrees 56 minutes 54 seconds East along said north line of Government Lot 5 a distance of 71.17 feet; thence southeasterly a distance of 146.53 feet along a nontangential curve concave to the East having a radius of 4,033.00 feet and a central angle of 02 degrees 04 minutes 54 seconds the chord of said curve bears South 25 degrees 14 minutes 03 seconds East; thence South 26 degrees 16 minutes 30 seconds East tangent to said curve a distance of 92.39 feet; thence southerly a distance of 91.33 feet along a tangential curve concave to the West having a radius of 1,305.87 feet and a central angle of 04 degrees 00 minutes 25 seconds; thence

southerly a distance of 179.15 feet along a tangential curve concave to the West having a radius of 587.45 feet and a central angle of 17 degrees 28 minutes 23 seconds; thence southerly a distance of 108.20 feet along a compound curve concave to the West having a radius of 1,589.65 feet and a central angle of 03 degrees 53 minutes 59 seconds; thence South 00 degrees 53 minutes 42 seconds East tangent to said curve a distance of 539.13 feet; thence southerly a distance of 187.26 feet along a tangential curve concave to the West having a radius of 4,467.00 feet and a central angle of 02 degrees 24 minutes 07 seconds; thence South 01 degree 30 minutes 25 seconds West tangent to said curve a distance of 5.07 feet to the point of beginning; and

(8) that part of Government Lot 4 of Section 33, Township 28 North, Range 23 West, Dakota County, Minnesota, lying East of the easterly right-of-way of the Chicago and Northwestern Railroad and northerly of the following described line:

Commencing at the southeast corner of said Government Lot 4; thence North 89 degrees 55 minutes 42 seconds West assumed bearing along the south line of said Government Lot 4 a distance of 312.44 feet to corner B205, MNDOT Right-of-Way Plat No. 19-93, according to the recorded map thereof; thence continue North 89 degrees 55 minutes 42 seconds West along said south line of Government Lot 4 a distance of 318.00 feet to the easterly right-of-way of Chicago and Northwestern Railroad; thence northerly along said railroad right-of-way a distance of 387.97 feet along a nontangential curve concave to the West having a radius of 2,963.54 feet and a central angle of 07 degrees 30 minutes 03 seconds, the chord of said curve bears North 00 degrees 42 minutes 41 seconds East; thence North 03 degrees 02 minutes 21 seconds West tangent to said curve along said railroad right-of-way a distance of 619.45 feet to the point of beginning of the line to be described; thence North 89 degrees 35 minutes 27 seconds East a distance of 417.92 feet; thence North 18 degrees 18 minutes 58 seconds East a distance of 317.52 feet to a point on the north line of said Government Lot 4 which is 135.00 feet from the northeast corner thereof as measured along said north line and there terminating.

Sec. 80. ADDITION TO STATE RECREATION AREA.

[85.013] [Subd. 12a.] Iron Range Off-Highway Vehicle Recreation Area, St. Louis County.
The following area is added to Iron Range Off-Highway Vehicle Recreation Area, St. Louis County: that part of the South Half of the Northwest Quarter of Section 15, Township 58 North, Range 17 West, St. Louis County, Minnesota, lying northerly of the following described line:

Commencing at the West quarter corner of said Section 15; thence North 01 degree 24 minutes 27 seconds West, bearing assumed, along the west line of said South Half of the Northwest Quarter a distance of 1,034.09 feet to a 3/4-inch rebar with plastic cap stamped "MN DNR LS 44974" (DM) and the point of beginning; thence South 62 degrees 44 minutes 07 seconds East 405.24 feet to a DM; thence South 82 degrees 05 minutes 24 seconds East 314.95 feet to a DM; thence South 86 degrees 18 minutes 01 second East 269.23 feet to a DM; thence North 81 degrees 41 minutes 24 seconds East 243.61 feet to a DM; thence North 71 degrees 48 minutes 05 seconds East 478.17 feet to a DM; thence North 60 degrees 53 minutes 38 seconds East 257.32 feet to a DM; thence South 09 degrees 16 minutes 07 seconds East 179.09 feet to a DM; thence South 49 degrees 16 minutes 00 seconds East 127.27 feet to a DM; thence South 50 degrees 16 minutes 11 seconds East 187.13 feet to a DM; thence South 67 degrees 11 minutes 35 seconds East 189.33 feet to a DM; thence South 67 degrees 13 minutes 16 seconds East

209.43 feet to a DM; thence South 80 degrees 39 minutes 19 seconds East 167.59 feet to a DM on the east line of said South Half of the Northwest Quarter, and there terminating.

Sec. 81. **DELETIONS FROM STATE PARKS.**

Subdivision 1. [85.012] [Subd. 18.] Fort Snelling State Park, Dakota County. The following areas are deleted from Fort Snelling State Park, Dakota County:

(1) all of Section 33, Township 28 North, Range 23 West of the 4th Principal Meridian lying westerly of the westerly right-of-way line of the existing Minnesota Trunk Highway No. 13, excepting the right-of-way owned by the Chicago and Northwestern railway company; and

(2) all of Section 28, Township 28 North, Range 23 West of the 4th Principal Meridian bounded by the Dakota County line along the Minnesota River and the following described lines: Beginning at the south line of said Section 28 at its intersection with the westerly right-of-way line of the existing Minnesota Trunk Highway No. 13; thence northerly along the said westerly right-of-way line of existing Minnesota Trunk Highway No. 13 to the southerly right-of-way line of existing Minnesota Trunk Highway Nos. 55 and 100; thence along the existing southerly right-of-way line of Minnesota Trunk Highway Nos. 55 and 100 to the westerly right-of-way line owned by the Chicago and Northwestern railway company; thence northeasterly along the said westerly right-of-way line of the Chicago and Northwestern railway to the east line of said Section 28, excepting therefrom the right-of-way owned by the Chicago and Northwestern railway company.

Subd. 2. [85.012] [Subd. 60.] William O'Brien State Park, Washington County. The following areas are deleted from William O'Brien State Park, Washington County:

(1) those parts of Section 25, Township 32 North, Range 20 West, Washington County, Minnesota, described as follows:

The West two rods of the Southwest Quarter of the Northeast Quarter, the West two rods of the North two rods of the Northwest Quarter of the Southeast Quarter, and the East two rods of the Southeast Quarter of the Northwest Quarter; and

(2) the East two rods over and across the Northeast Quarter of the Northwest Quarter, excepting therefrom the North 200 feet of said Northeast Quarter of the Northwest Quarter. Also, the West 2 rods of the Northwest Quarter of the Northeast Quarter, excepting therefrom the North 266 feet of said Northwest Quarter of the Northeast Quarter. Also, the South 66 feet of the North 266 feet of that part of said Northwest Quarter of the Northeast Quarter lying southwesterly of the existing public road known as 199th Street North.

Sec. 82. **PRIVATE SALE OF SURPLUS STATE LAND; ST. LOUIS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources may convey the surplus land that is described in paragraph (c) to a local unit of government for no consideration.

(b) The commissioner may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in St. Louis County and is described as: that part of the Southwest Quarter of the Northwest Quarter of Section 27, Township 52 North, Range 17 West, St. Louis County, Minnesota, described as follows:

Commencing at the quarter corner between Sections 27 and 28 of said Township 52 North, Range 17 West; thence running East 624 feet; thence North 629 feet to the point of beginning; thence North 418 feet; thence East 208 feet; thence South 418 feet; thence West 208 feet to the point of beginning.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to a local unit of government.

Sec. 83. PRIVATE SALE OF TAX-FORFEITED LANDS; ST. LOUIS COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited lands described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The lands to be sold are located in St. Louis County and are described as:

(1) Lot 5, Block 9, including part of vacated Seafield Street adjacent, Bristol Beach 1st Division, Duluth (parcel 010-0300-01030); and

(2) that part of the Southeast Quarter of the Northwest Quarter, Township 58, Range 15, Section 5, lying northerly of the northerly right-of-way line of the town of White road running in an east-west direction connecting County Road No. 138 with State Highway No. 135 and lying westerly of the following described line: commencing at the northeast corner of Government Lot 3; thence South 89 degrees 46 minutes 22 seconds West along the north line of Government Lot 3 558.28 feet; thence South 27 degrees 50 minutes 01 second West 102.75 feet; thence South 41 degrees 51 minutes 46 seconds West 452.29 feet; thence South 28 degrees 19 minutes 22 seconds West 422.74 feet; thence South 30 degrees 55 minutes 42 seconds West 133.79 feet; thence southwesterly 210.75 feet along a tangential curve concave to the southeast having a radius of 300 feet and a central angle of 40 degrees 15 minutes 00 seconds; thence South 09 degrees 19 minutes 19 seconds East tangent to said curve 100.30 feet, more or less, to the north line of said Southeast Quarter of the Northwest Quarter; thence North 89 degrees 09 minutes 31 seconds East along said north line 40.44 feet to the point of beginning of the line; thence South 09 degrees 19 minutes 19 seconds East 148 feet, more or less, to said right-of way line and said line there terminating. Surface only (parcel 570-0021-00112).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 84. ACCESSIBILITY OF WILDLIFE MANAGEMENT AREAS.

The commissioner of natural resources, in conjunction with the Council on Disability, other interested stakeholders, and the general public, must develop recommendations and draft legislative

language designed to increase access to wildlife management areas for hunting and other natural-resource-based recreational opportunities. The recommendations must focus on reducing the barriers to accessing wildlife management areas, including increasing opportunities for persons with disabilities to use motorized vehicles or other mobility aids, improving infrastructure, and publicizing and communicating access opportunities. By February 15, 2021, the commissioner must submit the recommendations to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and the outdoor heritage fund. The commissioner of natural resources, in conjunction with the Council on Disability, must pilot accessibility projects on at least one wildlife management area by October 1, 2020. The pilot projects must focus on reducing the barriers to accessing wildlife management areas.

Sec. 85. **REVISOR INSTRUCTION.**

In each section of Minnesota Statutes referred to in column A, the revisor of statutes must delete the reference in column B and insert the reference in column C.

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>13.7411, subdivision 5</u>	<u>115B.49, subdivision 4</u>	<u>115B.49, subdivision 4c</u>
<u>115B.491, subdivision 1</u>	<u>115B.49, subdivision 4, paragraph (b)</u>	<u>115B.49, subdivision 4c, paragraph (c)</u>
<u>115B.491, subdivision 2</u>	<u>115B.49, subdivision 4, paragraph (b)</u>	<u>115B.49, subdivision 4c, paragraph (c)</u>
<u>115B.491, subdivision 2</u>	<u>115B.49, subdivision 4, paragraph (c)</u>	<u>115B.49, subdivision 4c, paragraph (d)</u>
<u>115B.491, subdivision 3</u>	<u>115B.49, subdivision 4, paragraph (c)</u>	<u>115B.49, subdivision 4c, paragraph (d)</u>
<u>270B.14, subdivision 15</u>	<u>115B.49, subdivision 4</u>	<u>115B.49, subdivision 4c</u>

Sec. 86. **REPEALER.**

(a) Minnesota Statutes 2018, sections 85.0505, subdivision 3; 85.0507; 85.054, subdivision 19; and 115B.49, subdivisions 4 and 4b, are repealed.

(b) Laws 2013, chapter 121, section 53, is repealed.

(c) Minnesota Rules, part 6232.0350, is repealed.

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

Delete the title and insert:

"A bill for an act relating to state government; modifying the availability of certain appropriations; modifying and repealing agency authority and reporting requirements; modifying effluent limitation requirements; modifying definition of pipeline for certain purposes; requiring analyses; requiring modifications of certain plans; modifying conditions on water appropriations and wells; repealing authority of the Pollution Control Agency related to automobile emissions; modifying fees for dry cleaners; modifying the metropolitan landfill abatement fund; prohibiting certain antler point

restrictions; regulating wake surfing on waters of the state; modifying application of stormwater rules; increasing soil and water conservation district supervisor compensation; modifying definition of all-terrain vehicle; removing prohibition on transporting unregistered snowmobiles; establishing certified salt applicator program; modifying provisions related to certifiable fish diseases and list of species susceptible to viral hemorrhagic septicemia; modifying review and approval of local regulation in Mississippi River Corridor Critical Area; modifying requirements for exchanging wild rice leases; modifying reporting requirement on school trust lands; modifying provisions for certain invasive species permits; modifying state park provisions; providing for special use permits; modifying muzzleloader provisions; providing for regulation of possessing, propagating, and selling snakes, lizards, and salamanders; modifying provisions for game and fish licenses after convictions; modifying hunting and fishing provisions; modifying date of Lake Superior Management Plan; prohibiting import of cervidae carcasses; establishing Minnesota River Basin water quality and storage program; permanently allowing portable stands in certain wildlife management areas; modifying provisions for conveying state land interests; adding to and deleting from state parks and recreation areas; authorizing sales of certain surplus state lands; amending Minnesota Statutes 2018, sections 14.05, by adding a subdivision; 17.4982, subdivisions 6, 8, 9, 12, by adding subdivisions; 17.4985, subdivisions 2, 3, 5; 17.4986, subdivisions 2, 4; 17.4991, subdivision 3; 17.4992, subdivision 2; 84.63; 84.82, subdivisions 1a, 7a; 84.92, subdivision 8; 84D.11, subdivision 1a; 85.052, subdivisions 1, 2, 6, by adding a subdivision; 85.053, subdivision 2; 86B.005, by adding subdivisions; 86B.315, subdivision 1, by adding subdivisions; 92.502; 97A.015, subdivision 51; 97A.137, subdivision 5; 97A.401, subdivision 1, by adding a subdivision; 97A.421, subdivision 1, by adding a subdivision; 97A.505, subdivision 3b; 97B.031, subdivision 1; 97B.036; 97B.311; 97C.005, subdivision 3; 97C.342, subdivision 2; 97C.515, subdivision 2; 97C.805, subdivision 2; 97C.836; 103A.212; 103C.315, subdivision 4; 103G.271, subdivision 7, by adding a subdivision; 103G.287, subdivisions 4, 5; 103G.289; 115.03, subdivision 1; 115.455; 115.77, subdivision 1; 115.84, subdivisions 2, 3; 115B.49, by adding a subdivision; 116.03, subdivision 2b; 116.07, subdivisions 2, 4d; 116G.07, by adding a subdivision; 116G.15, by adding a subdivision; 216G.01, subdivision 3; 473.844, subdivision 1a; Minnesota Statutes 2019 Supplement, sections 84.027, subdivision 18; 85.054, subdivision 1; 85.47; 97A.505, subdivision 8; 97B.086; Laws 2016, chapter 154, section 16; Laws 2019, First Special Session chapter 4, article 1, section 2, subdivision 10; article 3, section 109; proposing coding for new law in Minnesota Statutes, chapters 103F; 116; repealing Minnesota Statutes 2018, sections 85.0505, subdivision 3; 85.0507; 85.054, subdivision 19; 115B.49, subdivisions 4, 4b; Laws 2013, chapter 121, section 53; Minnesota Rules, part 6232.0350."

And when so amended the bill do pass.

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

SECOND READING OF SENATE BILLS

S.F. No. 4494 was read the second time.

RECESS

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

Senator Koran moved that the Committee Reports at the Desk be now adopted, with the exception of the report on H.F. No. 2542. The motion prevailed.

Senator Gazelka from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 3694: A bill for an act relating to human services; restoring a requirement for notice to lead agencies when MnCHOICES assessments are required for personal care assistance services; amending Minnesota Statutes 2019 Supplement, section 256B.0911, subdivision 3a.

Reports the same back with the recommendation that Joint Rule 2.03 be suspended for all further proceedings on S.F. No. 3694 and that the report from the Committee on Human Services Reform Finance and Policy, shown in the Journal for April 23, 2020, be adopted; that committee recommendation being:

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

Senator Gazelka from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 3255: A bill for an act relating to transportation; transferring jurisdiction of certain highway on the trunk highway system; amending Minnesota Statutes 2018, section 161.115, subdivision 43; Laws 2019, First Special Session chapter 3, article 3, section 120.

Reports the same back with the recommendation that Joint Rule 2.03 be suspended for all further proceedings on S.F. No. 3255 and that the report from the Committee on Transportation Finance and Policy, shown in the Journal for April 30, 2020, be adopted; that committee recommendation being:

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

Senator Gazelka from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 4091: A bill for an act relating to commerce; making technical changes to various provisions governing or administered by the Department of Commerce; amending Minnesota Statutes 2018, sections 48A.11; 53A.01, by adding a subdivision; 53A.03; 53C.01, subdivision 12; 53C.02;

58.02, subdivision 21; 58A.02, subdivision 13; 58A.13; 60A.07, subdivision 1d; 60A.131; 60A.16, subdivisions 1, 2; 82.68, subdivision 2; 82C.02, subdivision 8; 82C.10; 82C.12; 82C.14; 82C.17, subdivision 4; 332.54, subdivision 4; 332.57, subdivision 2; repealing Minnesota Statutes 2018, sections 53B.27, subdivisions 3, 4; 60A.07, subdivision 1a; 72B.14.

Reports the same back with the recommendation that Joint Rule 2.03 be suspended for all further proceedings on S.F. No. 4091 and that the report from the Committee on Commerce and Consumer Protection Finance and Policy, shown in the Journal for April 30, 2020, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

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

H.F. No. 2542: A bill for an act relating to housing; modifying the Minnesota Bond Allocation Act relating to housing bonds; modifying manufactured home park lot rentals and sales; modifying Housing Finance Agency tax credit allocations; allowing for expungement of certain eviction cases; mandating certain terms in residential lease agreements; classifying certain eviction data; expanding housing improvement areas; amending Minnesota Statutes 2018, sections 326B.815, subdivision 1; 327.31, by adding a subdivision; 327B.041; 327C.01, by adding a subdivision; 327C.095, subdivisions 1, 2, 3, 4, 6, 7, 9, 11, 12, 13, by adding a subdivision; 428A.11, subdivisions 4, 6; 462A.05, by adding a subdivision; 462A.2035, subdivisions 1a, 1b; 462A.222, subdivision 3; 474A.02, by adding subdivisions; 474A.03, subdivision 1; 474A.04, subdivision 1a; 474A.061, subdivisions 1, 2a, 2b, 2c, 4, by adding subdivisions; 474A.062; 474A.091, subdivisions 1, 2, 3, 5, by adding a subdivision; 474A.131, subdivisions 1, 1b; 474A.14; 474A.21; 484.014, subdivisions 2, 3; 504B.111; 504B.206, subdivision 3; 504B.321, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 327; 504B; repealing Minnesota Statutes 2018, section 327C.095, subdivision 8.

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

Delete everything after the enacting clause and insert:

"Section 1. **HOUSING BOND ISSUE EXTENSION.**

Notwithstanding the requirement in Minnesota Statutes, section 474A.061, subdivision 2a, that an issuer must issue obligations equal to all or a portion of an allocation received from the housing pool on or before 180 days of the allocation, for allocations made between January 1, 2020 and the last Monday in June 2020, an issuer will have until December 1, 2020 to issue obligations equal to all or a portion of the allocation.

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

Delete the title and insert:

"A bill for an act relating to housing; providing an extension for the issuance of certain housing bonds."

And when so amended the bill do pass.

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

SECOND READING OF SENATE BILLS

S.F. No. 4091 was read the second time.

ADJOURNMENT

Senator Koran moved that the Senate do now adjourn until 11:00 a.m., Monday, May 4, 2020.
The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

