The House of Representatives convened at 2:00 p.m. and was called to order by Kurt Daudt, Speaker of the House.

Prayer was offered by the Reverend Dennis Morreim, Cloquet, Minnesota.

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

The roll was called and the following members were present:

Albright
Allen
Anderson, M.
Anderson, P.
Anderson, S.
Anzelc
Applebaum
Atkins
Backer
Baker
Barrett
Bennett
Bernardy
Bly
Carlson
Christensen
Clark
Considine
Cornish
Daniels
Davids
Davnie
Dean, M.
Dettmer
Dill
Drazkowski
Erhardt
Erickson
Fabian
Fenton
Fischer
Franson
Freiberg
Garofalo
Green
Gruenhagen
Gunther
Hackbarth
Halverson
Hamilton
Hancock
Hansen
Hausman
Hertaus
Hilstrom
Hoppe
Hortman
Howe
Isaacson
Johnson, B.
Johnson, C.
Johnson, S.
Kelly
Kiel
Knoblach
Koznick
Kresha
Laine
Lenczewski
Lesch
Liebling
Lien
Lillie
Loeffler
Lohmer
Loon
Loonan
Lucero
Lueck
Mahoney
Mariani
Marquart
Masin
McDonald
McNamara
Melin
Metsa
Miller
Moran
Murphy, E.
Murphy, M.
Nash
Nelson
Newberger
Newton
Nornes
Norton
O'Connell
O'Neall
Pelowski
Peppin
Persell
Petersburg
Peterson
Pierson
Pinto
Urdahl
Poppe
Pugh
Quam
Rarick
Rarick
Rosenthal
Runbeck
Sanders
Schoen
Schomacker
Schultz
Scott
Selcer
Simonson
Slocum
Smith
Sundin
Thies
Thissen
Torkelson
Uglen
Vogel
Vagenius
Wagenius
Ward
Whelan
Wills
Winkler
Yarusso
Youakim
Spk. Daudt

A quorum was present.

Kahn was excused.

Mack was excused until 4:05 p.m. Zerwas was excused until 5:50 p.m. Mullery was excused until 11:15 p.m. Hornstein was excused until 11:45 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.
INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Lucero; Scott; Garofalo; Lesch; Vogel; Hamilton; Kresha; Metsa; Pugh; Quam; Melin; Anzelc; Gruenhagen; Newberger; Dehn, R.; Liebling; Drazkowski; Runbeck; Smith; Barrett; Franson; Gunther and McDonald introduced:

H. F. No. 2368, A bill for an act relating to data practices; requiring independent audit of automated license plate reader technology prior to data collection; amending Minnesota Statutes 2014, section 13.82, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Civil Law and Data Practices.

Lenczewski introduced:

H. F. No. 2369, A bill for an act relating to judiciary; requiring a minimum of three satellite court facilities in Hennepin County; proposing coding for new law in Minnesota Statutes, chapter 488A.

The bill was read for the first time and referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

Scott, Simonson, Lucero and Davnie introduced:

H. F. No. 2370, A bill for an act relating to privacy; establishing student user privacy in education rights; requiring online educational services to comply with security and privacy standards; prohibiting use of student information for targeted marketing or creation of student profiles; amending Minnesota Statutes 2014, section 13.321, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 125B.

The bill was read for the first time and referred to the Committee on Civil Law and Data Practices.

Murphy, M., introduced:

H. F. No. 2371, A bill for an act relating to claims against the state; changing and updating certain claims provisions; amending Minnesota Statutes 2014, sections 3.736, subdivision 3; 3.738; 3.739, subdivision 2; 3.749.

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy.

Peppin moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Davids.
Daudt was excused between the hours of 3:05 p.m. and 4:35 p.m.

**REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION**

Peppin from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day for Sunday, May 17, 2015:

S. F. Nos. 1398, 1973 and 1647.

**CALENDAR FOR THE DAY**

S. F. No. 1973, A bill for an act relating to claims against the state; providing for settlement of certain claims; appropriating money.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

<table>
<thead>
<tr>
<th>Albright</th>
<th>Dean, M.</th>
<th>Heintzeman</th>
<th>Lohmer</th>
<th>Norton</th>
<th>Simonson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen</td>
<td>Dehn, R.</td>
<td>Hertaas</td>
<td>Loon</td>
<td>O’Driscoll</td>
<td>Slocum</td>
</tr>
<tr>
<td>Anderson, M.</td>
<td>Dettmer</td>
<td>Hilstrom</td>
<td>Looman</td>
<td>O’Neill</td>
<td>Smith</td>
</tr>
<tr>
<td>Anderson, P.</td>
<td>Dill</td>
<td>Hoppe</td>
<td>Lucero</td>
<td>Pelowski</td>
<td>Sundin</td>
</tr>
<tr>
<td>Anderson, S.</td>
<td>Drazkowski</td>
<td>Hortman</td>
<td>Lueck</td>
<td>Peppin</td>
<td>Swedzinski</td>
</tr>
<tr>
<td>Anzelc</td>
<td>Erhardt</td>
<td>Howe</td>
<td>Mahoney</td>
<td>Persell</td>
<td>Theis</td>
</tr>
<tr>
<td>Applebaum</td>
<td>Erickson</td>
<td>Isaacson</td>
<td>Mariani</td>
<td>Petersburg</td>
<td>Thissen</td>
</tr>
<tr>
<td>Atkins</td>
<td>Fabian</td>
<td>Johnson, B.</td>
<td>Marquart</td>
<td>Peterson</td>
<td>Torkelson</td>
</tr>
<tr>
<td>Backer</td>
<td>Fenton</td>
<td>Johnson, C.</td>
<td>Masin</td>
<td>Pierson</td>
<td>Uglem</td>
</tr>
<tr>
<td>Baker</td>
<td>Fischer</td>
<td>Johnson, S.</td>
<td>McDonald</td>
<td>Pinto</td>
<td>Urdahl</td>
</tr>
<tr>
<td>Barrett</td>
<td>Franson</td>
<td>Kelly</td>
<td>McNamara</td>
<td>Poppe</td>
<td>Vogel</td>
</tr>
<tr>
<td>Bennett</td>
<td>Freiberg</td>
<td>Kiel</td>
<td>Melin</td>
<td>Pugh</td>
<td>Wagenius</td>
</tr>
<tr>
<td>Bernardy</td>
<td>Garofalo</td>
<td>Knoblach</td>
<td>Metsa</td>
<td>Quam</td>
<td>Ward</td>
</tr>
<tr>
<td>Bly</td>
<td>Green</td>
<td>Koznick</td>
<td>Miller</td>
<td>Rarick</td>
<td>Whelan</td>
</tr>
<tr>
<td>Carlson</td>
<td>Gruenhagen</td>
<td>Kresha</td>
<td>Moran</td>
<td>Rosenthal</td>
<td>Wills</td>
</tr>
<tr>
<td>Christensen</td>
<td>Gunther</td>
<td>Laine</td>
<td>Murphy, E.</td>
<td>Runbeck</td>
<td>Winkler</td>
</tr>
<tr>
<td>Clark</td>
<td>Hackbarth</td>
<td>Lenczewski</td>
<td>Murphy, M.</td>
<td>Sanders</td>
<td>Yarusso</td>
</tr>
<tr>
<td>Considine</td>
<td>Halverson</td>
<td>Lesch</td>
<td>Nash</td>
<td>Schoen</td>
<td>Youakim</td>
</tr>
<tr>
<td>Cornish</td>
<td>Hamilton</td>
<td>Liebling</td>
<td>Nelson</td>
<td>Schomacker</td>
<td></td>
</tr>
<tr>
<td>Daniels</td>
<td>Hancock</td>
<td>Lien</td>
<td>Newberger</td>
<td>Schultz</td>
<td></td>
</tr>
<tr>
<td>Davids</td>
<td>Hansen</td>
<td>Lillie</td>
<td>Newton</td>
<td>Scott</td>
<td></td>
</tr>
<tr>
<td>Davnie</td>
<td>Hausman</td>
<td>Loeffler</td>
<td>Nornes</td>
<td>Selcer</td>
<td></td>
</tr>
</tbody>
</table>

The bill was passed and its title agreed to.
Hackbarth moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Davids.

Loonan was excused between the hours of 4:20 p.m. and 7:20 p.m.

CALENDAR FOR THE DAY, Continued

S. F. No. 1647 was reported to the House.

Kelly moved to amend S. F. No. 1647, the third engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. **COST SHARE POLICY.**

The commissioner of transportation, in consultation with representatives of local units of government, shall create and adopt a policy concerning cost participation for cooperative construction projects and maintenance responsibilities between the Department of Transportation and local units of government. The policy must minimize the share of cooperative project costs to be funded by the local units of government, while complying in all respects with the state constitutional requirements concerning allowable uses of the trunk highway fund. The policy must be completed and adopted by the commissioner no later than September 1, 2015.

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

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Yarusso offered an amendment to S. F. No. 1647, the third engrossment, as amended.

POINT OF ORDER

Albright raised a point of order pursuant to rule 3.21 that the Yarusso amendment was not in order. Speaker pro tempore Davids ruled the point of order well taken and the Yarusso amendment out of order.
S. F. No. 1647, A bill for an act relating to transportation; amending various provisions related to transportation and public safety policies, including data practices and storage; motor carriers; traffic regulation modifications; parking signs; advertising devices; permits and licenses; vehicle equipment; mini truck operation; railroad liability, powers, and crossing by utilities; rail event response preparedness; minimum train crew size; drive away in-transit licenses; road design; engine compression regulation by city of St. Paul; turnbacks; bikeways; subcontracting goals; reporting requirements and alternative damages appraisal for transportation projects; amending Minnesota Statutes 2014, sections 13.69, subdivision 1; 13.72, by adding a subdivision; 160.18, by adding a subdivision; 160.20, subdivision 4; 160.232; 160.266, subdivisions 2, 3, by adding subdivisions; 161.088, subdivisions 3, 4, 5; 161.321, subdivisions 2a, 2c, 4; 161.368; 168.33, subdivision 2; 169.06, subdivision 4a; 169.18, subdivision 12; 169.475, subdivision 1; 169.49; 169.78, subdivisions 1, 2, 4; 169.791, subdivisions 1, 2; 169.81, by adding a subdivision; 171.02, by adding a subdivision; 171.06, subdivision 3; 171.061, subdivision 3; 171.07, subdivision 1b; 173.15; 174.03, subdivisions 10, 11; 174.12, subdivision 5; 174.40, by adding a subdivision; 174.52, subdivisions 4a, 5; 219.76; 219.761; 221.031, by adding a subdivision; 221.605, by adding a subdivision; 299D.085, subdivision 2; 473.146, subdivision 4; Laws 2009, chapter 158, section 10, as amended; Laws 2014, chapter 312, article 10, section 11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 161; 219; 237; 383B; 473.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 70 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Albright  Dean, M.  Hamilton  Lohmer  O’Neill  Smith
Anderson, M.  Dettmer  Hancock  Loon  Peppin  Swedzinski
Anderson, P.  Drazkowski  Heintzeman  Lucero  Petersburg  Theis
Anderson, S.  Erickson  Hertaus  Lueck  Peterson  Torkelson
Backer  Fabian  Hoppe  Mack  Pierson  Uglen
Baker  Fenton  Howe  McDonald  Pugh  Urdahl
Barrett  Franson  Johnson, B.  Mcnamara  Quam  Vogel
Bennett  Garofalo  Kelly  Miller  Ravich  Whelan
Christensen  Green  Kiel  Nash  Runbeck  Wills
Cornish  Gruenhagen  Knoblauch  Newberger  Sanders  Spk. Daudt
Daniels  Gunther  Koznick  Nornes  Schomacker
Davids  Hackbart  Kresha  O’Driscoll  Scott

Those who voted in the negative were:

Allen  Dehn, R.  Isaacson  Mahoney  Newton  Simonson
Anzele  Dill  Johnson, C.  Mariani  Norton  Slocum
Applebaum  Erhardt  Johnson, S.  Marquart  Pelowski  Sundin
Atkins  Fischer  Laine  Masin  Persell  Thissen
Bernardy  Freiberg  Lenczewski  Melin  Pinto  Wagenius
Bly  Halverson  Lesch  Metsa  Poppe  Ward
Carlson  Hansen  Liebling  Moran  Rosenthal  Winkler
Clark  Hausman  Lien  Murphy, E.  Schoen  Yarusso
Considine  Hilstrom  Lillie  Murphy, M.  Schultz  Youakim
Davnie  Hortman  Loeffler  Nelson  Selcer

The bill was passed, as amended, and its title agreed to.
There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:


The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

JOANNE M. ZOFF, Secretary of the Senate

Daudt was excused between the hours of 5:30 p.m. and *** p.m.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 5.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

JOANNE M. ZOFF, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. No. 5

A bill for an act relating to higher education; establishing a budget for higher education; appropriating money to the Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, and the Board of Regents of the University of Minnesota; appropriating money for tuition relief; making various policy and technical changes to higher-education-related provisions; regulating the policies of postsecondary institutions relating to sexual harassment and sexual violence; providing goals, standards, programs, and grants; requiring reports; amending Minnesota Statutes 2014, sections 5.41, subdivisions 2, 3; 13.32, subdivision 6; 13.322, by adding a subdivision; 16C.075; 124D.09, by adding subdivisions; 124D.091, subdivision 1; 135A.15, subdivisions 1, 2, by adding subdivisions; 136A.01, by adding a subdivision; 136A.101, subdivisions 5a, 8; 136A.121, subdivision 20; 136A.125, subdivisions 2, 4, 4b; 136A.1701, subdivision 4; 136A.861, subdivision 1; 137.54; 177.23, subdivision 7; Laws 2014, chapter 312, article 13, section 47; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 175; 626; repealing Minnesota Rules, part 4830.7500, subparts 2a, 2b.
The Honorable Sandra L. Pappas  
President of the Senate

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

We, the undersigned conferees for S. F. No. 5 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 5 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
HIGHER EDUCATION APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

Subdivision 1. Summary By Fund. The amounts shown in this subdivision summarize direct appropriations, by fund, made in this article.

SUMMARY BY FUND

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$1,530,668,000</td>
<td>$1,536,256,000</td>
<td>$3,066,924,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>2,157,000</td>
<td>2,157,000</td>
<td>4,314,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,532,825,000</strong></td>
<td><strong>$1,538,413,000</strong></td>
<td><strong>$3,071,238,000</strong></td>
</tr>
</tbody>
</table>

Subd. 2. Summary By Agency - All Funds. The amounts shown in this subdivision summarize direct appropriations, by agency, made in this article.

SUMMARY BY AGENCY - ALL FUNDS

<table>
<thead>
<tr>
<th>Agency</th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota Office of Higher Education</td>
<td>$230,843,000</td>
<td>$236,630,000</td>
<td>$467,473,000</td>
</tr>
<tr>
<td>Board of Trustees of the Minnesota State Colleges and Universities</td>
<td>$672,925,000</td>
<td>$672,726,000</td>
<td>$1,345,651,000</td>
</tr>
<tr>
<td>Board of Regents of the University of Minnesota</td>
<td>$627,706,000</td>
<td>$627,706,000</td>
<td>$1,251,098,000</td>
</tr>
<tr>
<td>Mayo Clinic</td>
<td>$1,351,000</td>
<td>$1,351,000</td>
<td>$2,702,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,532,825,000</strong></td>
<td><strong>$1,538,413,000</strong></td>
<td><strong>$3,066,924,000</strong></td>
</tr>
</tbody>
</table>
Sec. 2. **HIGHER EDUCATION APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

<table>
<thead>
<tr>
<th>APPROPRIATIONS</th>
<th>Available for the Year</th>
<th>Ending June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

Sec. 3. **MINNESOTA OFFICE OF HIGHER EDUCATION**

Subdivision 1. **Total Appropriation**

$230,843,000

$236,630,000

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

Subd. 2. **State Grants**

180,281,000

180,281,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 3. **Child Care Grants**

6,684,000

6,684,000

Subd. 4. **State Work-Study**

14,502,000

14,502,000

Subd. 5. **Interstate Tuition Reciprocity**

11,018,000

11,018,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 6. **Safety Officer’s Survivors**

100,000

100,000

This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children and to the spouses of public safety officers killed in the line of duty.

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 7. **Indian Scholarships**

3,500,000

3,500,000

The commissioner must contract with or employ at least one person with demonstrated competence in American Indian culture and residing in or near the city of Bemidji to assist students with
the scholarships under Minnesota Statutes, section 136A.126, and with other information about financial aid for which the students may be eligible. Bemidji State University must provide office space at no cost to the Minnesota Office of Higher Education for purposes of administering the American Indian scholarship program under Minnesota Statutes, section 136A.126. This appropriation includes funding to administer the American Indian scholarship program.

**Subd. 8. Tribal College Grants**

For tribal college assistance grants under Minnesota Statutes, section 136A.1796.

**Subd. 9. Intervention for College Attendance Program Grants**

For the intervention for college attendance program under Minnesota Statutes, section 136A.861.

This appropriation includes funding to administer the intervention for college attendance program grants.

**Subd. 10. Student-Parent Information**

**Subd. 11. Get Ready!**

**Subd. 12. Minnesota Education Equity Partnership**

**Subd. 13. Midwest Higher Education Compact**

**Subd. 14. United Family Medicine Residency Program**

For a grant to United Family Medicine residency program. This appropriation shall be used to support up to 21 resident physicians each year in family practice at United Family Medicine residency programs and shall prepare doctors to practice family care medicine in underserved rural and urban areas of the state. It is intended that this program will improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a cost-effective manner.

**Subd. 15. MnLINK Gateway and Minitex**

**Subd. 16. Statewide Longitudinal Education Data System**

**Subd. 17. Hennepin County Medical Center**

For transfer to Hennepin County Medical Center for graduate family medical education programs at Hennepin County Medical Center.
Subd. 18. **MNSCU Two-Year Public College Program**

(a) $3,993,000 in fiscal year 2017 is for two-year public college program grants under article 3, section 20.

(b) $782,000 in fiscal year 2017 is to provide mentoring and outreach as specified under article 3, section 20.

(c) $225,000 in fiscal year 2017 is for information technology and administrative costs associated with implementation of the grant program.

(d) The base for fiscal year 2018 is $3,481,000 and the base for fiscal year 2019 is $0.

Subd. 19. **College Possible**

(a) This appropriation is for immediate transfer to College Possible to support programs of college admission and college graduation for low-income students through an intensive curriculum of coaching and support at both the high school and postsecondary level.

(b) This appropriation must, to the extent possible, be proportionately allocated between students from greater Minnesota and students in the seven-county metropolitan area.

(c) This appropriation must be used by College Possible only for programs supporting students who are residents of Minnesota and attending colleges or universities within Minnesota.

(d) By February 1 of each year, College Possible must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education and E-12 education on activities funded by this appropriation. The report must include, but is not limited to, information about the expansion of College Possible in Minnesota, the number of College Possible coaches hired, the expansion within existing partner high schools, the expansion of high school partnerships, the number of high school and college students served, the total hours of community service by high school and college students, and a list of communities and organizations benefitting from student service hours.

Subd. 20. **Large Animal Veterinarian Loan Forgiveness Program**

For the large animal veterinarian loan forgiveness program under Minnesota Statutes, section 136A.1795. This is a onetime appropriation and is available until June 30, 2022.
### Subd. 21. Spinal Cord Injury and Traumatic Brain Injury Research Grant Program

For spinal cord injury and traumatic brain injury research grants authorized under Minnesota Statutes, section 136A.901.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

### Subd. 22. Summer Academic Enrichment Program

For summer academic enrichment grants under Minnesota Statutes, section 136A.091.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

### Subd. 23. Dual Training Competency Grants; OHE

For training grants under Minnesota Statutes, section 136A.246.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

### Subd. 24. Dual Training Competency Grants; DOLI

For transfer to the commissioner of labor and industry for identification of competency standards for dual training under Minnesota Statutes, section 175.45.

### Subd. 25. Concurrent Enrollment Courses

| (a) $225,000 in fiscal year 2016 and $225,000 in fiscal year 2017 are for grants to develop new concurrent enrollment courses under Minnesota Statutes, section 124D.09, subdivision 10, that satisfy the elective standard for career and technical education. Any balance in the first year does not cancel but is available in the second year. |
| $115,000 in fiscal year 2016 and $115,000 in fiscal year 2017 are for grants to postsecondary institutions currently sponsoring a concurrent enrollment course to expand existing programs. The commissioner shall determine the application process and the grant amounts. The commissioner must give preference to expanding programs that are at capacity. Any balance in the first year does not cancel but is available in the second year. |
(c) By December 1 of each year, the office shall submit a brief report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding:

1. the courses developed by grant recipients and the number of students who enrolled in the courses under paragraph (a); and

2. the programs expanded and the number of students who enrolled in programs under paragraph (b).

Subd. 26. **Student Loan Debt Counseling**

For student loan debt counseling under article 3, section 24. This is a onetime appropriation.

Subd. 27. **Campus Sexual Assault Reporting**

For the sexual assault reporting required under Minnesota Statutes, section 135A.15.

Subd. 28. **Teacher Shortage Loan Forgiveness**

For the loan forgiveness program under Minnesota Statutes, section 136A.1791.

The commissioner may use no more than three percent of this appropriation to administer the program under this subdivision.

Subd. 29. **Agency Administration**

Subd. 30. **Balances Forward**

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 31. **Transfers**

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation, the get ready appropriation, and the public safety officers' survivors appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over higher education finance.
Sec. 4. BOARD OF TRUSTEES OF THE MINNESOTA
STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation

<table>
<thead>
<tr>
<th>Amount</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$672,925,000</td>
<td>$672,726,000</td>
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</table>

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

Subd. 2. Central Office and Shared Services Unit

For the Office of the Chancellor and the Shared Services Division.

<table>
<thead>
<tr>
<th>Amount</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>33,074,000</td>
<td>33,074,000</td>
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</tbody>
</table>

This appropriation includes $50,000,000 in fiscal year 2016 and $50,000,000 in fiscal year 2017 for student tuition relief. The Board of Trustees must establish tuition rates as follows:

(1) for the 2015-2016 academic year, the tuition rate at colleges must not exceed the 2014-2015 academic year rate; and

(2) for the 2016-2017 academic year, the tuition rate at universities must not exceed the 2015-2016 academic year rate, and the tuition rate at colleges must be reduced by at least one percent compared to the 2015-2016 academic year rate.

The student tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student.

$57,000 in fiscal year 2016 and $58,000 in fiscal year 2017 are for activities related to the implementation of new transfer pathways required by article 3, section 21.

This appropriation includes $200,000 in fiscal year 2016 to award up to two grants to system institutions with a teacher preparation program approved by the Board of Teaching to provide a school year-long student teaching pilot program, consistent with the student teaching program requirements under Minnesota Statutes, section 122A.09, subdivision 4, paragraph (d). This is a onetime appropriation. The Board of Trustees must report to the K-12 and higher education committees of the legislature by March 1, 2017, on the experiences of the grant recipients and the student teachers with the school year-long student teaching program, and include any recommendations for amending Minnesota Statutes, section 122A.09, subdivision 4, paragraph (d), based on the experiences of the grant recipients.

$18,000 each year is for transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to the $102,000 per
fiscal year this project currently receives. The project shall continue to provide information to the Board of Trustees on the number of students served, credit hours delivered, and services provided to students. The base appropriation under this paragraph is $120,000 each year.

$50,000 in fiscal year 2016 and $50,000 in fiscal year 2017 are for developing and teaching online agriculture courses by farm business management faculty at colleges that offer farm business management.

Institutions developing courses under this appropriation shall focus on introductory coursework, and must coordinate with one another to offer complimentary courses and avoid duplication. The appropriation may not be used to develop courses already available through another state college or university. Institutions receiving funds from this appropriation must have one course developed and ready for student enrollment within one year of receiving funds.

$225,000 in fiscal year 2016 and $225,000 in fiscal year 2017 are to create and develop a teacher preparation program leading to licensure in agricultural education at Southwest Minnesota State University. This is a onetime appropriation.

Southwest Minnesota State University shall provide the committees of the legislature with primary jurisdiction over agriculture policy, K-12 education policy, and higher education policy and finance with a report on the institution's progress in creating an agricultural education licensure program and increasing the number of students receiving a teaching license in agricultural education. The report must be submitted by February 15, 2016, and by February 15, 2017.

$35,000 in fiscal year 2016 and $35,000 in fiscal year 2017 are to implement a program to assist foreign-born students and groups underrepresented in nursing to succeed in postsecondary nursing programs. This program shall include but not be limited to mentoring programs and seminars.

One-quarter of this appropriation must be distributed to Minneapolis Community and Technical College. One-quarter of this appropriation must be distributed to Century College. One-half of this appropriation must be distributed in equal amounts to two state colleges or universities that are located outside of the seven-county metropolitan area. The board must select the state colleges or universities outside of the seven-county metropolitan area based on the proportion of enrolled nursing students that are foreign-born or from groups underrepresented in nursing.
The program established under this appropriation shall be called the "Kathleen McCullough-Zander Success in Nursing Program."

$175,000 in fiscal year 2016 and $175,000 in fiscal year 2017 are to establish a veterans-to-agriculture pilot program. The appropriation for fiscal year 2016 shall be used to establish the pilot program at South Central College, North Mankato campus, and the appropriation for fiscal year 2017 shall be used to support, in equal amounts, up to six program sites statewide. No more than two percent of the total appropriation provided by this section may be used for administrative purposes at the system level.

The veterans-to-agriculture pilot program shall be designed to facilitate the entrance of military veterans into careers related to agriculture and food production, processing, and distribution through intensive, four- to eight-week academic training in relevant fields of study, job development programs and outreach to potential employers, and appropriate career-building skills designed to assist returning veterans in entering the civilian workforce. Upon successful completion, a student shall be awarded a certificate of completion or another appropriate academic credit.

The pilot program shall be coordinated by South Central College, North Mankato campus' farm business management program and developed in collaboration with the University of Minnesota Extension, the Department of Agriculture, the Department of Veterans Affairs, and the Department of Employment and Economic Development. The program coordinators are encouraged to involve other interested stakeholders in the development and operation of the program, and may request assistance with applications for grants or other funding from available federal, state, local, and private sources. As necessary, they may also work with other public or private entities to secure temporary housing for enrolled students.

In addition to South Central College, North Mankato campus, the pilot program shall be delivered by up to five additional state colleges. One of the additional colleges must be located in the seven-county metropolitan area, at a campus that has agreed to incorporate the pilot program as part of an urban agriculture program, and the remaining additional colleges must be located outside of the seven-county metropolitan area, at campuses with existing farm business management programs.

No later than December 15, 2016, the program shall report to the committees of the house of representatives and the senate with jurisdiction over issues related to agriculture, veterans affairs, and higher education on program operations, including information on participation rates, new job placements, and any unmet needs.
This appropriation includes $40,000 in fiscal year 2016 and $40,000 in fiscal year 2017 to implement the sexual assault policies required under Minnesota Statutes, section 135A.15.

Five percent of the fiscal year 2017 appropriation specified in this subdivision is available according to the schedule in clauses (1) to (5) in fiscal year 2017 when the Board of Trustees of the Minnesota State Colleges and Universities demonstrates to the commissioner of management and budget that the board has met the following specified number of performance goals:

1. 100 percent if the board meets three, four, or five goals;
2. 67 percent if two of the goals are met;
3. 33 percent if one of the goals are met; and
4. zero percent if none of the goals are met.

The performance goals are:

1. Increase by at least four percent in fiscal year 2015, compared to fiscal year 2008, degrees, diplomas, and certificates conferred and provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education on the separate changes in the number of degrees, diplomas, and certificates conferred;
2. Increase by at least five percent the fiscal year 2015-related employment rate for 2014 graduates, compared to the 2011 rate for 2010 graduates;
3. For fiscal year 2016, reallocate $22,000,000 of costs. The Board of Trustees is requested to redirect those funds to invest in direct mission activities, stem growth in tuition and student fees, and to programs that benefit students;
4. Decrease by at least ten percent the fiscal year 2015 headcount of students enrolled in developmental courses compared to fiscal year 2013 headcount of students enrolled in developmental courses; and
5. Increase by at least five percent the fiscal year 2015 degrees awarded to students who took no more than 128 credits for a baccalaureate degree and 68 credits for associate in arts, associate of science, or associate in fine arts degrees, as compared to the rate for 2011 graduates.

By August 1, 2015, the Board of Trustees and the Minnesota Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be
used to demonstrate the Minnesota State Colleges and Universities’ attainment of each goal. On or before April 1, 2016, the Board of Trustees must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the Minnesota State Colleges and Universities toward attaining the goals. The appropriation base for the next biennium shall include appropriations not made available under this subdivision for failure to meet performance goals. All of the appropriation that is not available due to failure to meet performance goals is appropriated to the commissioner of the Office of Higher Education for fiscal year 2017 for the purpose of the state grant program under Minnesota Statutes, section 136A.121.

Performance metrics are intended to facilitate progress towards the attainment goal under Minnesota Statutes, section 135A.012.

Subd. 4. **Learning Network of Minnesota**

Sec. 5. **BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>625,549,000</td>
<td>625,549,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>2,157,000</td>
<td>2,157,000</td>
</tr>
</tbody>
</table>

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

Subd. 2. **Operations and Maintenance**

This appropriation includes funding for operation and maintenance of the system. Of the amount appropriated in this subdivision:

$11,100,000 in fiscal year 2016 and $11,100,000 in fiscal year 2017 are to minimize any increase in a student’s cost of attendance; for research to solve the challenges facing our state, nation, and world; to educate a diverse population of Minnesotans from every community who show the greatest promise; and for public service that builds lasting partnerships with communities across the state to address our most complex and pressing issues. The Board of Regents is requested to:

(1) maintain a low cost of mission and advance operational excellence:
(2) increase the diversity of the university's students, faculty, and staff; and

(3) strengthen the university's relationships with the agriculture industry and the communities of greater Minnesota.

$15,000,000 in fiscal year 2016 and $15,000,000 in fiscal year 2017 are to:

(1) increase the medical school's research capacity;

(2) improve the medical school's ranking in National Institutes of Health funding;

(3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students;

(4) invest in physician training programs in rural and underserved communities; and

(5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

The Board of Regents is requested to consider hiring additional faculty to conduct research related to regenerative medicine.

Five percent of the fiscal year 2017 appropriation specified in this subdivision is available according to the schedule in clauses (1) to (5) in fiscal year 2017 when the Board of Regents of the University of Minnesota demonstrates to the commissioner of management and budget that the board has met the following specified number of performance goals:

(1) 100 percent if the board meets three, four, or five goals;

(2) 67 percent if two of the goals are met;

(3) 33 percent if one of the goals are met; and

(4) zero percent if none of the goals are met.

The performance goals are:

(1) increase by at least one percent the four-year, five-year, or six-year undergraduate graduation rates, averaged over three years, for students of color systemwide at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014;
increase by at least two percent the total number of undergraduate STEM degrees, averaged over three years, conferred systemwide by the University of Minnesota reported in fiscal year 2016 over fiscal year 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers;

increase by at least one percent the four-year undergraduate graduation rate at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers;

for fiscal year 2016, reallocate $15,000,000 of administrative costs. The Board of Regents is requested to redirect those funds to invest in direct mission activities, stem growth in cost of attendance, and to programs that benefit students; and

increase licensing disclosures by three percent for fiscal year 2016 over fiscal year 2015.

By August 1, 2015, the Board of Regents and the Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the University of Minnesota's attainment of each goal. On or before April 1, 2016, the Board of Regents must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the University of Minnesota toward attaining the goals. The appropriation base for the next biennium shall include appropriations not made available under this subdivision for failure to meet performance goals. All of the appropriation that is not available due to failure to meet performance goals is appropriated to the commissioner of the Office of Higher Education for fiscal year 2017 for the purpose of the state grant program under Minnesota Statutes, section 136A.121.

Performance metrics are intended to facilitate progress towards the attainment goal under Minnesota Statutes, section 135A.012.

Subd. 3. **Primary Care Education Initiatives**

2,157,000 2,157,000

This appropriation is from the health care access fund.

Subd. 4. **Special Appropriations**

(a) **Agriculture and Extension Service**

42,922,000 42,922,000

For the Agricultural Experiment Station and the Minnesota Extension Service:
(1) the agricultural experiment stations and Minnesota Extension Service must convene agricultural advisory groups to focus research, education, and extension activities on producer needs and implement an outreach strategy that more effectively and rapidly transfers research results and best practices to producers throughout the state;

(2) this appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes, and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, and bioenergy organizations:

(i) biofuel and other energy production from perennial crops, small grains, row crops, and forestry products in conjunction with the Natural Resources Research Institute (NRRI);

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed;

(3) this appropriation includes funding for the College of Food, Agricultural, and Natural Resources Sciences to establish and provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project;

(4) this appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state’s agriculture community. The following areas should be prioritized and carried out in consultation with Minnesota farm organizations:

(i) vegetable crop research with priority for extending the Minnesota vegetable growing season;

(ii) fertilizer and soil fertility research and development;

(iii) soil, groundwater, and surface water conservation practices and contaminant reduction research;

(iv) discovering and developing plant varieties that use nutrients more efficiently;

(v) breeding and development of turf seed and other biomass resources in all three Minnesota biomes;

(vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;
(vii) utilizing plant and livestock cells to treat and cure human diseases;

(viii) the development of dairy coproducts;

(ix) a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety;

(x) crop pest and animal disease research;

(xi) developing animal agriculture that is capable of sustainably feeding the world;

(xii) consumer food safety education and outreach;

(xiii) programs to meet the research and outreach needs of organic livestock and crop farmers; and

(xiv) alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material; and

(5) by February 1, 2017, the Board of Regents must submit a report to the legislative committees and divisions with jurisdiction over agriculture and higher education finance on the status and outcomes of research and initiatives funded in this paragraph.

(b) Health Sciences

$346,000 each year is to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in rural areas of the state. The legislature intends this program to improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner. The remainder of this appropriation is for the rural physicians associates program; the Veterinary Diagnostic Laboratory; health sciences research; dental care; the Biomedical Engineering Center; and the collaborative partnership between the University of Minnesota and Mayo Clinic for regenerative medicine, research, clinical translation, and commercialization.

(c) Institute of Technology

For the geological survey and the talented youth mathematics program.
(d) **System Special**

For general research, the Labor Education Service, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

(e) **University of Minnesota and Mayo Foundation Partnership**

This appropriation is for the following activities:

1. $7,491,000 in fiscal year 2016 and $7,491,000 in fiscal year 2017 are for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the legislative committee responsible for higher education finance by June 30 of each fiscal year.

2. $500,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are to award competitive grants to conduct research into the prevention, treatment, causes, and cures of Alzheimer's disease and other dementias.

Subd. 5. **Academic Health Center**

The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is estimated to be $22,250,000 each year.

Sec. 6. **MAYO CLINIC**

Subdivision 1. **Total Appropriation**

<table>
<thead>
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<th></th>
<th>$1,351,000</th>
<th>$1,351,000</th>
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The amounts that may be spent are specified in the following subdivisions.

Subd. 2. **Medical School**

<table>
<thead>
<tr>
<th></th>
<th>665,000</th>
<th>665,000</th>
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The state must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between each year of the biennium to accommodate enrollment fluctuations. It is intended that during the biennium the Mayo Clinic use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. **Family Practice and Graduate Residency Program**

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<th>686,000</th>
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The state must pay stipend support for up to 27 residents each year.
Sec. 7. **MNSCU PRESIDENTIAL SELECTION PROCESS; REPORT.**

The Board of Trustees of the Minnesota State Colleges and Universities shall report in writing to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education by October 1, 2015, its schedule for adopting a presidential selection process as a comprehensive formal written policy. The board is encouraged to engage stakeholders in developing the board policy. The board must strongly consider a policy that provides clarity in the selection process, enhances communication and the opportunity for local input by colleges and universities and community stakeholders they serve, and that reflects the need to consult with and to keep a presidential selection advisory committee informed during the entire selection process.

Sec. 8. **UNIVERSITY OF MINNESOTA BUDGET ALLOCATION REPORT.**

The Board of Regents of the University of Minnesota shall report by February 1, 2016, to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education finance on the factors it considers to allocate funds to separate campuses. The report must specifically, without limitation, address the issue of whether non-Twin Cities campuses are treated as single units for budget allocation purposes or treated as comprised of multiple units. The report must discuss the effect of treating a campus as a single unit and the reasons for that treatment.

Sec. 9. **TUITION RECIPROCITY APPROPRIATION CANCELLATION.**

All unspent funds, estimated to be $8,394,000, to provide tuition reciprocity payments under Laws 2013, chapter 99, section 3, subdivision 5, are canceled to the general fund on June 30, 2015.

**ARTICLE 2**

**OFFICE OF HIGHER EDUCATION**

Section 1. Minnesota Statutes 2014, section 13.32, subdivision 6, is amended to read:

Subd. 6. **Admissions forms; Remedial instruction.** (a) Minnesota postsecondary education institutions, for purposes of reporting and research, may collect on the 1986-1987 admissions form, and disseminate to any public educational agency or institution the following data on individuals: student sex, ethnic background, age, and disabilities. The data shall not be required of any individual and shall not be used for purposes of determining the person's admission to an institution.

(β) (a) A school district that receives information under subdivision 3, paragraph (h) from a postsecondary institution about an identifiable student shall maintain the data as educational data and use that data to conduct studies to improve instruction. Public postsecondary systems as part of their participation in the Statewide Longitudinal Education Data System shall provide data on the extent and content of the remedial instruction received by individual students, and the results of assessment testing and the academic performance of, students who graduated from a Minnesota school district within two years before receiving the remedial instruction. The Office of Higher Education, in collaboration with the Department of Education, shall evaluate the data and annually report its findings to the education committees of the legislature.

(α) (β) This section supersedes any inconsistent provision of law.
Sec. 2. Minnesota Statutes 2014, section 16C.075, is amended to read:

16C.075 E-VERIFY.

A contract for services valued in excess of $50,000 must require certification from the vendor and any subcontractors that, as of the date services on behalf of the state of Minnesota will be performed, the vendor and all subcontractors have implemented or are in the process of implementing the federal E-Verify program for all newly hired employees in the United States who will perform work on behalf of the state of Minnesota. This section does not apply to contracts entered into by the:

(1) State Board of Investment; or

(2) the Office of Higher Education for contracts related to credit reporting services if the office certifies that those services cannot be reasonably obtained if this section applies.

Sec. 3. Minnesota Statutes 2014, section 122A.09, subdivision 4, is amended to read:

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

(b) The board must adopt rules requiring a person to pass a skills examination in reading, writing, and mathematics or attain either a composite score composed of the average of the scores in English and writing, reading, and mathematics on the ACT Plus Writing recommended by the board, or an equivalent composite score composed of the average of the scores in critical reading, mathematics, and writing on the SAT recommended by the board, as a requirement for initial teacher licensure, except that the board may issue up to two temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam or attained the requisite composite score on the ACT Plus Writing or SAT. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination or attain the requisite composite score on the ACT Plus Writing or SAT, including those for whom English is a second language. The requirement to pass a reading, writing, and mathematics skills examination or attain the requisite composite score on the ACT Plus Writing or SAT does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1. A teacher candidate's official ACT Plus Writing or SAT composite score report to the board must not be more than ten years old at the time of licensure.

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

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

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

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

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

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

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

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

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.
(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

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

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may include providing a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness trauma, Accommodations for students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

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

Sec. 4. Minnesota Statutes 2014, section 136A.01, is amended by adding a subdivision to read:

**Subd. 3. Incentive programs.** The commissioner is authorized to utilize incentive gifts including, but not limited to, gift cards in order to promote to the public the various programs administered by the office. The annual total expenditures for such incentive programs shall not exceed $10,000.

Sec. 5. Minnesota Statutes 2014, section 136A.031, subdivision 4, is amended to read:

**Subd. 4. Student representation.** The commissioner must place at least one student from an affected educational system on any task force created by the office. The commissioner must submit to the SAC the name of any student appointed to an advisory group or task force. The student appointment is not approved if four SAC members vote to disapprove of the appointment. If an appointment is disapproved, the commissioner must submit another student appointment to the SAC in a timely manner shall invite the council to nominate a student or students to serve on task forces created by the office, when appropriate.

Sec. 6. Minnesota Statutes 2014, section 136A.0411, is amended to read:

136A.0411 COLLECTING FEES.

The office may charge fees for seminars, conferences, workshops, services, and materials. The office may collect fees for registration and licensure of private institutions under sections 136A.61 to 136A.71 and chapter 141. The money is annually appropriated to the office.

Sec. 7. Minnesota Statutes 2014, section 136A.125, subdivision 2, is amended to read:

**Subd. 2. Eligible students.** (a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;
(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

(b) A student who withdraws from enrollment for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c, or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to academic terms commencing on or after that date.

Sec. 8. Minnesota Statutes 2014, section 136A.125, subdivision 4, is amended to read:

Subd. 4. Amount and length of grants. (a) The amount of a child care grant must be based on:

(1) the income of the applicant and the applicant's spouse;

(2) the number in the applicant's family, as defined by the office; and

(3) the number of eligible children in the applicant's family.

(b) The maximum award to the applicant shall be $2,800 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

(c) Applicants with family incomes at or below a percentage of the federal poverty level, as determined by the commissioner, will qualify for the maximum award. The commissioner shall attempt to set the percentage at a level estimated to fully expend the available appropriation for child care grants. Applicants with family incomes exceeding that threshold will receive the maximum award minus ten percent of their income exceeding that threshold. If the result is less than zero, the grant is zero.

(d) The academic year award amount must be disbursed by academic term using the following formula:

(1) the academic year amount described in paragraph (b);

(2) divided by the number of terms in the academic year;
(3) divided by 15; and

(4) multiplied by the number of credits for which the student is enrolled that academic term, up to 15 credits.

(e) Payments shall be made each academic term to the student or to the child care provider, as determined by the institution. Institutions may make payments more than once within the academic term.

Sec. 9. Minnesota Statutes 2014, section 136A.125, subdivision 4b, is amended to read:

Subd. 4b. Additional grants. An additional term of child care grant may be awarded to an applicant attending classes outside of the regular academic year who meets the requirements in subdivisions 2 and 4. The annual maximum grant per eligible child must not exceed the calculated annual amount in subdivision 4, plus the additional amount in this subdivision, or the student's estimated annual child care cost for not more than 40 hours per week per eligible child, whichever is less.

Sec. 10. Minnesota Statutes 2014, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. Terms and conditions of loans. (a) The office may loan money upon such terms and conditions as the office may prescribe. Under the SELF IV program, the principal amount of a loan to an undergraduate student for a single academic year shall not exceed $7,500 per grade level. The aggregate principal amount of all loans made subject to this paragraph to an undergraduate student shall not exceed $37,500. The principal amount of a loan to a graduate student for a single academic year shall not exceed $9,000. The aggregate principal amount of all loans made subject to this paragraph to a student as an undergraduate and graduate student shall not exceed $55,500. The amount of the loan may not exceed the cost of attendance less all other financial aid, including PLUS loans or other similar parent loans borrowed on the student's behalf. The cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (b).

(b) The cumulative undergraduate borrowing maximums for SELF IV loans are:

(1) grade level 1, $7,500;

(2) grade level 2, $15,000;

(3) grade level 3, $22,500;

(4) grade level 4, $30,000; and

(5) grade level 5, $37,500.

(c) The principal maximum loan amount of a SELF V or subsequent phase loan to students enrolled in a bachelor's degree program, postbaccalaureate, or graduate program must not exceed $10,000 per grade level be determined annually by the office. For all other eligible students, the principal amount of the loan must not exceed $7,500 per grade level. The aggregate principal amount of all loans made subject to this paragraph to a student as an undergraduate and graduate student must not exceed $20,000. The amount of the loan must not exceed the cost of attendance as determined by the eligible institution less all other financial aid, including PLUS loans or other similar parent loans borrowed on the student's behalf. The cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (d).

(d) The cumulative borrowing maximums must be determined annually by the office for SELF V loans and subsequent phases for students enrolled in a bachelor's degree program or postbaccalaureate program. In determining the cumulative borrowing maximums, the office shall, among other considerations, take into consideration the maximum SELF loan amount, student financing needs, funding capacity for the SELF program, delinquency and default loss management, and current financial market conditions.
(i) grade level 1, $10,000;

(ii) grade level 2, $20,000;

(iii) grade level 3, $30,000;

(iv) grade level 4, $40,000; and

(v) grade level 5, $50,000.

(2) For graduate level students, the borrowing limit is $10,000 per nine-month academic year, with a cumulative maximum for all SELF debt of $70,000.

(3) (2) For all other eligible students, the cumulative borrowing maximums for SELF V loans and subsequent phases are:

(i) grade level 1, $7,500;

(ii) grade level 2, $15,000;

(iii) grade level 3, $22,500;

(iv) grade level 4, $30,000; and

(v) grade level 5, $37,500.

Sec. 11. Minnesota Statutes 2014, section 136A.61, is amended to read:

**136A.61 POLICY.**

The legislature has found and hereby declares that the availability of legitimate courses and programs leading to academic degrees offered by responsible private nonprofit and for-profit institutions of postsecondary education and the existence of legitimate private colleges and universities are in the best interests of the people of this state. The legislature has found and declares that the state can provide assistance and protection for persons choosing private institutions and programs, by establishing policies and procedures to assure the authenticity and legitimacy of private postsecondary education institutions and programs. The legislature has also found and declares that this same policy applies to any private and public postsecondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion.

Sec. 12. Minnesota Statutes 2014, section 136A.63, subdivision 2, is amended to read:

**Subd. 2. Sale of an institution.** Within 30 days of a change of its ownership a school must submit a registration renewal application, all usual and ordinary information and materials for an initial registration, and applicable registration fees for a new institution. For purposes of this subdivision, "change of ownership" means a merger or consolidation with a corporation; a sale, lease, exchange, or other disposition of all or substantially all of the assets of a school; the transfer of a controlling interest of at least 51 percent of the school's stock; or a change in the for-profit nonprofit or for-profit status of a school.
Sec. 13. Minnesota Statutes 2014, section 136A.65, subdivision 4, is amended to read:

Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its degree or degrees and name approved must substantially meet the following criteria:

1. the school has an organizational framework with administrative and teaching personnel to provide the educational programs offered;

2. the school has financial resources sufficient to meet the school’s financial obligations, including refunding tuition and other charges consistent with its stated policy if the institution is dissolved, or if claims for refunds are made, to provide service to the students as promised, and to provide educational programs leading to degrees as offered;

3. the school operates in conformity with generally accepted budgeting and accounting principles;

4. the school provides an educational program leading to the degree it offers;

5. the school provides appropriate and accessible library, laboratory, and other physical facilities to support the educational program offered;

6. the school has a policy on freedom or limitation of expression and inquiry for faculty and students which is published or available on request;

7. the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment;

8. the school’s compensated recruiting agents who are operating in Minnesota identify themselves as agents of the school when talking to or corresponding with students and prospective students; and

9. the school provides information to students and prospective students concerning:

   i. comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal;

   ii. clear and accurate policies relating to granting credit for prior education, training, and experience and for courses offered by the school;

   iii. current schedules of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

   iv. policies regarding refunds and adjustments for withdrawal or modification of enrollment status; and

   v. procedures and standards used for selection of recipients and the terms of payment and repayment for any financial aid program; and

10. the school must not withhold a student’s official transcript because the student is in arrears or in default on any loan issued by the school to the student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b).

(b) An application for degree approval must also include:
(i) title of degree and formal recognition awarded;
(ii) location where such degree will be offered;
(iii) proposed implementation date of the degree;
(iv) admissions requirements for the degree;
(v) length of the degree;
(vi) projected enrollment for a period of five years;
(vii) the curriculum required for the degree, including course syllabi or outlines;
(viii) statement of academic and administrative mechanisms planned for monitoring the quality of the proposed degree;
(ix) statement of satisfaction of professional licensure criteria, if applicable;
(x) documentation of the availability of clinical, internship, externship, or practicum sites, if applicable; and
(xi) statement of how the degree fulfills the institution's mission and goals, complements existing degrees, and contributes to the school's viability.

Sec. 14. Minnesota Statutes 2014, section 136A.65, subdivision 7, is amended to read:

Subd. 7. Conditional approval. The office may grant conditional approval for a degree or use of a term in its name for a period of less than one year if doing so would be in the best interests of currently enrolled students or prospective students. New schools may be granted conditional approval for degrees or names annually for a period not to exceed five years to allow them the opportunity to apply for and receive accreditation as required in subdivision 1a. A new school granted conditional approval may be allowed to continue as a registered institution in order to complete an accreditation process upon terms and conditions the office determines.

Sec. 15. Minnesota Statutes 2014, section 136A.657, subdivision 1, is amended to read:

Subdivision 1. Exemption. Any school or any department or branch of a school (a) which is substantially owned, operated or supported by a bona fide church or religious organization; (b) whose programs are primarily designed for, aimed at and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and (c) whose programs are primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with, the particular faith of that church or religious organization, is exempt from the provisions of sections 136A.61 to 136A.71.

Sec. 16. Minnesota Statutes 2014, section 136A.657, subdivision 3, is amended to read:

Subd. 3. Scope. Nothing in sections 136A.61 to 136A.71, or the rules adopted pursuant thereto, shall be interpreted as permitting the office to determine the truth or falsity of any particular set of religious beliefs.

Sec. 17. Minnesota Statutes 2014, section 136A.67, is amended to read:

136A.67 REGISTRATION REPRESENTATIONS.

No school and none of its officials or employees shall advertise or represent in any manner that such school is approved or accredited by the office or the state of Minnesota, except a school which is duly registered with the office, or any of its officials or employees, may represent in advertising and shall disclose in catalogues,
applications, and enrollment materials that the school is registered with the office by prominently displaying the following statement: "(Name of school) is registered as a private institution with the office pursuant to sections 136A.61 to 136A.71. Registration is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions.” In addition, all registered schools shall publish in the school catalog or student handbook the name, street address, telephone number, and Web site address of the office.

Sec. 18. Minnesota Statutes 2014, section 136A.87, is amended to read:

**136A.87 PLANNING INFORMATION FOR POSTSECONDARY EDUCATION.**

The office shall make available to all residents beginning in 7th grade through adulthood information about planning and preparing for postsecondary opportunities. Information must be provided to all 7th grade students and their parents annually by September 30 about planning for their postsecondary education. The office may also provide information to high school students and their parents, to adults, and to out-of-school youth. The information provided may include the following:

1. the need to start planning early;
2. the availability of assistance in educational planning from educational institutions and other organizations;
3. suggestions for studying effectively during high school;
4. high school courses necessary to be adequately prepared for postsecondary education;
5. encouragement to involve parents actively in planning for all phases of education;
6. information about postsecondary education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;
7. ways to evaluate and select postsecondary institutions;
8. the process of transferring credits among Minnesota postsecondary institutions and systems;
9. the costs of postsecondary education and the availability of financial assistance in meeting these costs, including specific information about the Minnesota Promise and achieve scholarship program;
10. the interrelationship of assistance from student financial aid, public assistance, and job training programs; and
11. financial planning for postsecondary education.

Sec. 19. Minnesota Statutes 2014, section 136G.05, subdivision 7, is amended to read:

Subd. 7. Marketing. The commissioner shall make parents and other interested individuals aware of the availability and advantages of the program as a way to save for higher education costs. The cost of these promotional efforts may not be funded with fees imposed on participants.

Sec. 20. Minnesota Statutes 2014, section 141.21, subdivision 5, is amended to read:

Subd. 5. Private career school. "Private career school" means any a person, within or outside the state, who maintains, advertises, administers, solicits for, or conducts any program at less than an associate degree level and; is not registered as a private institution under sections 136A.61 to 136A.71; and is not specifically exempted by section
School also means any person, within or outside the state, who maintains, advertises, administers, solicits for, or conducts any program at less than an associate degree level, is not registered as a private institution pursuant to sections 136A.61 to 136A.71, and uses the term, "college," "institute," "academy," or "university" in its name.

Sec. 21. Minnesota Statutes 2014, section 141.21, subdivision 6a, is amended to read:

Subd. 6a. **Multiple location.** "Multiple location" means any site where classes or administrative services are provided to students and which has a street address that is different than the street address found on the school's license.

Sec. 22. Minnesota Statutes 2014, section 141.21, subdivision 9, is amended to read:

Subd. 9. **Distance education private career school.** "Distance education private career school" means a school that establishes, keeps, or maintains a facility or location where a program is offered through distance instruction.

Sec. 23. Minnesota Statutes 2014, section 141.25, is amended to read:

**141.25 LICENSURE.**

Subdivision 1. **Required.** A private career school must not maintain, advertise, solicit for, administer, or conduct any program in Minnesota without first obtaining a license from the office.

Subd. 2. **Contract unenforceable.** A contract entered into with a person for a program by or on behalf of a person operating a private career school to which a license has not been issued under sections 141.21 to 141.35, is unenforceable in any action.

Subd. 2a. **Refunds.** If a contract is deemed unenforceable under subdivision 2, a private career school must refund tuition, fees, and other charges received from a student or on behalf of a student within 30 days of receiving written notification and demand for refund from the Minnesota office of Higher Education.

Subd. 3. **Application.** Application for a license shall be on forms prepared and furnished by the office, and shall include the following and other information as the office may require:

1. the title or name of the private career school, ownership and controlling officers, members, managing employees, and director;

2. the specific programs which will be offered and the specific purposes of the instruction;

3. the place or places where the instruction will be given;

4. a listing of the equipment available for instruction in each program;

5. the maximum enrollment to be accommodated with equipment available in each specified program;

6. the qualifications of instructors and supervisors in each specified program;

7. a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;
(8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by the private career school;

(9) copies of all Minnesota enrollment agreement forms and contract forms and all enrollment agreement forms and contract forms used in Minnesota; and

(10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges, unless the private career school files with the office a surety bond equal to at least $250,000 as described in subdivision 5.

Subd. 4. Certification. Each application shall be signed and certified to under oath by the proprietor if the applicant is a proprietorship, by the managing partner if the applicant is a partnership, or by the authorized officers of the applicant if the applicant is a corporation, association, company, firm, society or trust.

Subd. 5. Bond. (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b)(1) The amount of the surety bond shall be ten percent of the preceding year’s gross income from student tuition, fees, and other required institutional charges, but in no event less than $10,000 nor greater than $250,000, except that a private career school may deposit a greater amount at its own discretion. A private career school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, unless the private career school maintains a surety bond equal to at least $250,000. A private career school that operates at two or more locations may combine gross income from student tuition, fees, and other required institutional charges for all locations for the purpose of determining the annual surety bond requirement. The gross tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota.

(2) A school person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board shall be required to provide a school bond of $10,000.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the private career school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a private career school to post and maintain the required surety bond or deposit under paragraph (d) shall result in denial, suspension, or revocation of the school's license.

Subd. 6. Resident agent. Private career schools located outside the state of Minnesota that offer, advertise, solicit for, or conduct any program within the state of Minnesota shall first file with the secretary of state a sworn statement designating a resident agent authorized to receive service of process. The statement shall designate the
secretary of state as resident agent for service of process in the absence of a designated agent. If a private career school fails to file the statement, the secretary of state is designated as the resident agent authorized to receive service of process. The authorization shall be irrevocable as to causes of action arising out of transactions occurring prior to the filing of written notice of withdrawal from the state of Minnesota filed with the secretary of state.

Subd. 7. Minimum standards. A license shall be issued if the office first determines:

(1) that the applicant has a sound financial condition with sufficient resources available to:

(i) meet the private career school's financial obligations;

(ii) refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the private career school or in the event of any justifiable claims for refund against the private career school by the student body;

(iii) provide adequate service to its students and prospective students; and

(iv) maintain and support the private career school;

(2) that the applicant has satisfactory facilities with sufficient tools and equipment and the necessary number of work stations to prepare adequately the students currently enrolled, and those proposed to be enrolled;

(3) that the applicant employs a sufficient number of qualified teaching personnel to provide the educational programs contemplated;

(4) that the private career school has an organizational framework with administrative and instructional personnel to provide the programs and services it intends to offer;

(5) that the premises and conditions under which the students work and study are sanitary, healthful, and safe;

(6) that the quality and content of each occupational course or program of study provides education and adequate preparation to enrolled students for entry level positions in the occupation for which prepared;

(7) that the premises and conditions where the students work and study and the student living quarters which are owned, maintained, recommended, or approved by the applicant for students are sanitary, healthful, and safe, as evidenced by certificate of occupancy issued by the municipality or county where the private career school is physically situated, a fire inspection by the local or state fire marshal, or another verification deemed acceptable by the office;

(8) that the contract or enrollment agreement used by the private career school complies with the provisions in section 141.265;

(9) that contracts and agreements do not contain a wage assignment provision or a confession of judgment clause; and

(10) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the private career school or its owner, officers, agents, or sponsoring organization.
Subd. 8. **Fees and terms of license.** An application for an initial license under sections 141.21 to 141.35 shall be accompanied by a nonrefundable application fee as provided in section 141.255 that is sufficient to recover, but not exceed, the administrative costs of the office.

All licenses shall expire one year from the date issued by the office, except as provided in section 141.251.

Subd. 9. **Catalog, brochure, or electronic display.** Before a license is issued to a private career school, the private career school shall furnish to the office a catalog, brochure, or electronic display including:

1. identifying data, such as volume number and date of publication;
2. name and address of the private career school and its governing body and officials;
3. a calendar of the private career school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;
4. the private career school policy and regulations on enrollment including dates and specific entrance requirements for each program;
5. the private career school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;
6. the private career school policy and regulations about standards of progress for the student including the grading system of the private career school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the private career school, and conditions of reentrance for those dismissed for unsatisfactory progress;
7. the private career school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;
8. a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;
9. the private career school policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;
10. a description of the available facilities and equipment;
11. a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;
12. the private career school policy and regulations about granting credit for previous education and preparation;
13. a notice to students relating to the transferability of any credits earned at the private career school to other institutions;
14. a procedure for investigating and resolving student complaints; and
15. the name and address of the Minnesota office of Higher Education.

A private career school that is exclusively a distance education school is exempt from clauses (3) and (5).
Subd. 10. Placement records. (a) Before a license is reissued to a private career school that offers, advertises or implies a placement service, the private career school shall file with the office for the past year and thereafter at reasonable intervals determined by the office, a certified copy of the private career school's placement record, containing a list of graduates, a description of their jobs, names of their employers, and other information as the office may prescribe.

(b) Each private career school that offers a placement service shall furnish to each prospective student, upon request, prior to enrollment, written information concerning the percentage of the previous year's graduates who were placed in the occupation for which prepared or in related employment.

Subd. 12. Permanent records. A private career school licensed under this chapter and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a private career school shall submit a plan that meets the following requirements:

(1) at least one copy of the records must be held in a secure, fireproof depository;

(2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;

(3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the private career school ceases to exist; and

(4) a continuous surety bond must be filed with the office in an amount not to exceed $20,000 if the private career school has no binding agreement approved by the office, for preserving student records. The bond shall run to the state of Minnesota.

Subd. 13. Private career schools licensed by another state agency or board. A private career school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name or licensed for the purpose of participating in state financial aid under chapter 136A, and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 3, clauses (1), (2), (3), (5), (7), and (10); 4; 5, paragraph (b), clause (2); 7, clauses (1) and (10); 8; 9, clause (13); and 12. A distance education school located in another state, or a school licensed to recruit Minnesota residents for attendance at a school outside of this state, or a school licensed by another state agency as its primary licensing body, may continue to use the school's name as permitted by its home state or its primary licensing body.

Sec. 24. Minnesota Statutes 2014, section 141.251, subdivision 2, is amended to read:

Subd. 2. Conditions. The office shall adopt rules establishing the conditions for renewal of a license. The conditions shall permit two levels of renewal based on the record of the private career school. A private career school that has demonstrated the quality of its program and operation through longevity and performance in the state may renew its license based on a relaxed standard of scrutiny. A private career school that has been in operation in Minnesota for a limited period of time or that has not performed adequately on performance indicators shall renew its license based on a strict standard of scrutiny. The office shall specify minimum longevity standards and performance indicators that must be met before a private career school may be permitted to operate under the relaxed standard of scrutiny. The performance indicators used in this determination shall include, but not be limited to: regional or national accreditation, loan default rates, placement rate of graduates, student withdrawal rates, audit results, student complaints, and school status with the United States Department of Education.
schools that meet the requirements established in rule shall be required to submit a full relicensure report once every four years, and in the interim years will be exempt from the requirements of section 141.25, subdivision 3, clauses (4), (5), and (8), and Minnesota Rules, parts 4880.1700, subpart 6; and 4880.2100, subpart 4.

Sec. 25. Minnesota Statutes 2014, section 141.255, is amended to read:

141.255 FEES.

Subdivision 1. Initial licensure fee. The office processing fee for an initial licensure application is:

1. $2,500 for a private career school that will offer no more than one program during its first year of operation;
2. $750 for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, or licensed exclusively in order to participate in state grant or SELF loan financial aid programs; and
3. $2,500, plus $500 for each additional program offered by the private career school, for a private career school during its first year of operation.

Subd. 2. Renewal licensure fee; late fee. (a) The office processing fee for a renewal licensure application is:

1. for a private career school that offers one program, the license renewal fee is $1,150;
2. for a private career school that offers more than one program, the license renewal fee is $1,150, plus $200 for each additional program with a maximum renewal licensing fee of $2,000;
3. for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, the license renewal fee is $750; and
4. for a private career school licensed by another state agency and also licensed with the office exclusively in order to participate in state student aid programs, the license renewal fee is $750.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of $100 per business day, not to exceed $3,000, shall be assessed.

Subd. 4. Program addition fee. The office processing fee for adding a program to those that are currently offered by the private career school is $500 per program.

Subd. 5. Visit or consulting fee. If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised program, the office shall be reimbursed for the expenses incurred related to the review as follows:

1. $400 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;
2. $300 for each day or part thereof on site per team member; and
3. the actual cost of customary meals, lodging, and related travel expenses incurred by team members.
Subd. 6. Modification fee. The fee for modification of any existing program is $100 and is due if there is:

(1) an increase or decrease of 25 percent or more, from the original date of program approval, in clock hours, credit hours, or calendar length of an existing program;

(2) a change in academic measurement from clock hours to credit hours or vice versa; or

(3) an addition or alteration of courses that represent a 25 percent change or more in the objectives, content, or methods of delivery.

Subd. 7. Solicitor permit fee. The solicitor permit fee is $350 and must be paid annually.

Subd. 8. Multiple location fee. Private career schools wishing to operate at multiple locations must pay:

(1) $250 per location, for locations two to five; and

(2) an additional $100 for each location over five.

Subd. 9. Student transcript fee. The fee for a student transcript requested from a closed private career school whose records are held by the office is $15, with a maximum of five transcripts per request.

Subd. 10. Public office documents; copies. The rate for copies of any public office document shall be 50 cents per page.

Sec. 26. Minnesota Statutes 2014, section 141.26, is amended to read:

141.26 PERMITS FOR SOLICITORS.

Subdivision 1. Required. A solicitor representing a private career school must obtain a solicitor's permit from the office before soliciting students to enroll in such the private career school. Such permit shall expire one year following the date of issuance. Application for renewal of permit shall be made annually.

Subd. 2. Application for permit. (a) The application for the permit shall state the full name, address, previous employment, and such other information concerning the solicitor applicant as the office may require.

(b) The application shall have attached to it a certified affidavit signed by a private career school official and the solicitor attesting to the fact that the applicant has been furnished a copy, has read and has knowledge of the provisions of this chapter and Minnesota Rules.

Subd. 3. Refusal of permit. No permit shall be issued to any solicitor unless such solicitor files with the office a continuous corporate surety bond in the sum of $2,000 conditioned upon the faithful performance of all contracts and agreements with the students made by the solicitor. Such bonds shall run to the state of Minnesota and to any person who may have cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the solicitor with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum of $2,000. The surety of any such bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation. In lieu of bond, the solicitor may deposit with the commissioner of management and budget the sum of $2,000.
Subd. 4. **Additional permits.** A solicitor representing more than one private career school must obtain a separate permit for each private career school represented; however when a solicitor represents private career schools having a common ownership, only one permit shall be required.

Subd. 5. **Fee.** The initial and renewal application for each permit shall be accompanied by a nonrefundable fee under section 141.255.

Subd. 6. **Contract; validity.** Any contract entered into by a solicitor for a licensed private career school shall be unenforceable in any action brought thereon if the solicitor does not hold a valid permit as required by this section.

Sec. 27. Minnesota Statutes 2014, section 141.265, is amended to read:

**141.265 INFORMATION TO STUDENTS.**

Subdivision 1. **Catalog, brochure, or electronic display.** A private career school or its agent must provide the catalog, brochure, or electronic display required in section 141.25, subdivision 9, to a prospective student in a time or manner that gives the prospective student at least five days to read the catalog, brochure, or electronic display before signing a contract or enrollment agreement or before being accepted by a private career school that does not use a written contract or enrollment agreement.

Subd. 2. **Contract information.** A contract or enrollment agreement used by a private career school must include at least the following:

(1) the name and address of the private career school, clearly stated;

(2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the private career school unless canceled under section 141.271;

(3) the private career school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";

(4) a clear statement of total cost of the program including tuition and all other charges;

(5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and

(6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered.

The contract or enrollment agreement must not include a wage assignment provision or a confession of judgment clause.

Subd. 3. **Contract copies.** Immediately upon signing of the enrollment agreement or the contract by a prospective student, the private career school or agent shall furnish to the prospective student an exact duplicate copy of the enrollment agreement or contract.
Sec. 28. Minnesota Statutes 2014, section 141.271, subdivision 1a, is amended to read:

Subd. 1a. **Notice; right to refund.** Every private career school shall notify each student, in writing, of acceptance or rejection. In the event that the student is rejected by the private career school, all tuition, fees and other charges shall be refunded.

Sec. 29. Minnesota Statutes 2014, section 141.271, subdivision 1b, is amended to read:

Subd. 1b. **Short-term programs.** Licensed private career schools conducting programs not exceeding 40 hours in length shall not be required to make a full refund once a program has commenced and shall be allowed to prorate any refund based on the actual length of the program as stated in the private career school catalog or advertisements and the number of hours attended by the student.

Sec. 30. Minnesota Statutes 2014, section 141.271, subdivision 3, is amended to read:

Subd. 3. **Schools not using written contracts Notice; amount.** (a) Notwithstanding anything to the contrary, a private career school that does not use a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student if the student gives written notice of cancellation within five business days after the day on which the student is accepted by the private career school regardless of whether the program has started.

(b) When a student has been accepted by the private career school and gives written notice of cancellation following the fifth business day after the day of acceptance by the private career school, but before the start of the program, in the case of resident private career schools, or before the first lesson has been serviced by the private career school, in the case of distance education schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed $50, shall be refunded to the student.

Sec. 31. Minnesota Statutes 2014, section 141.271, subdivision 5, is amended to read:

Subd. 5. **Distance education schools Proration.** When a student has been accepted by a distance education private career school and gives written notice of cancellation after the first lesson has been completed by the student and serviced by the school program of instruction has begun, but before completion of 75 percent of the program, the amount charged for tuition, fees and all other charges for the completed lessons shall be prorated based on the number of days in the term as a portion of the total charges for tuition, fees and all other charges. An additional 25 percent of the total cost of the program may be added but shall not exceed $75. After completion of 75 percent of the program, no refunds are required.

Sec. 32. Minnesota Statutes 2014, section 141.271, subdivision 7, is amended to read:

Subd. 7. **Equipment and supplies.** The fair market retail price, if separately stated in the catalog and contract or enrollment agreement, of equipment or supplies furnished to the student, which the student fails to return in condition suitable for resale, and which may reasonably be resold, within ten business days following cancellation may be retained by the private career school and may be deducted from the total cost for tuition, fees and all other charges when computing refunds.

An overstatement of the fair market retail price of any equipment or supplies furnished the student shall be considered inconsistent with this provision.

Sec. 33. Minnesota Statutes 2014, section 141.271, subdivision 8, is amended to read:

Subd. 8. **Time of refund.** Each private career school shall acknowledge in writing any valid notice of cancellation within ten business days after the receipt of such notice and within 30 business days shall refund to the student any amounts due and arrange for termination of the student's obligation to pay any sum in excess of that due under the cancellation and refund policy.
Sec. 34. Minnesota Statutes 2014, section 141.271, subdivision 9, is amended to read:

Subd. 9. Limitation. A private career school cannot make its refund policy conditional upon compliance with the school's regulations or rules of conduct.

Sec. 35. Minnesota Statutes 2014, section 141.271, subdivision 10, is amended to read:

Subd. 10. Cancellation occurrence. Written notice of cancellation shall take place on the date the letter of cancellation is postmarked or, in the cases where the notice is hand carried, it shall occur on the date the notice is delivered to the private career school. If a student has not attended class for a period of 21 consecutive days without contacting the private career school to indicate an intent to continue in school or otherwise making arrangements concerning the absence, the student is considered to have withdrawn from school for all purposes as of the student's last documented date of attendance.

Sec. 36. Minnesota Statutes 2014, section 141.271, subdivision 12, is amended to read:

Subd. 12. Instrument not to be negotiated. A private career school shall not negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the program, except that prior to that time, instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the private career school named as payee.

Sec. 37. Minnesota Statutes 2014, section 141.271, subdivision 13, is amended to read:

Subd. 13. Cancellation of enrollment. If a student's enrollment in a private career school is canceled for any reason, the private career school shall notify any agency known to the private career school to be providing financial aid to the student of the cancellation within 30 days.

Sec. 38. Minnesota Statutes 2014, section 141.271, subdivision 14, is amended to read:

Subd. 14. Closed private career school. In the event a private career school closes for any reason during a term and interrupts and terminates classes during that term, all tuition for the term shall be refunded to the students or the appropriate state or federal agency or private lender that provided any funding for the term and any outstanding obligation of the student for the term is canceled.

Sec. 39. Minnesota Statutes 2014, section 141.28, is amended to read:

141.28 PROHIBITIONS.

Subdivision 1. Disclosure required; advertisement restricted. Private career schools, agents of private career schools, and solicitors may not advertise or represent in writing or orally that the private career school is approved or accredited by the state of Minnesota, except that any private career school, agent, or solicitor may represent in advertisements and shall disclose in catalogues, applications, and enrollment materials that the private career school is duly licensed by the state by prominently displaying the following statement:

"(Name of private career school) is licensed as a private career school with the Minnesota Office of Higher Education pursuant to Minnesota Statutes, sections 141.21 to 141.32. Licensure is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."

Subd. 2. Unlawful designation. No private career school organized after November 15, 1969, shall apply to itself either as a part of its name or in any other manner the designation of "college" or "university." Operating private career schools now using such designation may continue use thereof.
Subd. 3. **False statements.** A private career school, agent, or solicitor shall not make, or cause to be made, any statement or representation, oral, written or visual, in connection with the offering or publicizing of a program, if the private career school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

Subd. 4. **Acceptance of contracts.** No private career school shall accept contracts, enrollment agreements or enrollment applications from an agent or solicitor who does not have a current permit.

Subd. 5. **Improbable program completion or employment.** A private career school, agent, or solicitor shall not enroll a prospective student when it is obvious that the prospective student is unlikely to successfully complete a program or is unlikely to qualify for employment in the vocation or field for which the preparation is designed unless this fact is affirmatively disclosed to the prospective student. If a prospective student expresses a desire to enroll after such disclosure, a disclaimer may be obtained by the private career school. The disclaimer shall be signed by the student and shall state substantially one or both of the following: “I am fully aware that it is unlikely I will be able to successfully complete the program” and “I am fully aware of the improbability or impossibility that I will qualify for employment in the vocation or field for which the program was designed.”

Subd. 6. **Financial aid payments.** (a) All private career schools must collect, assess, and distribute funds received from loans or other financial aid as provided in this subdivision.

(b) Student loans or other financial aid funds received from federal, state, or local governments or administered in accordance with federal student financial assistance programs under title IV of the Higher Education Act of 1965, as amended, United States Code, title 20, chapter 28, must be collected and applied as provided by applicable federal, state, or local law or regulation.

(c) Student loans or other financial aid assistance received from a bank, finance or credit card company, or other private lender must be collected or disbursed as provided in paragraphs (d) and (e).

(d) Loans or other financial aid payments for amounts greater than $3,000 must be disbursed:

(1) in two equal disbursements, if the term length is more than four months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class with the remainder to be disbursed halfway through the term; or

(2) in three equal disbursements, if the term length is more than six months. The loan or payment amounts may be disbursed no earlier than the first day the student attends class, one-third of the way through the term, and two-thirds of the way through the term.

(e) Loans or other financial aid payments for amounts less than $3,000 may be disbursed as a single disbursement on the first day a student attends class, regardless of term length.

(f) No private career school may enter into a contract or agreement with, or receive any money from, a bank, finance or credit card company, or other private lender, unless the private lender follows the requirements for disbursements provided in paragraphs (d) and (e).

(g) No school may withhold an official transcript for arrears or default on any loan made by the school to a student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b).
Sec. 40. Minnesota Statutes 2014, section 141.29, is amended to read:

141.29 REVOCATION OF LICENSE OR PERMIT.

Subdivision 1. **Grounds.** The office may, after notice and upon providing an opportunity for a hearing, under chapter 14 if requested by the parties adversely affected, refuse to issue, refuse to renew, revoke, or suspend a license or solicitor's permit for any of the following grounds:

1. violation of any provisions of sections 141.21 to 141.35 or any rule adopted by the office;
2. furnishing to the office false, misleading, or incomplete information;
3. presenting to prospective students information relating to the private career school that is false, fraudulent, deceptive, substantially inaccurate, or misleading;
4. refusal to allow reasonable inspection or supply reasonable information after written request by the office;
5. the existence of any circumstance that would be grounds for the refusal of an initial or renewal license under section 141.25.

Subd. 2. **Appeal.** Any order refusing, revoking, or suspending a private career school's license or a solicitor's permit is appealable in accordance with chapter 14. Where a private career school has been operating and its license has been revoked, suspended, or refused by the office, the order is not effective until the final determination of the appeal unless immediate effect is ordered by the court.

Subd. 3. **Powers and duties.** The office shall have (in addition to the powers and duties now vested therein by law) the following powers and duties:

(a) To negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the office such agreements are or will be helpful in effectuating the purposes of Laws 1973, chapter 714;

(b) To grant conditional private career school license for periods of less than one year if in the judgment of the office correctable deficiencies exist at the time of application and when refusal to issue private career school license would adversely affect currently enrolled students;

(c) The office may upon its own motion, and shall upon the verified complaint in writing of any person setting forth fact which, if proved, would constitute grounds for refusal or revocation under Laws 1973, chapter 714, investigate the actions of any applicant or any person or persons holding or claiming to hold a license or permit. However, before proceeding to a hearing on the question of whether a license or permit shall be refused, revoked or suspended for any cause enumerated in subdivision 1, the office shall grant a reasonable time to the holder of or applicant for a license or permit to correct the situation. If within such time the situation is corrected and the private career school is in compliance with the provisions of this chapter, no further action leading to refusal, revocation, or suspension shall be taken.

Sec. 41. Minnesota Statutes 2014, section 141.30, is amended to read:

141.30 INSPECTION.

(a) The office or a delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any private career school or applicant for license at any reasonable time. The office may require the submission of a certified public audit, or if there is no such audit available the office or a delegate may inspect the financial books and records of the private career school. In no event shall such financial information be used by the office to regulate or set the tuition or fees charged by the private career school.
(b) Data obtained from an inspection of the financial records of a private career school or submitted to the office as part of a license application or renewal are nonpublic data as defined in section 13.02, subdivision 9. Data obtained from inspections may be disclosed to other members of the office, to law enforcement officials, or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

Sec. 42. Minnesota Statutes 2014, section 141.32, is amended to read:

141.32 PENALTY.

The commissioner may assess fines for violations of a provision of this chapter sections 141.21 to 141.37. Each day's failure to comply with this chapter sections 141.21 to 141.37 shall be a separate violation and fines shall not exceed $500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated to the office of Higher Education for the purposes of this chapter sections 141.21 to 141.37.

Sec. 43. Minnesota Statutes 2014, section 141.35, is amended to read:

141.35 EXEMPTIONS.

Sections 141.21 to 141.32 shall not apply to the following:

1. public postsecondary institutions;

2. postsecondary institutions registered under sections 136A.61 to 136A.71;

3. private career schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;

4. private schools complying with the requirements of section 120A.22, subdivision 4;

5. courses taught to students in a valid apprenticeship program taught by or required by a trade union;

6. private career schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;

7. private career schools licensed by boards authorized under Minnesota law to issue licenses except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

8. private career schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;

9. private career schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names unless the school used "academy" or "institute" in its name prior to August 1, 2008;

10. classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;
(11) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;

(12) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and that are offered exclusively to an individual practicing the profession;

(13) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

(14) classes, courses, or programs providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or entry level employment except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

(15) classes, courses, or programs providing instruction in personal development, modeling, or acting;

(16) training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment;

(17) private career schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions; and

(18) private career schools providing exclusively training, instructional programs, or courses where tuition, fees, and any other charges for a student to participate do not exceed $100.

Sec. 44. Minnesota Statutes 2014, section 197.75, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of veterans affairs.

(c) "Deceased veteran" means a veteran who has died as a result of the person's military service, as determined by the United States Veterans Administration, and who was a resident of this state: (1) within six months of entering the United States armed forces, or (2) for the six months preceding the veteran's date of death.

(d) "Eligible child" means a person who:

(1) is the natural or adopted child or stepchild of a deceased veteran; and

(2) is a student making satisfactory academic progress at an eligible institution of higher education.

(e) "Eligible institution" means a postsecondary educational institution located in this state that either (1) is operated by this state or the Board of Regents of the University of Minnesota, or (2) is operated publicly or privately and, as determined by the office, maintains academic standards substantially equivalent to those of comparable institutions operated in this state is licensed or registered with the Office of Higher Education.

(f) "Eligible spouse" means the surviving spouse of a deceased veteran.
(g) "Eligible veteran" means a veteran who:

(1) is a student making satisfactory academic progress at an eligible institution of higher education;

(2) had Minnesota as the person's state of residence at the time of the person's enlistment or any reenlistment into the United States armed forces, as shown by the person's federal form DD-214 or other official documentation to the satisfaction of the commissioner;

(3) except for benefits under this section, has no remaining military or veteran-related educational assistance benefits for which the person may have been entitled; and

(4) while using the educational assistance authorized in this section, remains a resident student as defined in section 136A.101, subdivision 8.

(h) "Satisfactory academic progress" has the meaning given in section 136A.101, subdivision 10.

(i) "Student" has the meaning given in section 136A.101, subdivision 7.

(j) "Veteran" has the meaning given in section 197.447.

Sec. 45. Minnesota Statutes 2014, section 261.23, is amended to read:

261.23 COSTS OF HOSPITALIZATION.

The costs of hospitalization of such indigent persons exclusive of medical and surgical care and treatment shall not exceed in amount the full rates fixed and charged by the Minnesota general hospital under the provisions of sections 158.01 to 158.11 for the hospitalization of such indigent patients. For indigent persons hospitalized pursuant to sections 261.21 to 261.232, the state shall pay 90 percent of the cost allowable under the general assistance medical care program and ten percent of the allowable cost of hospitalization shall be paid by the county of the residence of the indigent persons at the times provided for in the contract; and in case of an injury or emergency requiring immediate surgical or medical treatment, for a period not to exceed 72 hours, 90 percent of the cost allowable under the general assistance medical care program shall be paid by the state and ten percent of the cost shall be paid by the county from which the patient, if indigent, is certified. State payments for services rendered pursuant to this section shall be ratably reduced to the same extent and during the same time period as payments are reduced under section 256D.03, subdivision 4, paragraph (c). If the county of residence of the patient is not the county in which the patient has legal settlement for the purposes of poor relief, then the county of residence may seek reimbursement from the county in which the patient has settlement for the purposes of poor relief for all costs it has necessarily incurred and paid in connection with the hospitalization of said patient.

Sec. 46. REVISOR'S INSTRUCTION.

(a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in Column A to the references listed in Column B. The revisor shall also make necessary cross-reference, grammatical, or terminology changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering, including changing the word "school" to "private career school" wherever the word appears in sections 141.20 to 141.37.

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<tr>
<td>141.20</td>
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(b) The revisor of statutes shall make any necessary cross-reference change in Minnesota Statutes or Minnesota Rules resulting from repealers in this act.

Sec. 47. REPEALER.

Minnesota Statutes 2014, sections 136A.127, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 9b, 10, 10a, 11, and 14; 136A.862; 141.271, subdivisions 4 and 6; 158.01; 158.02; 158.03; 158.04; 158.05; 158.06; 158.07; 158.08; 158.09; 158.091; 158.10; 158.11; and 158.12, are repealed.

ARTICLE 3
HIGHER EDUCATION POLICY

Section 1. Minnesota Statutes 2014, section 5.41, subdivision 2, is amended to read:

Subd. 2. Report. (a) A postsecondary institution must file by November 1 of each year a report on its programs with the secretary of state. The report must contain the following information from the previous academic year, including summer terms:

(1) deaths of program participants that occurred during program participation as a result of program participation; and

(2) accidents and illnesses that occurred during program participation as a result of program participation and that required hospitalization; and

(3) country, primary program host, and program type for all incidents reported in clauses (1) and (2).

For purposes of this paragraph, "primary program host" is the institution or organization responsible for or in control of the majority of decisions being made on the program including, but not limited to, student housing, local transportation, and emergency response and support.

Information reported under clause (1) may be supplemented by a brief explanatory statement.

(b) A postsecondary institution must request, but not mandate, hospitalization and incident disclosure from students upon completion of the program.

(c) A postsecondary institution must report to the secretary of state annually by November 1 whether its program complies with health and safety standards set by the Forum on Education Abroad or a similar study abroad program standard setting agency.
Sec. 2. Minnesota Statutes 2014, section 5.41, subdivision 3, is amended to read:

Subd. 3. Secretary of state; publication of program information. (a) The secretary of state must publish the reports required by subdivision 2 on its Web site in a format that facilitates identifying information related to a particular postsecondary institution.

(b) The secretary of state shall publish on its Web site the best available information by country links to the United States Department of State's Consular Information Program which informs the public of conditions abroad that may affect their safety and security. The secretary of state shall also publish links to the publicly available reports on sexual assaults and other criminal acts affecting study abroad program participants during program participation. This information shall not be limited to programs subject to this section.

Sec. 3. Minnesota Statutes 2014, section 124D.09, is amended by adding a subdivision to read:

Subd. 10a. Concurrent enrollment participant survey. (a) Postsecondary institutions offering courses taught by the secondary teacher according to subdivision 10, and are members in the National Alliance of Concurrent Enrollment Partnerships (NACEP), must report all required NACEP evaluative survey results by September 1 of each year to the commissioners of the Office of Higher Education and the Department of Education. The commissioners must report by December 1 of each year to the committees of the legislature having jurisdiction over early education through grade 12 education.

(b) Postsecondary institutions that have not adopted and implemented the NACEP program standards and required evidence for accreditation, are required to conduct an annual survey of concurrent enrolled students who successfully completed the course who are one year out of high school, beginning with the high school graduating class of 2016. By September 1 of each year, the postsecondary institutions must report the evaluative survey results to the commissioners of the Office of Higher Education and the Department of Education. The commissioner must report by December 1 of each year to the committees of the legislature having jurisdiction over early education through grade 12 education. The survey must include, at a minimum, the following student information:

(1) the participant's future education plans, including the highest degree or certification planned;

(2) whether the participant is enrolled or plans to enroll in a Minnesota postsecondary institution, either public or private;

(3) the number of credits accepted or denied by postsecondary institutions;

(4) the college or university attended;

(5) the participant's satisfaction level with the concurrent enrollment program;

(6) the participant's demographics, such as gender, parent education level, qualification for free or reduced-price lunch in high school, Pell grant qualification and ethnicity; and

(7) a place for participants to provide comments.

Sec. 4. Minnesota Statutes 2014, section 124D.09, is amended by adding a subdivision to read:

Subd. 10b. Concurrent Enrollment Advisory Board; membership; duties. (a) A postsecondary institution offering courses taught by the secondary teacher according to subdivision 10, must establish an advisory board. The purpose of the advisory board is to engage stakeholders in concurrent enrollment decisions. The duties of the board must include the following:
(1) providing strategic advice and input relating to concurrent enrollment issues;

(2) recommend and review proposals for concurrent enrollment course offerings;

(3) serve as a coordinating entity between secondary education and postsecondary institutions; and

(4) increase the understanding and collaboration among concurrent enrollment partners, stakeholders, the legislature, and the public.

(b) The advisory board at each institution must consist of 16 members in addition to a concurrent enrollment faculty coordinator who shall serve as the chair and convene the meetings. A postsecondary institution may elect to have an advisory board of less than 16 members if the institution determines that the extent of its concurrent program warrants a smaller board. Except for the original members, advisory board members must serve three-year staggered terms. Advisory board members, appointed by the postsecondary institution, must be balanced based on geography, school size, and include, if practical, representatives from the following:

(1) postsecondary faculty members;

(2) school superintendents;

(3) high school principals;

(4) concurrent enrollment teachers;

(5) high school counselors;

(6) charter school administrators;

(7) school board members;

(8) secondary academic administrators;

(9) parents; and

(10) other local organizations.

(c) Members of the board serve without compensation.

(d) The board shall report to the postsecondary institution periodically as requested by the postsecondary institution to provide advice and proposals described in paragraph (a).

(e) The postsecondary institution shall provide administrative services and meeting space for the board to do its work.

(f) A board established under this section expires when the postsecondary institution no longer offers concurrent enrollment course offerings.

(g) The postsecondary institution shall appoint the first members to the advisory board by October 31, 2015, or by October 15 following the year it establishes a concurrent enrollment program. The postsecondary institution shall designate the terms of the first members so that an approximately equal number serve terms of two, three, and four years.
Sec. 5. Minnesota Statutes 2014, section 124D.091, subdivision 1, is amended to read:

Subdivision 1. Accreditation. To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions are encouraged to apply for accreditation by must adopt and implement the National Alliance of Concurrent Enrollment Partnership's program standards and required evidence for accreditation by the 2020-2021 school year and later.

Sec. 6. [135A.012] HIGHER EDUCATION ATTAINMENT GOAL.

Subdivision 1. Purpose. This section sets a goal for postsecondary education attainment for Minnesota residents.

Subd. 2. Postsecondary credentials. The number of Minnesota residents ages 25 to 44 years, who hold postsecondary degrees or certificates, should be increased to at least 70 percent by 2025.

Subd. 3. Rights not created. The attainment goal in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person.

Subd. 4. Data development and analyses. The Office of Higher Education shall work with the state demographer's office to measure progress towards the attainment of the goal specified in subdivision 2. The United States Census Bureau data shall be used to calculate the number of individuals in the state who hold a postsecondary degree. The Office of Higher Education, demographer's office, and the Department of Employment and Economic Development shall develop a methodology to estimate the number of individuals that hold a certificate awarded by a postsecondary institution as their highest educational credential using data available at the time that the analysis is completed.

Subd. 5. Reporting. (a) Beginning in 2016 and every year thereafter, the Office of Higher Education, in collaboration with the state demographer's office, shall, by October 15, report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance on the progress towards meeting or exceeding the goal of this section.

(b) Meeting and maintaining the goal of 70 percent of Minnesota residents ages 25 to 44 years, holding a postsecondary degree or certificate will likely be difficult without achieving attainment rates that are comparable across all race and ethnicity groups. The Office of Higher Education shall utilize benchmarks of 30 percent or higher and 50 percent or higher to report progress by race and ethnicity groups toward meeting the educational attainment rate goal of 70 percent.

Sec. 7. [136A.091] SUMMER ACADEMIC ENRICHMENT PROGRAM.

Subdivision 1. Establishment. The summer academic enrichment program is established to enable elementary and secondary students to attend academic summer programs sponsored by postsecondary institutions and nonprofit organizations.

Subd. 2. Eligibility. To be eligible for a program stipend, a student shall:

(1) be a resident of Minnesota;
(2) attend an eligible office-approved program;
(3) be in grades 3 through 12, but not have completed high school;
(4) meet income requirements for free or reduced-price school meals; and

(5) be 19 years of age or younger.

Subd. 3. Financial need. Need for financial assistance is based on student eligibility for free or reduced-price school meals. Student eligibility shall be verified by sponsors of approved academic programs. The office shall award stipends for students within the limits of available appropriations for this section. If the amount appropriated is insufficient, the office shall allocate the available appropriation in the manner it determines. A stipend must not exceed $1,000 per student.

Subd. 4. Eligible program sponsors. (a) A program stipend may be used only at an eligible sponsor that is a postsecondary institution or nonprofit educational organization. A Minnesota public postsecondary institution is an eligible program sponsor. A private postsecondary institution is an eligible program sponsor if it:

1. is accredited by an agency recognized by the United States Department of Education for purposes of eligibility to participate in title IV federal financial aid programs;

2. offers an associate or baccalaureate degree program approved under sections 136A.61 to 136A.71; and

3. is located in Minnesota.

(b) A nonprofit educational organization is an eligible program sponsor if it:

1. is incorporated;

2. has had favorable financial performance with federal or state funds; and

3. has not had significant audit findings.

Subd. 5. Eligible programs. A program stipend may be used only for an eligible program. To be eligible, a program must:

1. provide, as its primary purpose, academic instruction for student enrichment in core curricular areas of English and language arts, humanities, social studies, science, mathematics, fine arts, performing arts, and world languages and culture;

2. not be offered for credit to postsecondary students;

3. not provide remedial instruction;

4. meet any other program requirements established by the office; and

5. be approved by the commissioner.

Subd. 6. Information. The office shall assemble and distribute information about eligible student participants, program stipends, and eligible programs.

Subd. 7. Administration. The office shall determine the time and manner of program applications, program approval, stipend applications, and final awards.
Subd. 8. **Program evaluation.** Each program sponsor must annually submit a report to the office stating its program goals, activities, and stipend recipient eligibility and demographic information.

Subd. 9. **Report.** Annually, the office shall submit a report to the legislative committees with jurisdiction over higher education finance regarding the program providers, stipend recipients, and program activities. The report shall include information about the students served, the organizations providing services, program goals and outcomes, and student outcomes.

**EFFECTIVE DATE.** Subdivision 9 is effective January 1, 2016.

Sec. 8. Minnesota Statutes 2014, section 136A.101, subdivision 8, is amended to read:

Subd. 8. **Resident student.** "Resident student" means a student who meets one of the following conditions:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution;

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;

(5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;

(6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran is a Minnesota resident;

(7) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education;

(8) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota; or

(9) a student eligible for resident tuition under section 135A.043.

(10) an active member, or a spouse or dependent of that member, of the state's National Guard who resides in Minnesota or an active member, or a spouse or dependent of that member, of the reserve component of the United States armed forces whose duty station is located in Minnesota and who resides in Minnesota.

Sec. 9. Minnesota Statutes 2014, section 136A.121, subdivision 20, is amended to read:

Subd. 20. **Institution reporting.** (a) Each institution receiving financial aid under this section must annually report by December 31 to the office the following for its undergraduate programs, each award level:

(1) enrollment, persistence, and graduation data for all students, including aggregate subgroup information on state and federal Pell grant recipients; and
(2) the job placement rate and salary and wage information for graduates of each program that is either designed or advertised to lead to a particular type of job or advertised or promoted with a claim regarding job placement, as is practicable; and

(3) the student debt-to-earnings ratio, aggregate awarded financial aid information for all students, and cumulative debt of all graduates by race and ethnicity, gender, and income.

(b) Using the data submitted to the office by institutions pursuant to paragraph (a), as well as other data available to the office, the office shall provide the following on its Internet Web site by placing a prominent link on its Web site home page:

(1) the information submitted by an institution pursuant including, but not limited to, persistence and completion, debt of graduates, employment and wage information, and other relevant data for each institution subject to paragraph (a), which shall be made available in a searchable database; and

(2) other information and links that are useful to students and parents who are in the process of selecting a college or university. This information may include, but is not limited to, local occupational profiles.

(c) The office shall provide a standard format and instructions for institutions supplying the information required under paragraph (a).

(d) The office shall provide an electronic copy of the information provided on its Internet Web site under paragraph (b) to each public and private high school in the state and each workforce center operated by the Department of Employment and Economic Development. The copy must contain information formatted by institution so that comparison can be easily made between institutions. High schools are encouraged to make the information available to students, including through individual counseling sessions with students. Workforce centers shall make the information available to job seekers, those seeking career counseling, and others as determined by the centers.

Sec. 10. [136A.1791] TEACHER SHORTAGE LOAN FORGIVENESS PROGRAM.

Subd. 1. Definitions. (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Qualified educational loan" means a government, commercial, or foundation loan for actual costs paid for tuition and reasonable educational and living expenses related to a teacher's preparation or further education.

(c) "School district" means an independent school district, special school district, intermediate district, education district, special education cooperative, service cooperative, a cooperative center for vocational education, or a charter school located in Minnesota.

(d) "Teacher" means an individual holding a teaching license issued by the licensing division in the Department of Education on behalf of the Board of Teaching who is employed by a school district to provide classroom instruction in a teacher shortage area.

(e) "Teacher shortage area" means the licensure fields and economic development regions reported by the commissioner of education as experiencing a teacher shortage.

(f) "Commissioner" means the commissioner of the Office of Higher Education unless indicated otherwise.

Subd. 2. Program established; administration. The commissioner shall establish and administer a teacher shortage loan forgiveness program. A teacher is eligible for the program if the teacher is teaching in a licensure field and in an economic development region with an identified teacher shortage under subdivision 3 and complies with the requirements of this section.
Subd. 3. **Use of report on teacher shortage areas.** The commissioner of education shall use the teacher supply and demand report to the legislature to identify the licensure fields and economic development regions in Minnesota experiencing a teacher shortage.

Subd. 4. **Application for loan forgiveness.** Each applicant for loan forgiveness, according to rules adopted by the commissioner, shall:

(1) apply for teacher shortage loan forgiveness and promptly submit any additional information required by the commissioner;

(2) annually reapply for up to five consecutive school years and submit information the commissioner requires to determine the applicant's continued eligibility for loan forgiveness; and

(3) submit to the commissioner a completed affidavit, prescribed by the commissioner, affirming the teacher is teaching in a licensure field and in an economic development region identified by the commissioner as experiencing a teacher shortage.

Subd. 5. **Amount of loan forgiveness.** (a) To the extent funding is available, the annual amount of teacher shortage loan forgiveness for an approved applicant shall not exceed $1,000 or the cumulative balance of the applicant's qualified educational loans, including principal and interest, whichever amount is less.

(b) Recipients must secure their own qualified educational loans. Teachers who graduate from an approved teacher preparation program or teachers who add a licensure field, consistent with the teacher shortage requirements of this section, are eligible to apply for the loan forgiveness program.

Subd. 6. **Disbursement.** (a) The commissioner must make annual disbursements directly to the participant of the amount for which a participant is eligible, for each year that a participant is eligible.

(b) Within 60 days of receipt of a disbursement, the participant must provide the commissioner with verification that the full amount of loan repayment disbursement has been applied toward the designated loans. A participant that previously received funds under this section but has not provided the commissioner with such verification is not eligible to receive additional funds.

Subd. 7. **Penalties.** (a) A teacher who submits a false or misleading application or other false or misleading information to the commissioner may:

(1) have his or her teaching license suspended or revoked under section 122A.20;

(2) be disciplined by the teacher's employing school district; or

(3) be required by the commissioner to repay the total amount of the loan forgiveness he or she received under this program, plus interest at a rate established under section 270C.40.

(b) The commissioner must deposit any repayments received under paragraph (a) in the fund established in subdivision 8.

Subd. 8. **Fund established.** A teacher shortage loan forgiveness repayment fund is created for depositing money appropriated to or received by the commissioner for the program. Money deposited in the fund shall not revert to any state fund at the end of any fiscal year but remains in the loan forgiveness repayment fund and is continuously available for loan forgiveness under this section.
Subd. 9. Annual reporting. By February 1 of each year, the commissioner must report to the chairs of the K-12 and higher education committees of the legislature on the number of individuals who received loan forgiveness under this section, the licensure areas and economic development regions in which the teachers taught, the average amount paid to a teacher participating in the program, and other summary data identified by the commissioner as outcome indicators.

Subd. 10. Rulemaking. The commissioner shall adopt rules under chapter 14 to administer this section.

Sec. 11. [136A.246] DUAL TRAINING COMPETENCY GRANTS.

Subdivision 1. Program created. The commissioner shall make grants for the training of employees to achieve the competency standard for an occupation identified by the commissioner of labor and industry under section 175.45 and Laws 2014, chapter 312, article 3, section 21. "Competency standard" has the meaning given in section 175.45, subdivision 2.

Subd. 2. Eligible grantees. An employer or an organization representing the employer is eligible to apply for a grant to train employees if the employer has an employee who is in or is to be trained to be in an occupation for which a competency standard has been identified and the employee has not attained the competency standard prior to the commencement of the planned training. Training need not address all aspects of a competency standard but may address only the competencies of a standard that an employee is lacking. Employees who have previously received a grant under this program are not eligible to receive another grant.

Subd. 3. Training institution or program. Prior to applying for a grant, the employer must have an agreement with a training institution or program to provide the employee competency standard training. The training may be provided by any institution or program having trainers qualified to instruct on the competency standard.

Subd. 4. Application. Applications must be made to the commissioner on a form provided by the commissioner. The commissioner must, to the extent possible, make the application form as short and simple to complete as is reasonably possible. The commissioner shall establish a schedule for applications and grants. The application must include, without limitation:

(1) the projected number of employee trainees;

(2) the competency standard for which training will be provided;

(3) any credential the employee will receive upon completion of training;

(4) the name and address of the training institution or program and a signed statement by the institution or program that it is able and agrees to provide the training;

(5) the period of the training; and

(6) the cost of the training charged by the training institution or program and certified by the institution or program.

An application may be made for training of employees of multiple employers either by the employers or by an organization on their behalf.

Subd. 5. Grant criteria. The commissioner shall, to the extent there are sufficient applications, make at least an equal dollar amount of grants for training for employees whose work site is projected to be outside the metropolitan area as defined in section 473.121, subdivision 2, as for employees whose work site is projected to be within the metropolitan area. In determining the award of grants, the commissioner must consider, among other factors:
(1) the aggregate state and regional need for employees with the competency to be trained;

(2) the competency standards developed by the commissioner of labor and industry as part of the Minnesota PIPELINE Project;

(3) the per employee cost of training;

(4) the additional employment opportunities for employees because of the training;

(5) projected increases in compensation for employees receiving the training; and

(6) the amount of employer training cost match, if required, on both a per employee and aggregate basis.

Subd. 6. **Employer match.** A large employer must pay for at least 25 percent of the training institution’s or program’s charge for the training to the training institution or program. For the purpose of this subdivision, a "large employer" means a business with more than $25,000,000 in annual revenue in the previous calendar year.

Subd. 7. **Payment of grant.** The commissioner shall make grant payments to the training institution or program in a manner determined by the commissioner after receiving notice from the institution or program that the employer has paid the employer match.

Subd. 8. **Grant amounts.** The maximum grant for an application is $150,000. The maximum cost of training payable by the grant may not exceed $6,000 per employee.

A grant for a particular employee must be reduced by the amounts of any federal Pell grant received, or state grant the employee is eligible to receive for the training and an employee must apply for those grants as a condition of payment for training that employee under this section.

Subd. 9. **Reporting.** Commencing in 2017, the commissioner shall annually by February 1 report on the activity of the grant program for the preceding fiscal year to the chairs of the legislative committees with jurisdiction over workforce policy and finance. At a minimum, the report must include:

(1) research and analysis on the costs and benefits of the grants for employees and employers;

(2) the number of employees who commenced training and the number who completed training; and

(3) recommendations, if any, for changes to the program.

Sec. 12. Minnesota Statutes 2014, section 136A.861, subdivision 1, is amended to read:

Subdivision 1. **Grants.** (a) The commissioner shall award grants to foster postsecondary attendance and retention by providing outreach services to historically underserved students in grades six through 12 and historically underrepresented college students. Grants must be awarded to programs that provide precollege services, including, but not limited to:

(1) academic counseling;

(2) mentoring;

(3) fostering and improving parental involvement in planning for and facilitating a college education;
(4) services for students with English as a second language;

(5) academic enrichment activities;

(6) tutoring;

(7) career awareness and exploration;

(8) orientation to college life;

(9) assistance with high school course selection and information about college admission requirements; and

(10) financial aid counseling.

(b) To the extent there are sufficient applications, the commissioner shall award an approximate equal amount of grants for program-eligible students who are from communities located outside the metropolitan area, as defined in section 473.121, subdivision 2, as for students from communities within the metropolitan area. If necessary to achieve the approximately equal metropolitan area and nonmetropolitan area allocation, the commissioner may award a preference to a nonmetropolitan area application in the form of five points on a one hundred point application review scale.

(c) Grants shall be awarded to postsecondary institutions, professional organizations, community-based organizations, or others deemed appropriate by the commissioner.

(d) Grants shall be awarded for one year and may be renewed for a second year with documentation to the office of successful program outcomes.

Sec. 13. [136A.901] SPINAL CORD INJURY AND TRAUMATIC BRAIN INJURY RESEARCH GRANT PROGRAM.

Subdivision 1. Grant program. The commissioner shall establish a grant program to award grants to institutions in Minnesota for research into spinal cord injuries and traumatic brain injuries. Grants shall be awarded to conduct research into new and innovative treatments and rehabilitative efforts for the functional improvement of people with spinal cord and traumatic brain injuries. Research topics may include, but are not limited to, pharmaceutical, medical device, brain stimulus, and rehabilitative approaches and techniques. The commissioner, in consultation with the advisory council established under section 136A.902, shall award 50 percent of the grant funds for research involving spinal cord injuries and 50 percent to research involving traumatic brain injuries. In addition to the amounts appropriated by law, the commissioner may accept additional funds from private and public sources. Amounts received from these sources are appropriated to the commissioner for the purposes of issuing grants under this section.

Subd. 2. Report. By January 15, 2016, and each January 15 thereafter, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over the Office of Higher Education, specifying the institutions receiving grants under this section and the purposes for which the grant funds were used.

Sec. 14. [136A.902] SPINAL CORD AND TRAUMATIC BRAIN INJURY ADVISORY COUNCIL.

Subdivision 1. Membership. The commissioner shall appoint a 12-member advisory council consisting of:

(1) one member representing the University of Minnesota Medical School;
(2) one member representing the Mayo Medical School;

(3) one member representing the Courage Kenny Rehabilitation Center;

(4) one member representing Hennepin County Medical Center;

(5) one member who is a neurosurgeon;

(6) one member who has a spinal cord injury;

(7) one member who is a family member of a person with a spinal cord injury;

(8) one member who has a traumatic brain injury;

(9) one member who is a veteran who has a spinal cord injury or a traumatic brain injury;

(10) one member who is a family member of a person with a traumatic brain injury;

(11) one member who is a physician specializing in the treatment of spinal cord injury representing Gillette Children's Specialty Healthcare; and

(12) one member who is a physician specializing in the treatment of traumatic brain injury.

Subd. 2. **Organization.** The advisory council shall be organized and administered under section 15.059, except that subdivision 2 shall not apply. Except as provided in subdivision 4, the commissioner shall appoint council members to two-year terms and appoint one member as chair. The advisory council does not expire.

Subd. 3. **First appointments and first meeting.** The commissioner shall appoint the first members of the council by September 1, 2015. The chair shall convene the first meeting by November 1, 2015.

Subd. 4. **Terms of initial council members.** The commissioner shall designate six of the initial council members to serve one-year terms and six to serve two-year terms.

Subd. 5. **Conflict of interest.** Council members must disclose in a written statement any financial interest in any organization that the council recommends to receive a grant. The written statement must accompany the grant recommendations and must explain the nature of the conflict. The council is not subject to policies developed by the commissioner of administration under section 16B.98.

Subd. 6. **Duties.** The advisory council shall:

(1) develop criteria for evaluating and awarding the research grants under section 136A.901;

(2) review research proposals and make recommendations by January 15 of each year to the commissioner for purposes of awarding grants under section 136A.901, and

(3) perform other duties as authorized by the commissioner.

Sec. 15. **[136F.302] REGULATING THE ASSIGNMENT OF STUDENTS TO REMEDIAL COURSES.**

Subdivision 1. **ACT college ready score.** A state college or university may not require an individual to take a remedial, noncredit course in a subject area if the individual has received a college ready ACT score in that subject area.
Subd. 2. Testing process for determining if remediating is necessary. A college or university testing process used to determine whether an individual is placed in a remedial, noncredit course must comply with this subdivision. Prior to taking a test, an individual must be given reasonable time and opportunity to review materials provided by the college or university covering the material to be tested which must include a sample test. An individual who is required to take a remedial, noncredit course as a result of a test given by a college or university must be given an opportunity to retake the test at the earliest time determined by the individual when testing is otherwise offered. The college or university must provide an individual with study materials for the purpose of retaking and passing the test.

Sec. 16. [136F.303] DEGREE AND CERTIFICATE COMPLETION; REPORT.

Beginning in 2018, the board shall annually by January 15, report to the chairs and ranking minority members of the legislature with primary jurisdiction over higher education finance on its activities and achievements related to the goal of improving timely completion of degrees and certificates. The report must, at a minimum, include for the previous academic year:

(1) the percent of students placed in remedial education;

(2) the percent of students who complete remediation within one academic year;

(3) the percent of students that complete college-level gateway courses in one academic year;

(4) the percent of students who complete 30 semester credits per academic year;

(5) the student retention rate;

(6) time to complete a degree or certificate; and

(7) credits earned by those completing a degree or certificate or other program.

The report must disaggregate data for each college and university by race, ethnicity, Pell Grant eligibility, and age and provide aggregate data.

Sec. 17. Minnesota Statutes 2014, section 137.54, is amended to read:

137.54 CONDITIONS FOR PAYMENT TO UNIVERSITY.

(a) Before the commissioner may make the first payment to the board authorized in this section, the commissioner must certify that the board has received at least $110,750,000 in pledges, gifts, sponsorships, and other nonstate general fund revenue support for the construction of the stadium. On July 1 of each year after certification by the commissioner, but no earlier than July 1, 2007, and for so long thereafter as any bonds issued by the board for the construction of the stadium are outstanding, the state must transfer to the board up to $10,250,000 to reimburse the board for its stadium costs, provided that bonds issued to pay the state’s share of such costs shall not exceed $137,250,000. Up to $10,250,000 is appropriated annually from the general fund for the purpose of this section. The appropriation of up to $10,250,000 per year may be made for no more than 25 years. The board must certify to the commissioner the amount of the annual payments of principal and interest required to service each series of bonds issued by the university for the construction of the stadium, and the actual amount of the state’s annual payment to the university shall equal the amount required to service the bonds representing the state’s share of such costs. Except to the extent of the annual appropriation described in this section, the state is not required to pay any part of the cost of designing or constructing the stadium.
(b) The board may refund the bonds issued pursuant to paragraph (a) if refunding is determined by the board to be in the best interest of the university. Notwithstanding paragraph (a), the principal amount of bonds issued in a refunding shall not exceed the lesser of $104,385,000 or the amount necessary to defease the bonds outstanding immediately prior to refunding. The amount of the state's annual payment to the university for the refunded bonds shall be equal to the maximum annual appropriation of $10,250,000, notwithstanding the amount certified under paragraph (a).

(c) The board shall allocate sufficient funds, including any interest expense, from the savings realized through refunding of the bonds pursuant to paragraph (b), to provide $10,000,000 for predesign and design of improved health education and clinical research facilities to meet the needs of the Medical School and Academic Health Center on the Twin Cities campus. The facilities shall be designed to support education and research that promote new innovative models of care which are patient-centered, team-based, and facilitate collaboration across the health professions. The education and research facilities will be collocated and designed to maximize collaboration and high-quality delivery of health care. The board may in its discretion, after the $10,000,000 allocation required by this paragraph; allocate to other university purposes payments from the state that exceed the amount necessary to service the refunded bonds, except for savings in 2029, 2030, and 2031, which shall cancel to the general fund.

(d) The board must certify to the commissioner that the per-semester student fee contribution to the stadium will be at a fixed level coterminal with bonds issued by the board to meet the student share of the design construction of the stadium and that the student fee will not be increased to meet construction cost overruns.

(e) Before the first payment is made under paragraph (a), the board must certify to the commissioner that a provision for affordable access for university students to the university sporting events held at the football stadium has been made.

Sec. 18. [175.45] COMPETENCY STANDARDS FOR DUAL TRAINING.

Subd. 1. Duties; goal. The commissioner of labor and industry shall identify competency standards for dual training. The goal of dual training is to provide current employees of an employer with training to acquire competencies that the employer requires. The standards shall be identified for employment in occupations in advanced manufacturing, health care services, information technology, and agriculture. Competency standards are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

Subd. 2. Definition; competency standards. For purposes of this section, "competency standards" means the specific knowledge and skills necessary for a particular occupation.

Subd. 3. Competency standards identification process. In identifying competency standards, the commissioner shall consult with the commissioner of the Office of Higher Education and the commissioner of employment and economic development and convene recognized industry experts, representative employers, higher education institutions, representatives of the disabled community, and representatives of labor to assist in identifying credible competency standards. Competency standards must be consistent with, to the extent available and practical, recognized international and national standards.

Subd. 4. Duties. The commissioner shall:

(1) identify competency standards for entry level and higher skill levels;

(2) verify the competency standards and skill levels and their transferability by subject matter expert representatives of each respective industry;
(3) develop models for Minnesota educational institutions to engage in providing education and training to meet the competency standards established;

(4) encourage participation by employers and labor in the standard identification process for occupations in their industry; and

(5) align dual training competency standards with other workforce initiatives.

Subd. 5. Notification. The commissioner must communicate identified competency standards to the commissioner of the Office of Higher Education for the purpose of the dual training competency grant program under section 136A.246. The commissioner of labor and industry shall maintain the competency standards on the department's Web site.

Sec. 19. Laws 2014, chapter 312, article 13, section 47, is amended to read:

Sec. 47. RESEARCH DOGS AND CATS.

(a) A higher education research facility that receives public money or a facility that provides research in collaboration with a higher education facility that confines dogs or cats for science, education, or research purposes and plans on euthanizing a dog or cat for other than science, education, or research purposes must first offer the dog or cat to an animal rescue organization. A facility that is required to offer dogs or cats to an animal rescue organization under this section may enter into an agreement with the animal rescue organization to protect the facility. A facility that provides a dog or cat to a rescue organization under this section is immune from any civil liability that otherwise might result from its actions, provided that the facility is acting in good faith.

(b) For the purposes of this section, "animal rescue organization" means any nonprofit organization incorporated for the purpose of rescuing animals in need and finding permanent, adoptive homes for the animals.

(c) This section expires July 1, 2015.

Sec. 20. MNSCU COLLEGE OCCUPATIONAL SCHOLARSHIP PILOT PROGRAM.

Subdivision 1. Pilot program administration. The commissioner of the Office of Higher Education shall administer a pilot program pursuant to this section for the 2016-2017 and 2017-2018 academic years including summer session.

Subd. 2. Definitions. (a) For the purpose of this section the terms defined in this subdivision have the meanings given them.

(b) "College" means a two-year college in the Minnesota State Colleges and Universities system.

(c) "Eligible individual" means an individual who:

(1) is a resident;

(2) has graduated from a Minnesota secondary school, has as a Minnesota resident completed an adult basic education (ABE) program, or as a Minnesota resident, has passed general education development (GED) testing;

(3) first applies for a grant for the fall term immediately following secondary school graduation, passing GED tests, or completing an ABE program; and
(4) has completed a Free Application for Federal Student Aid (FAFSA).

(d) "Grant" means a scholarship granted under this section.

(e) "Program" means a certificate, diploma, or associate of science or associate of applied science in a program area covered by the federal Carl D. Perkins Career and Technical Education Act and in an occupational field designated as high demand by the Department of Employment and Economic Development. "Program area" includes only the areas of:

(1) agriculture, food, and natural resources;

(2) business management and administration;

(3) human services;

(4) engineering, manufacturing and technology;

(5) arts, communications, and information systems; and

(6) health science technology.

(f) To the extent not inconsistent with this section, the definitions in section 136A.101 apply to this section.

Subd. 3. AmeriCorps worker; exceptions. (a) Notwithstanding any contrary provision of this section, an eligible individual who completes a 12-month or 24-month approved AmeriCorps program commencing immediately after secondary school graduation, may apply for a grant for the fall term immediately following completion of the AmeriCorps program. These individuals have a two consecutive academic year grant eligibility period commencing the start of that fall term.

(b) For the purpose of this subdivision, an "approved AmeriCorps program" means a program overseen by the Corporation for National and Community Service (CNCS) including:

(1) AmeriCorps Volunteer in Service to America (VISTA);

(2) AmeriCorps National Civilian Community Corps (NCCC); or

(3) AmeriCorps State and National.

Subd. 4. Grants. The commissioner shall, to the extent of available funds and subject to this section, make grants to eligible individuals to attend a program at a college.

Subd. 5. Application. Application for a grant shall be made by a FAFSA and on any additional form required by the commissioner and on a schedule set by the commissioner.

Subd. 6. Income limits for grant recipients. Dependent students reporting a parental federal adjusted gross income on a FAFSA of $90,000 or less are eligible for a grant. Independent students reporting a family adjusted gross income on a FAFSA of $90,000 or less are eligible for a grant.

Subd. 7. Grant amount. The amount of a grant is equal to program tuition and fees minus any federal Pell grant received or state grant for which the individual is eligible. For the purpose of this subdivision, "fees" has the meaning given it in Minnesota Statutes, section 136A.121, subdivision 6.
Subd. 8.  **Eligibility period.** A grant may be made only for academic terms that are during the two academic years commencing the fall term immediately after secondary school graduation, completing an adult basic education program, or passing all GED tests. A grant is available for up to 72 semester credits.

Subd. 9.  **Satisfactory academic progress.** An individual is eligible for a grant if the individual is making satisfactory academic progress as defined under Minnesota Statutes, section 136A.101, subdivision 10, and has a cumulative grade point average of at least 2.5 on a 4.0 scale at the end of the first academic year and at the end of each academic term after the first academic year.

Subd. 10.  **Credit load.** A grantee must have accumulated at least 30 program credits by the end of the first academic year including summer term. A college must certify that a grantee is carrying sufficient credits in the second grant year to complete the program at the end of the second year, including summer school. The commissioner shall set the terms and provide the form for certification.

Subd. 11.  **Grant renewal.** A grant may be renewed for a second academic year. Application for renewal must be on a form provided by the commissioner and on a schedule set by the commissioner.

Subd. 12.  **Mentoring.** A grantee must be provided mentoring. Mentoring must include, but is not limited to:

1. communicating frequently and consistently throughout program participation;

2. developing a personalized student success plan. The plan must include concrete steps towards program completion and job placement and identify and make contingency plans for potential obstacles to program completion;

3. connect grantees to on-campus resources and personal development opportunities; and

4. financial planning.

The commissioner shall issue request for proposals to provide mentoring activities. The commissioner shall select the proposal that in the commissioner's judgment demonstrates the best potential within available funding for achieving success in assisting students to complete programs. The commissioner may accept and select proposals made by colleges.

Subd. 13.  **Outreach.** The commissioner may through the office and by contract engage in recruitment for and promotion of the grants.

Subd. 14.  **Insufficient appropriation.** Grant awards shall be made based on the date of receipt of application from the earliest to the latest date. If there are not sufficient funds, grants shall not be prorated and eligible individuals shall be placed on a waiting list. Preference shall be given to timely received renewal grant applications prior to the award of new grants.

Subd. 15.  **Reporting.** (a) A college must report to the commissioner the following information:

1. the number of grantees and their race, gender, and ethnicity;

2. grantee persistence and completion;

3. employment outcomes; and

4. other information requested by the commissioner.
(b) The commissioner shall report annually by January 15, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance by college and in aggregate on the information submitted to the commissioner under paragraph (a). The commissioner may include in the report recommendations for changes in the grant program.

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

Sec. 21. **BACCALAUREATE DEGREE PATHWAYS.**

Subdivision 1. **Regulate MnSCU baccalaureate transfers.** The Board of Trustees of the Minnesota State Colleges and Universities shall implement new transfer pathways for associate of arts degrees, associate of science degrees, and associate of fine arts degrees toward baccalaureate degree programs. The implementation must, to the greatest extent possible, be done in accordance with the implementation plan, including its timeline, developed pursuant to Laws 2014, chapter 312, article 1, section 12.

Subd. 2. **New or enhanced bachelor of applied science degrees.** The board, in consultation with system constituency groups, is encouraged to create a plan to enhance or develop new bachelor of applied science degree programs in areas of high employment need in the state to facilitate transfer pathways for students with associate of applied science degrees.

Subd. 3. **Report.** By March 15, 2016, the board must report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education on the status of implementation of transfer pathways under subdivision 1 and any deviations from the implementation plan.

Sec. 22. **COLLEGE COMPLETION; MNSCU.**

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall develop a comprehensive plan to encourage students to complete degrees, diplomas, or certificates in their fields of study. The board must consult with students, faculty, and administrators of the state colleges and universities and the Office of Higher Education to create a plan that would increase program completion at each state college or university. Components of this plan may include, but are not limited to:

1. replacing developmental or remedial courses, when appropriate, with corequisite courses in which students with academic deficiencies are placed into introductory credit-bearing coursework while receiving supplemental academic instruction on the same subject and during the same term;

2. expanding intrusive advising, including the use of early alert systems or requiring the approval of an advisor or counselor to register for certain classes;

3. developing meta-majors in broad academic disciplines as an alternative to undecided majors;

4. making available alternative mathematics curriculum, including curriculum most relevant to the student's chosen area of study;

5. implementing "opt-out scheduling" by automatically enrolling students in a schedule of courses chosen by the student's department but allowing students to disenroll from such courses if they wish;

6. facilitating the transfer of credits between state colleges and universities; and

7. strategies to encourage students to enroll full time, including the use of financial assistance to reduce a student's need to work.
(b) The development of the plan required under this section shall not discourage the development or delay the implementation or expansion of existing programs to encourage college completion.

(c) The Board of Trustees of the Minnesota State Colleges and Universities shall submit a report describing the plan developed under this section and an implementation schedule to the legislative committees with jurisdiction over higher education policy no later than January 15, 2016. This report must include identification of the financial and other resources needed by state colleges or universities to implement the plan developed under this section.

Sec. 23. **COLLEGE COMPLETION; UNIVERSITY OF MINNESOTA.**

(a) The Board of Regents of the University of Minnesota is requested to develop a comprehensive plan to encourage students to complete degrees, diplomas, or certificates in their fields of study. The board is requested to consult with students, faculty, and administrators of the University of Minnesota and the Office of Higher Education to create a plan that would increase program completion among University of Minnesota students. Components of this plan may include, but are not limited to:

1. offering interdisciplinary courses that encourage students to think across disciplinary boundaries and take advantage of the universitywide intellectual expertise;
2. expanding undergraduate academic advising, including intrusive advising, and the use of online advising tools;
3. assisting undecided students with personalized services to help them develop a plan for major and career selection;
4. requiring all students to fill out, and regularly update, their four-year degree plans;
5. facilitating student transfers to the University of Minnesota through support of the Minnesota Transfer Curriculum and other transfer tools;
6. developing strategies to encourage students to enroll full time and graduate in four years; and
7. enhancing financial literacy programs that focus on low-income students.

(b) The development of the plan required under this section shall not discourage the development or delay the implementation or expansion of existing programs to encourage college completion.

(c) The Board of Regents of the University of Minnesota shall submit a report describing the plan developed under this section and an implementation schedule to the legislative committees with jurisdiction over higher education policy no later than January 15, 2016. This report must include identification of the financial and other resources needed to implement the plan developed under this section.

Sec. 24. **COUNSELING FOR COLLEGE STUDENT LOAN DEBTORS.**

Subdivision 1. **Pilot program created.** The commissioner of the Office of Higher Education shall make a grant to a nonprofit qualified debt counseling organization to provide individual student loan debt repayment counseling to borrowers who are Minnesota residents concerning loans obtained to attend a Minnesota postsecondary institution. The counseling shall be provided to borrowers who are 30 to 60 days delinquent when they are referred to or otherwise identified by the organization as candidates for counseling. The number of individuals receiving counseling may be limited to those capable of being served with available appropriations for that purpose. A goal of the counseling program is to provide two counseling sessions to at least 75 percent of borrowers receiving counseling.
The purpose of the counseling is to assist borrowers to:

(1) understand their loan and repayment options;

(2) manage loan repayment; and

(3) develop a workable budget based on the borrower's full financial situation regarding income, expenses, and other debt.

Subd. 2. **Qualified debt counseling organization.** A qualified debt counseling organization is an organization that:

(1) has experience in providing individualized student loan counseling;

(2) employs certified financial loan counselors; and

(3) has offices at multiple rural and metropolitan area locations in the state to provide in-person counseling.

Subd. 3. **Grant application.** Applications for a grant shall be on a form created by the commissioner and on a schedule set by the commissioner. Among other provisions, the application must include a description of:

(1) the characteristics of borrowers to be served;

(2) the services to be provided and a timeline for implementation of the services;

(3) how the services provided will help borrowers manage loan repayment;

(4) specific program outcome goals and performance measures for each goal; and

(5) how the services will be evaluated to determine whether the program goals were met.

Subd. 4. **Grant.** The commissioner shall select one grant recipient.

Subd. 5. **Program evaluation.** (a) The grant recipient must submit a report to the Office of Higher Education by January 15, 2017. The report must evaluate and measure the extent to which program outcome goals have been met.

(b) The grant recipient must collect, analyze, and report on participation and outcome data that enable the office to verify the outcomes.

(c) The evaluation must include information on the number of borrowers served with on-time student loan payments, the number who brought their loans into good standing, the number of student loan defaults, the number who developed a monthly budget plan, and other information required by the commissioner. Recipients of the counseling must be surveyed on their opinions about the usefulness of the counseling and the survey results must be included in the report.

Subd. 6. **Report to legislature.** By February 1, 2017, the commissioner must submit a report to the committees in the legislature with jurisdiction over higher education finance regarding grant program outcomes.

Sec. 25. **HIGHER EDUCATION ATTAINMENT GOAL; INITIAL REPORT.**

By October 15, 2015, the Office of Higher Education, after collaborating with the state demographer's office, shall report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance, on the baseline data and methodology that will be used to measure progress.
towards the attainment goal specified in Minnesota Statutes, section 135A.012. The report shall include information about the specific data and data sources that will be used to complete the analyses, and make recommendations regarding the appropriate comparison groups for conducting the analyses, and the manner in which data can be disaggregated by distinct racial and ethnic group categories, and timeline benchmarks for meeting the goal in Minnesota Statutes, section 135A.012, subdivision 2.

Sec. 26. HUMAN SUBJECT RESEARCH STANDARDS; UNIVERSITY OF MINNESOTA.

The Board of Regents of the University of Minnesota shall report monthly, commencing July 1, 2015, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance. The reports must describe progress in developing and implementing a plan to conduct human subject research at the university. The monthly reports must continue until the plan has been fully implemented. The reports must include how the university will implement the individual recommendations contained in the final report, dated February 23, 2015, titled "An External Review of the Protection of Human Research Participants at the University of Minnesota with Special Attention to Research with Adults who may lack Decision-Making Capacity." The report was prepared pursuant to an agreement by the university with the Association for the Accreditation of Human Research Protection Program (AAHRPP).

The reports must, among other details, provide specific details about:

(1) the changes to Institutional Review Board membership, policies, and practices;

(2) the procedures required for obtaining and reviewing consents by individuals with impaired decision-making abilities; and

(3) the policy with respect to responding to concerns of family and others for the well-being of human research subjects.

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

Sec. 27. REPEALER.

Minnesota Rules, part 4830.7500, subparts 2a and 2b, are repealed.

ARTICLE 4
CAMPUS SEXUAL ASSAULT

Section 1. Minnesota Statutes 2014, section 13.322, is amended by adding a subdivision to read:

Subd. 6. Campus sexual assault data. Data relating to allegations of sexual assault at a postsecondary institution are classified under section 135A.15.

EFFECTIVE DATE. This section is effective August 1, 2016.

Sec. 2. Minnesota Statutes 2014, section 135A.15, is amended to read:

135A.15 SEXUAL HARASSMENT AND VIOLENCE POLICY.

Subdivision 1. Applicability: policy required. (a) This section applies to the following postsecondary institutions:

(1) institutions governed by the Board of Trustees of the Minnesota State Colleges and Universities; and
(2) private postsecondary institutions that offer in-person courses on a campus located in Minnesota and which are eligible institutions as defined in section 136A.103, provided that a private postsecondary institution with a systemwide enrollment of fewer than 100 students in the previous academic year is exempt from subdivisions 4 to 10.

Institutions governed by the Board of Regents of the University of Minnesota are requested to comply with this section.

The Board of Trustees of the Minnesota State Colleges and Universities shall, and the University of Minnesota is requested to, (b) a postsecondary institution must adopt a clear, understandable written policy on sexual harassment and sexual violence that informs victims of their rights under the crime victims bill of rights, including the right to assistance from the Crime Victims Reparations Board and the commissioner of public safety. The policy must apply to students and employees and must provide information about their rights and duties. The policy must apply to criminal incidents against a student or employee of a postsecondary institution occurring on property owned or leased by the postsecondary system or institution in which the victim is a student or employee of that system or institution or at any activity, program, organization, or event sponsored by the system or institution, or by a fraternity and sorority. It must include procedures for reporting incidents of sexual harassment or sexual violence and for disciplinary actions against violators. During student registration, each technical college, community college, or state university shall, and the University of Minnesota is requested to, a postsecondary institution shall provide each student with information regarding its policy. A copy of the policy also shall be posted at appropriate locations on campus at all times. Each private postsecondary institution that is an eligible institution as defined in section 136A.155, must adopt a policy that meets the requirements of this section.

Subd. 1a. Sexual assault definition. For the purposes of this section, "sexual assault" means forcible sex offenses as defined in Code of Federal Regulations, title 34, part 668, subpart D, appendix A, as amended.

Subd. 2. Victims’ rights. The policy required under subdivision 1 shall, at a minimum, require that students and employees be informed of the policy, and shall include provisions for:

(1) filing criminal charges with local law enforcement officials in sexual assault cases;

(2) the prompt assistance of campus authorities, at the request of the victim, in notifying the appropriate law enforcement officials and disciplinary authorities of a sexual assault incident;

(3) allowing sexual assault victims to decide whether to report a case to law enforcement;

(4) requiring campus authorities to treat sexual assault victims with dignity;

(5) requiring campus authorities to offer sexual assault victims fair and respectful health care, counseling services, or referrals to such services;

(6) preventing campus authorities from suggesting to a victim of sexual assault that the victim is at fault for the crimes or violations that occurred;

(7) preventing campus authorities from suggesting to a victim of sexual assault that the victim should have acted in a different manner to avoid such a crime;

(8) subject to subdivision 10, protecting the privacy of sexual assault victims by only disclosing data collected under this section to the victim, persons whose work assignments reasonably require access, and, at a sexual assault victim's request, police conducting a criminal investigation;

(9) an investigation and resolution of a sexual assault complaint by campus disciplinary authorities;
(4) (10) a sexual assault victim's participation in and the presence of the victim's attorney or other support person who is not a fact witness to the sexual assault at any meeting with campus officials concerning the victim's sexual assault complaint or campus disciplinary proceeding concerning a sexual assault complaint;

(11) ensuring that a sexual assault victim may decide when to repeat a description of the incident of sexual assault;

(12) notice to a sexual assault victim of the availability of a campus or local program providing sexual assault advocacy services;

(13) notice to a sexual assault victim of the outcome of any campus disciplinary proceeding concerning a sexual assault complaint, consistent with laws relating to data practices;

(14) the complete and prompt assistance of campus authorities, at the direction of law enforcement authorities, in obtaining, securing, and maintaining evidence in connection with a sexual assault incident;

(15) the assistance of campus authorities in preserving for a sexual assault complainant or victim materials relevant to a campus disciplinary proceeding; and

(16) during and after the process of investigating a complaint and conducting a campus disciplinary procedure, the assistance of campus personnel, in cooperation with the appropriate law enforcement authorities, at a sexual assault victim's request, in shielding the victim from unwanted contact with the alleged assailant, including transfer of the victim to alternative classes or to alternative college-owned housing, if alternative classes or housing are available and feasible;

(17) forbidding retaliation, and establishing a process for investigating complaints of retaliation, against sexual assault victims by campus authorities, the accused, organizations affiliated with the accused, other students, and other employees;

(18) at the request of the victim, providing students who reported sexual assaults to the institution and subsequently choose to transfer to another postsecondary institution with information about resources for victims of sexual assault at the institution to which the victim is transferring; and

(19) consistent with laws governing access to student records, providing a student who reported an incident of sexual assault with access to the student's description of the incident as it was reported to the institution, including if that student transfers to another postsecondary institution.

Subd. 3. Uniform amnesty. The sexual harassment and violence policy required by subdivision 1 must include a provision that a witness or victim of an incident of sexual assault who reports the incident in good faith shall not be sanctioned by the institution for admitting in the report to a violation of the institution's student conduct policy on the personal use of drugs or alcohol.

Subd. 4. Coordination with local law enforcement. (a) A postsecondary institution must enter into a memorandum of understanding with the primary local law enforcement agencies that serve its campus. The memorandum must be entered into no later than January 1, 2017, and updated every two years thereafter. This memorandum shall clearly delineate responsibilities and require information sharing, in accordance with applicable state and federal privacy laws, about certain crimes including, but not limited to, sexual assault. This memorandum of understanding shall provide:

(1) delineation and sharing protocols of investigative responsibilities;
(2) protocols for investigations, including standards for notification and communication and measures to promote evidence preservation; and

(3) a method of sharing information about specific crimes, when directed by the victim, and a method of sharing crime details anonymously in order to better protect overall campus safety.

(b) Prior to the start of each academic year, a postsecondary institution shall distribute an electronic copy of the memorandum of understanding to all employees on the campus that are subject to the memorandum.

(c) An institution is exempt from the requirement that it develop a memorandum of understanding under this section if the institution and local or county law enforcement agencies establish a sexual assault protocol team to facilitate effective cooperation and collaboration between the institution and law enforcement.

Subd. 5. Online reporting system. (a) A postsecondary institution must provide an online reporting system to receive complaints of sexual harassment and sexual violence from students and employees. The system must permit anonymous reports, provided that the institution is not obligated to investigate an anonymous report unless a formal report is submitted through the process established in the institution's sexual harassment and sexual violence policy.

(b) A postsecondary institution must provide students making reports under this subdivision with information about who will receive and have access to the reports filed, how the information gathered through the system will be used, and contact information for on-campus and off-campus organizations serving victims of sexual violence.

(c) Data collected under this subdivision is classified as private data on individuals as defined by section 13.02, subdivision 12. Postsecondary institutions not otherwise subject to chapter 13 must limit access to the data to only the data subject and persons whose work assignments reasonably require access.

Subd. 6. Data collection and reporting. (a) Postsecondary institutions must annually report statistics on sexual assault. This report must be prepared in addition to any federally required reporting on campus security, including reports required by the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, United States Code, title 20, section 1092(f). The report must include, but not be limited to, the number of incidents of sexual assault reported to the institution in the previous calendar year, as follows:

(1) the number that were investigated by the institution;

(2) the number that were referred for a disciplinary proceeding at the institution;

(3) the number the victim chose to report to local or state law enforcement;

(4) the number for which a campus disciplinary proceeding is pending, but has not reached a final resolution;

(5) the number in which the alleged perpetrator was found responsible by the disciplinary proceeding at the institution;

(6) the number that resulted in any action by the institution greater than a warning issued to the accused;

(7) the number that resulted in a disciplinary proceeding at the institution that closed without resolution;

(8) the number that resulted in a disciplinary proceeding at the institution that closed without resolution because the accused withdrew from the institution;
(9) the number that resulted in a disciplinary proceeding at the institution that closed without resolution because the victim chose not to participate in the procedure; and

(10) the number of reports made through the online reporting system established in subdivision 5, excluding reports submitted anonymously.

(b) If an institution previously submitted a report indicating that one or more disciplinary proceedings was pending, but had not reached a final resolution, and one or more of those disciplinary proceedings reached a final resolution within the previous calendar year, that institution must submit updated totals from the previous year that reflect the outcome of the pending case or cases.

(c) The reports required by this subdivision must be submitted to the Office of Higher Education by October 1 of each year. Each report must contain the data required under paragraphs (a) and (b) from the previous calendar year.

(d) The commissioner of the Office of Higher Education shall calculate statewide numbers for each data item reported by an institution under this subdivision. The statewide numbers must include data from postsecondary institutions that the commissioner could not publish due to federal laws governing access to student records.

(e) The Office of Higher Education shall publish on its Web site:

(1) the statewide data calculated under paragraph (d); and

(2) the data items required under paragraphs (a) and (b) for each postsecondary institution in the state.

Each postsecondary institution shall publish on the institution's Web site the data items required under paragraphs (a) and (b) for that institution.

(f) Reports and data required under this subdivision must be prepared and published as summary data, as defined in section 13.02, subdivision 19, and must be consistent with applicable law governing access to educational data. If an institution or the Office of Higher Education does not publish data because of applicable law, the publication must explain why data are not included.

Subd. 7. Access to data; audit trail. (a) Data on incidents of sexual assault shared with campus security officers or campus administrators responsible for investigating or adjudicating complaints of sexual assault are classified as private data on individuals as defined by section 13.02, subdivision 12, for the purposes of postsecondary institutions subject to the requirements of chapter 13. Postsecondary institutions not otherwise subject to chapter 13 must limit access to the data to only the data subject and persons whose work assignments reasonably require access.

(b) Only individuals with explicit authorization from an institution may enter, update, or access electronic data related to an incident of sexual assault collected, created, or maintained under this section. The ability of authorized individuals to enter, update, or access these data must be limited through the use of role-based access that corresponds to the official duties or training level of the individual and the institutional authorization that grants access for that purpose. All actions in which the data related to an incident of sexual assault are entered, updated, accessed, shared, or disseminated outside of the institution must be recorded in a data audit trail. An institution shall immediately and permanently revoke the authorization of any individual determined to have willfully entered, updated, accessed, shared, or disseminated data in violation of this subdivision or any provision of chapter 13. If an individual is determined to have willfully gained access to data without explicit authorization, the matter shall be forwarded to a county attorney for prosecution.
Subd. 8. Comprehensive training. (a) A postsecondary institution must provide campus security officers and campus administrators responsible for investigating or adjudicating complaints of sexual assault with comprehensive training on preventing and responding to sexual assault in collaboration with the Bureau of Criminal Apprehension or another law enforcement agency with expertise in criminal sexual conduct. The training for campus security officers shall include a presentation on the dynamics of sexual assault, neurobiological responses to trauma, and best practices for preventing, responding to, and investigating sexual assault. The training for campus administrators responsible for investigating or adjudicating complaints on sexual assault shall include presentations on preventing sexual assault, responding to incidents of sexual assault, the dynamics of sexual assault, neurobiological responses to trauma, and compliance with state and federal laws on sexual assault.

(b) The following categories of students who attend, or will attend, one or more courses on campus or will participate in on-campus activities must be provided sexual assault training:

(1) students pursuing a degree or certificate;

(2) students who are taking courses through the Postsecondary Enrollment Options Act; and

(3) any other categories of students determined by the institution.

Students must complete such training no later than ten business days after the start of a student's first semester of classes. Once a student completes the training, institutions must document the student's completion of the training and provide proof of training completion to a student at the student's request. Students enrolled at more than one institution within the same system at the same time are only required to complete the training once. The training shall include information about topics including but not limited to sexual assault as defined in subdivision 1a; consent as defined in section 609.341, subdivision 4; preventing and reducing the prevalence of sexual assault; procedures for reporting campus sexual assault; and campus resources on sexual assault, including organizations that support victims of sexual assault.

(c) A postsecondary institution shall annually train individuals responsible for responding to reports of sexual assault. This training shall include information about best practices for interacting with victims of sexual assault, including how to reduce the emotional distress resulting from the reporting, investigatory, and disciplinary process.

Subd. 9. Student health services. (a) An institution's student health service providers must screen students for incidents of sexual violence and sexual harassment. Student health service providers shall offer students information on resources available to victims and survivors of sexual violence and sexual harassment including counseling, mental health services, and procedures for reporting incidents to the institution.

(b) Each institution offering student health or counseling services must designate an existing staff member or existing staff members as confidential resources for victims of sexual violence or sexual harassment. The confidential resource must be available to meet with victims of sexual violence and sexual harassment. The confidential resource must provide victims with information about locally available resources for victims of sexual violence and sexual harassment including, but not limited to, mental health services and legal assistance. The confidential resource must provide victims with information about the process for reporting an incident of sexual violence and sexual harassment to campus authorities or local law enforcement. The victim shall decide whether to report an incident of sexual violence and sexual harassment to campus authorities or local law enforcement. Confidential resources must be trained in all aspects of responding to incidents of sexual violence and sexual harassment including, but not limited to, best practices for interacting with victims of trauma, preserving evidence, campus disciplinary and local legal processes, and locally available resources for victims. Data shared with a confidential resource is classified as sexual assault communication data as defined by section 13.822, subdivision 1.
Subd. 10. **Applicability of other laws.** This section does not exempt mandatory reporters from the requirements of section 626.556 or 626.557 governing the reporting of maltreatment of minors or vulnerable adults. Nothing in this section limits the authority of an institution to comply with other applicable state or federal laws related to investigations or reports of sexual harassment, sexual violence, or sexual assault.

**EFFECTIVE DATE.** This section is effective August 1, 2016, except subdivision 9, paragraph (a), is effective January 1, 2017.

Sec. 3. **[626.891] COOPERATION WITH POSTSECONDARY INSTITUTIONS.**

Local law enforcement agencies, including law enforcement agencies operated by statutory cities, home rule charter cities, and counties must enter into and honor the memoranda of understanding required under section 135A.15.

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

ARTICLE 5
STATE GRANT

Section 1. Minnesota Statutes 2014, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of: (1) an allowance specified in law for living and miscellaneous expenses, and (2) an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, or a tuition and fee maximum if one is established in law. If no living and miscellaneous expense allowance is established in law, the allowance is equal to the federal poverty guidelines for a one person household in Minnesota for nine months. If no tuition and fee maximum is established in law, the allowance for tuition and fees is equal to the lesser of: (1) the average tuition and fees charged by the institution, and (2) for two-year programs, an amount equal to the highest tuition and fees charged at a public two-year institution, or for four-year programs, an amount equal to the highest tuition and fees charged at a public university.

(b) For a student registering for less than full time, the office shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

(c) The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

(d) For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

Sec. 2. Minnesota Statutes 2014, section 136A.121, subdivision 7a, is amended to read:

Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance or the tuition and fee maximums in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there are more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium."
Delete the title and insert:

"A bill for an act relating to relating to higher education; establishing a budget for higher education; appropriating money to the Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, the Board of Regents of the University of Minnesota, and the Mayo Clinic; appropriating money for tuition relief; making various policy and technical changes to higher-education-related provisions; regulating the policies of postsecondary institutions relating to sexual harassment and sexual violence; providing goals, standards, programs, and grants; requiring reports; authorizing refinancing of certain bonds; amending Minnesota Statutes 2014, sections 5.41, subdivisions 2, 3; 13.32, subdivision 6; 13.322, by adding a subdivision; 16C.075; 122A.09, subdivision 4; 124D.09, by adding subdivisions; 124D.091, subdivision 1; 135A.15; 136A.01, by adding a subdivision; 136A.031, subdivision 4; 136A.0411; 136A.101, subdivision 8; 136A.121, subdivisions 6, 7a, 20; 136A.125, subdivisions 2, 4, 4b; 136A.1701, subdivision 4; 136A.61; 136A.63, subdivision 2; 136A.65, subdivisions 4, 7; 136A.657, subdivisions 1, 3; 136A.67; 136A.861, subdivision 1; 136A.87; 136G.05, subdivision 7; 137.54; 141.21, subdivisions 5, 6a, 9; 141.25; 141.251, subdivision 2; 141.255; 141.26; 141.265; 141.271, subdivisions 1a, 1b, 3, 5, 7, 8, 9, 10, 12, 13, 14; 141.28; 141.29; 141.30; 141.32; 141.35; 197.75, subdivision 1; 261.23; Laws 2014, chapter 312, article 13, section 47; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 175; 626; repealing Minnesota Statutes 2014, sections 136A.127, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 9b, 10, 10a, 11, 14; 136A.862; 141.271, subdivisions 4, 6; 158.01; 158.02; 158.03; 158.04; 158.05; 158.06; 158.07; 158.08; 158.09; 158.091; 158.10; 158.11; 158.12; Minnesota Rules, part 4830.7500, subparts 2a, 2b."

We request the adoption of this report and repassage of the bill.

Senate Conferees: TERRI E. BONOFF, GREG D. CLAUSEN, KENT EKEN and JEREMY R. MILLER.

House Conferees: BUD NORNES, MARION O’NEILL, GLENN GRUENHAGEN, and DREW CHRISTENSEN.

Nornes moved that the report of the Conference Committee on S. F. No. 5 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

Thissen moved that the House refuse to adopt the report of the Conference Committee on S. F. No. 5 and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Thissen motion and the roll was called. There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Allen   Bly   Dehn, R.   Halverson   Isaacson   Lesch
Anzelc  Carlson  Dill  Hansen  Johnson, C.  Liebling
Applebaum Clark  Erhardt  Hausman  Johnson, S.  Lien
Atkins  Considine  Fischer  Hilstrom  Laine  Lillie
Bernardy Davnie  Freiberg  Hortman  Lenczewski  Loeffler
Those who voted in the negative were:

- Albright
- Anderson, M.
- Anderson, P.
- Anderson, S.
- Backer
- Baker
- Barrett
- Bennett
- Christensen
- Cornish
- Daniels
- Davids
- Dettmer
- Drazkowski
- Erickson
- Fabian
- Fenton
- Franson
- Garofalo
- Green
- Gruenhagen
- Gunther
- Hackbarth
- Hamilton
- Heintzman
- Hertaus
- Hoppe
- Howe
- Johnon, B.
- Kelly
- Kiel
- Knoblauch
- Koznick
- Kresha
- Lohmer
- Loom
- Lucero
- Lueck
- Mack
- McDonald
- McNamara
- Miller
- Nash
- Newberge
- Normes
- O'Driscoll
- O'Neill
- O'Neill
- Petersen
- Peterson
- Pierson
- Pugh
- Quam
- Rarick
- Runbeck
- Sanders
- Schomacker
- Scott
- Smith
- Swedzinski
- Theis
- Torkelson
- Uglen
- Vogel
- Vogel
- Vogel
- Wills
- Wills
- Zerwas

Those who voted in the affirmative were:

- Albright
- Anderson, M.
- Anderson, P.
- Anderson, S.
- Backer
- Baker
- Barrett
- Bennett
- Christensen
- Cornish
- Daniels
- Davids
- Dean, M.
- Dettmer
- Drazkowski
- Erickson
- Fabian
- Fenton
- Franson
- Garofalo
- Green
- Gruenhagen
- Gunther
- Hackbarth
- Hamilton
- Heintzman
- Hertaus
- Hoppe
- Howe
- Johnon, B.
- Kelly
- Kiel
- Knoblauch
- Koznick
- Kresha
- Lohmer
- Loom
- Lucero
- Lueck
- Mack
- McDonald
- McNamara
- Miller
- Nash
- Newberge
- Normes
- O'Driscoll
- O'Neill
- Petersen
- Peterson
- Pierson
- Pugh
- Quam
- Rarick
- Runbeck
- Sanders
- Schomacker
- Scott
- Smith
- Swedzinski
- Theis
- Torkelson
- Uglen
- Vogel
- Vogel
- Wills
- Wills
- Zerwas

The motion did not prevail.

Thisessen was excused between the hours of 5:45 p.m. and 7:20 p.m.

The question recurred on the Nornes motion that the report of the Conference Committee on S. F. No. 5 be adopted and that the bill be repassed as amended by the Conference Committee and the roll was called. There were 70 yeas and 58 nays as follows:

Those who voted in the affirmative were:

- Albright
- Anderson, M.
- Anderson, P.
- Anderson, S.
- Backer
- Baker
- Barrett
- Bennett
- Christensen
- Cornish
- Daniels
- Davids
- Dean, M.
- Dettmer
- Drazkowski
- Erickson
- Fabian
- Fenton
- Franson
- Garofalo
- Green
- Gruenhagen
- Gunther
- Hackbarth
- Hamilton
- Heintzman
- Hertaus
- Hoppe
- Howe
- Johnon, B.
- Kelly
- Kiel
- Knoblauch
- Koznick
- Kresha
- Lohmer
- Loom
- Lucero
- Lueck
- Mack
- McDonald
- McNamara
- Miller
- Nash
- Newberge
- Normes
- O'Driscoll
- O'Neill
- Petersen
- Peterson
- Pierson
- Pugh
- Quam
- Rarick
- Runbeck
- Sanders
- Schomacker
- Scott
- Smith
- Swedzinski
- Theis
- Torkelson
- Uglen
- Vogel
- Vogel
- Wills
- Wills
- Zerwas

Those who voted in the negative were:

- Allen
- Olsen
- Applebaum
- Atkins
- Bernardy
- Bly
- Carlson
- Clark
- Considine
- Davnie
- Dehn, R.
- Dill
- Erhardt
- Fischer
- Freiberg
- Halverson
- Hansen
- Hausman
- Hilstrom
- Hortman
- Isaacson
- Johnson, C.
- Johnson, S.
- Laine
- Lenczewski
- Lesch
- Liebling
- Lien
- Lillie
- Loeffler
- Mahoney
- Mariani
- Masa
- Masin
- Melin
- Metsa
- Moran
- Murphy, E.
- Murphy, M.
- Nelson
- Nett
- Norton
The motion prevailed.

S. F. No. 5, A bill for an act relating to higher education; establishing a budget for higher education; appropriating money to the Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, and the Board of Regents of the University of Minnesota; appropriating money for tuition relief; making various policy and technical changes to higher-education-related provisions; regulating the policies of postsecondary institutions relating to sexual harassment and sexual violence; providing goals, standards, programs, and grants; requiring reports; amending Minnesota Statutes 2014, sections 5.41, subdivisions 2, 3; 13.32, subdivision 6; 13.322, by adding a subdivision; 16C.075; 124D.09, by adding subdivisions; 124D.091, subdivision 1; 135A.15, subdivisions 1, 2, by adding subdivisions; 136A.01, by adding a subdivision; 136A.101, subdivisions 5a, 8; 136A.121, subdivision 20; 136A.125, subdivisions 2, 4b; 136A.1701, subdivision 4; 136A.861, subdivision 1; 137.54; 177.23, subdivision 7; Laws 2014, chapter 312, article 13, section 47; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 175; 626; repealing Minnesota Rules, part 4830.7500, subparts 2a, 2b.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 71 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Albright  Anderson, M.  Dean, M.  Hamilton  Lohmer  O'Driscoll  Scott
Anderson, P.  Drazkowski  Dettmer  Erickson  Fabian  Fenton  Franson  Garofalo  Green  Gruenhagen
Anderson, S.  Backer  Baker  Barrett  Bennett  Christensen  Cornish  Daniels  Davids

Those who voted in the negative were:

Allen  Anzelc  Applebaum  Atkins  Bernardy  Bly  Carlson  Clark  Considine  Davnie

The bill was repassed, as amended by Conference, and its title agreed to.
Mr. Speaker:

I hereby announce the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 698, A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; modifying provisions for Legislative-Citizen Commission on Minnesota Resources; amending Minnesota Statutes 2014, sections 116P.05, subdivision 2; 116P.08, subdivisions 5, 6, 7; 116P.09, subdivisions 6, 8.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Dziedzic, Hoffman and Dahms.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

JOANNE M. ZOFF, Secretary of the Senate

Fabian moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 698. The motion prevailed.

Mr. Speaker:

I hereby announce the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1647, A bill for an act relating to transportation; amending various provisions related to transportation and public safety policies, including data practices and storage; motor carriers; traffic regulation modifications; parking signs; advertising devices; permits and licenses; vehicle equipment; mini truck operation; railroad liability, powers, and crossing by utilities; rail event response preparedness; minimum train crew size; drive away in-transit licenses; road design; engine compression regulation by city of St. Paul; turnbacks; bikeways; subcontracting goals; reporting requirements and alternative damages appraisal for transportation projects; amending Minnesota Statutes 2014, sections 13.69, subdivision 1; 13.72, by adding a subdivision; 160.18, by adding a subdivision; 160.20, subdivision 4; 160.232; 160.266, subdivisions 2, 3, by adding subdivisions; 161.088, subdivisions 3, 4, 5; 161.321, subdivisions 2a, 2c, 4; 161.368; 168.33, subdivision 2; 169.06, subdivision 4a; 169.18, subdivision 12; 169.475, subdivision 1; 169.49; 169.782, subdivisions 1, 2, 4; 169.791, subdivisions 1, 2; 169.81, by adding a subdivision; 171.02, by adding a subdivision; 171.06, subdivision 3; 171.061, subdivision 3; 171.07, subdivision 1b; 173.02, by adding a subdivision; 173.15; 174.03, subdivisions 10, 11; 174.12, subdivision 5; 174.40, by adding a subdivision; 174.52, subdivisions 4a, 5; 219.76; 219.761; 221.031, by adding a subdivision; 221.605, by adding a subdivision; 299D.085, subdivision 2; 473.146, subdivision 4; Laws 2009, chapter 158, section 10, as amended; Laws 2014, chapter 312, article 10, section 11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 161; 219; 237; 383B; 473.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Dibble, Kent, Jensen, Senjem and Hawj.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

JOANNE M. ZOFF, Secretary of the Senate
Kelly moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1647. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 698:

Torkelson, Fabian and Lillie.

Pursuant to rule 1.50, Peppin moved that the House be allowed to continue in session after 12:00 midnight. The motion prevailed.

Peppin moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

The House reconvened and was called to order by Speaker pro tempore Davids.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1257, A bill for an act relating to state government; changing provisions in the responsible contractor law; amending Minnesota Statutes 2014, section 16C.285, subdivisions 1, 2, 3, 4, 5, 6, 7, by adding a subdivision.

JOANNE M. ZOFF, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 878.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

JOANNE M. ZOFF, Secretary of the Senate
CONFERENCE COMMITTEE REPORT ON S. F. No. 878

A bill for an act relating to criminal justice; lowering the penalty for the performance of acts prohibited by statutes for which no penalty is specified; regulating the possession and purchase of firearms, ammunition, and suppressors; prohibiting a bondsman or bail enforcement agent from wearing uniform or driving vehicle the color of law enforcement; regulating the use of unmanned aerial vehicles by law enforcement agencies; requiring outside law enforcement agencies to investigate peace officer-involved incidents; addressing numerous issues relating to juveniles including diversion, use of restraints, and sentencing; modifying forfeiture laws and how proceeds from the sale of forfeited property are used, what reports are required, and how policies are adopted; establishing the burden of production on the innocent owner claimant and the burden of proof on the prosecutor in an innocent owner forfeiture case involving DWI, designated offenses, controlled substance offenses, fleeing offenses, and prostitution offenses; expanding the homestead exemption in forfeiture cases; restoring the civil right to vote of an individual upon release from incarceration and requiring notice; repealing county attorney obligation to promptly investigate voter registration and eligibility; amending Minnesota Statutes 2014, sections 6.74; 84.7741, subdivision 10; 97A.421, by adding a subdivision; 169.98, by adding a subdivision; 169A.60, subdivision 1; 169A.63, subdivisions 1, 7, 9, 10; 201.014, by adding a subdivision; 201.071, subdivision 1; 201.12, subdivisions 2, 3; 201.13, subdivision 3; 201.14; 201.157; 204C.08, subdivision 1d; 204C.10; 244.05, subdivisions 4, 5; 260B.001, subdivision 2; 260B.125, by adding a subdivision; 260B.130, subdivision 4, 609.02, by adding a subdivision; 609.106, subdivision 2, by adding a subdivision; 609.11, subdivision 9; 609.165; 609.3455, subdivision 2; 609.531, subdivisions 1, 8, by adding subdivisions; 609.5311, subdivision 3; 609.5312, subdivisions 2, 3, 4; 609.5315, subdivisions 1, 6; 609.5318, subdivision 5; 609.66, subdivisions 1a, 1g; 624.71; 624.712, by adding a subdivision; 626.88; 645.241; proposing coding for new law in Minnesota Statutes, chapters 5B; 201; 243; 260B; 260B.125, subdivisions 2, 3; 260B.130, subdivision 4; 260B.135; 609.66, subdivision 1h.

May 17, 2015

The Honorable Sandra L. Pappas
President of the Senate

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

We, the undersigned conferees for S. F. No. 878 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 878 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017. Appropriations for the fiscal year ending June 30, 2015, are effective the day following final enactment.
Sec. 2. **SUPREME COURT**

Subdivision 1. **Total Appropriation**

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

Subd. 2. **Supreme Court Operations**

**Contingent Account**

$5,000 each year is for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

Subd. 3. **Civil Legal Services**

**Legal Services to Low-Income Clients in Family Law Matters**

$948,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services program described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

Sec. 3. **COURT OF APPEALS**

Sec. 4. **DISTRICT COURTS**

**Specialty Courts**

$350,000 each year is to expand specialty courts.

Sec. 5. **GUARDIAN AD LITEM BOARD**

Sec. 6. **TAX COURT**

(a) **Information Technology**

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Tax Court under the rates and mechanism specified in that agreement.
(b) **Base Appropriation**

The base appropriation for the Tax Court shall be $1,392,000 in fiscal year 2018 and $1,392,000 in fiscal year 2019.

Sec. 7. **UNIFORM LAWS COMMISSION**  
$88,000  
$93,000

Sec. 8. **BOARD ON JUDICIAL STANDARDS**  
$486,000  
$486,000

**Major Disciplinary Actions**

$125,000 each year is for special investigative and hearing costs for major disciplinary actions undertaken by the board. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures until June 30, 2019.

Sec. 9. **BOARD OF PUBLIC DEFENSE**  
$77,429,000  
$82,662,000

**Training**

$100,000 each year is for public defender training.

Sec. 10. **SENTENCING GUIDELINES**  
$595,000  
$604,000

Sec. 11. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**  
$191,153,000  
$182,679,000

**Appropriations by Fund**

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>98,385,000</td>
<td>92,153,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>13,232,000</td>
<td>10,941,000</td>
</tr>
<tr>
<td>State Government Special</td>
<td>103,000</td>
<td>103,000</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental</td>
<td>70,000</td>
<td>72,000</td>
</tr>
<tr>
<td>Trunk Highway</td>
<td>2,295,000</td>
<td>2,325,000</td>
</tr>
<tr>
<td>911 Fund</td>
<td>77,068,000</td>
<td>77,085,000</td>
</tr>
</tbody>
</table>

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

Subd. 2. **Emergency Management**  
4,567,000  
3,258,000

**Appropriations by Fund**

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>3,547,000</td>
<td>2,336,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>70,000</td>
<td>72,000</td>
</tr>
<tr>
<td>Special Revenue Fund</td>
<td>950,000</td>
<td>850,000</td>
</tr>
</tbody>
</table>
(a) **Hazmat and Chemical Assessment Teams**

$950,000 the first year and $850,000 the second year are from the fire safety account in the special revenue fund. These amounts must be used to fund the hazardous materials and chemical assessment teams. Of this amount, $100,000 the first year is for cases for which there is no identified responsible party.

(b) **Disaster Assistance Account**

$1,000,000 the first year is from the general fund for transfer to the disaster assistance contingency account in Minnesota Statutes, section 12.221.

(c) **Combating Terrorism Recruitment**

$250,000 the first year is for the commissioner to develop strategies and make efforts to combat the recruitment of Minnesota residents by terrorist organizations such as ISIS and al-Shabaab. At least half of this amount must be distributed through grants to local governments with identified populations who are at-risk for recruitment. The commissioner must collaborate with federal, state, and local agencies in developing the required strategies. The commissioner shall prepare a report that explains the strategies proposed and steps to implement the strategies. The commissioner must submit the report to the chairs and ranking minority members of the house and senate committees with jurisdiction over public safety by February 1, 2016.

Subd. 3. **Criminal Apprehension**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>56,779,000</th>
<th>51,919,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>54,477,000</td>
<td>49,587,000</td>
</tr>
<tr>
<td>State Government Special Revenue</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Trunk Highway</td>
<td>2,295,000</td>
<td>2,325,000</td>
</tr>
</tbody>
</table>

(a) **DWI Lab Analysis; Trunk Highway Fund**

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, $2,295,000 the first year and $2,325,000 the second year are from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

(b) **BCA Investment Initiative**

$5,700,000 each year is from the general fund:

1) for additional permanent latent fingerprint examiner positions;
(2) for additional permanent mitochondrial DNA analyst positions;

(3) to replace equipment and instruments in the forensic laboratory;

(4) to purchase supplies for the forensic laboratory;

(5) for additional permanent positions to form a digital forensics examination unit;

(6) for additional permanent positions to form a financial crimes unit; and

(7) for additional permanent positions to increase the capabilities of the predatory crimes section.

(c) Livescan Replacement

$325,000 each year is from the general fund to replace electronic fingerprint capture equipment in criminal justice agencies around the state. The equipment is to be used to automatically submit the fingerprints to the bureau for identification of the person and processing.

(d) Report

If the vehicle services special revenue account accrues an unallocated balance in excess of 50 percent of the previous fiscal year's expenditures, the commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation and public safety policy and finance. The report must contain specific policy and legislative recommendations for reducing the fund balance and avoiding future excessive fund balances. The report is due within three months of the fund balance exceeding the threshold established in this paragraph.

Subd. 4. Fire Marshal

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>11,568,000</th>
<th>9,350,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>18,000</td>
<td>-D-</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>11,550,000</td>
<td>9,350,000</td>
</tr>
</tbody>
</table>

The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.
(a) Training

$1,873,000 the first year and $673,000 the second year are for an increase to the Minnesota Board of Firefighter Training.

(b) Task Force 1

$1,500,000 the first year and $500,000 the second year are for an increase to Minnesota Task Force 1.

(c) Air Rescue

$190,000 each year is to fund the Minnesota Air Rescue Team.

(d) Unappropriated Revenue

Any additional unappropriated money collected in fiscal year 2015 is appropriated to the commissioner of public safety for the purposes of Minnesota Statutes, section 299F.012. The commissioner may transfer appropriations and base amounts between activities in this subdivision.

Subd. 5. Alcohol and Gambling Enforcement

Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1,606,000</td>
<td>1,632,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>732,000</td>
<td>741,000</td>
</tr>
</tbody>
</table>

$662,000 the first year and $671,000 the second year are from the alcohol enforcement account in the special revenue fund. Of this appropriation, $500,000 each year shall be transferred to the general fund.

$70,000 each year is from the lawful gambling regulation account in the special revenue fund.

Subd. 6. Office of Justice Programs

Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>38,737,000</td>
<td>38,598,000</td>
</tr>
<tr>
<td>State Government Special Revenue</td>
<td>96,000</td>
<td>96,000</td>
</tr>
</tbody>
</table>

(a) OJP Administration Costs

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used by the commissioner to administer the grant program.
(b) **Youth Intervention Programs**

$750,000 each year is for youth intervention programs under Minnesota Statutes, section 299A.73.

(c) **Crime Victim Services**

$675,000 each year is for additional grants to organizations awarded grants in fiscal years 2014 and 2015. Of this amount, $150,000 in each of fiscal years 2016 and 2017 only are for a grant to an organization that provides culturally specific emergency shelter programming in St. Paul for victims of domestic abuse. The amount appropriated in fiscal years 2016 and 2017 is added to the base for crime victim services.

(d) **Crime Victim Support**

$150,000 each year is for a grant to a nonprofit organization dedicated to providing immediate and long-term emotional support and practical help for the families and friends of individuals who have died by suicide, overdose, accident, or homicide, including but not limited to domestic violence.

(e) **Child Advocacy Centers**

$400,000 each year is for grants to new and existing child advocacy centers whose primary purposes are (1) to coordinate the investigation, treatment, and management of abuse cases and (2) to provide direct services to abuse victims.

(f) **Prosecutor and Law Enforcement Training**

$100,000 each year is for a grant to the Minnesota County Attorneys Association for prosecutor and law enforcement training.

(g) **Sex Trafficking Investigations**

$250,000 each year is for grants to state and local units of government for the following purposes:

1. to support new or existing multijurisdictional entities to investigate sex trafficking crimes; and

2. to provide technical assistance for sex trafficking crimes, including training and case consultation, to law enforcement agencies statewide.

This is a onetime appropriation.
(h) Regionals Law Enforcement Server

$176,000 the first year is for a grant to the White Earth Band of Chippewa Indians to be used by the band’s law enforcement department for a server for law enforcement agencies in the counties of Clearwater, Becker, and Mahnomen, and the band’s law enforcement department to store law enforcement data on.

(i) Lifesaver Grants

$40,000 each year is for Lifesaver grants under section 22. This is a onetime appropriation.

(j) Alternatives to Juvenile Detention

$300,000 each year is for grants to nonprofit organizations to conduct training, technical support, and peer learning opportunities for counties interested in implementing juvenile detention reform and addressing disparities in the juvenile justice system to accomplish cost-effective interventions that leverage the strength of families and communities. This is a onetime appropriation.

(k) Advocates for Family Peace

$100,000 each year is for a grant to the Advocates for Family Peace organization to provide services for victims of domestic violence. This is a onetime appropriation.

Subd. 7. Emergency Communication Networks

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Public Safety under the rates and mechanism specified in that agreement.

(a) Public Safety Answering Points

$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

(b) Medical Resource Communication Centers

$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.
(c) ARMER Debt Service

$23,261,000 each year is to the commissioner of management and budget to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8; or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

(d) ARMER State Backbone Operating Costs

$9,650,000 each year is to the commissioner of transportation for costs of maintaining and operating the first and third phases of the statewide radio system backbone.

(e) ARMER Improvements

$1,000,000 each year is to the Statewide Radio Board for costs of design, construction, and maintenance of, and improvements to, those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide interim enhancement of public safety communication interoperability in those areas of the state where the statewide public safety radio and communication system is not yet implemented.

Sec. 12. PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD

(a) Excess Amounts Transferred

This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of $4,112,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of $4,129,000 must be transferred and credited to the general fund.

(b) Peace Officer Training Reimbursements

$2,734,000 each year is for reimbursements to local governments for peace officer training costs.
(c) De-escalation Training

$100,000 each year is for training state and local community safety personnel in the use of crisis de-escalation techniques. This is a onetime appropriation.

Sec. 13. PRIVATE DETECTIVE BOARD $187,000 $189,000

Administrative Assistant

$65,000 each year is for an administrative assistant.

Sec. 14. HUMAN RIGHTS $3,927,000 $3,982,000

Increased Efficiency

$150,000 each year is for the acceleration of the investigation, enforcement, and final disposition of cases as well as the department's capacity in the area of legal analysis and fiscal management. Up to $80,000 each year may be used to expand services in St. Cloud.

Sec. 15. CORRECTIONS

Subdivision 1. Total Appropriation $527,012,000 $538,591,000

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

Subd. 2. Correctional Institutions 381,182,000 391,293,000

(a) Fugitive Apprehension Unit

$541,000 the first year and $1,051,000 the second year are to increase the number of full-time equivalent positions in the department's fugitive apprehension unit. The base for this item is $1,051,000 in each of fiscal years 2018 and 2019.

(b) Doula Services Grants

$30,000 each year is for grants to provide access to doula services as described in proposed Minnesota Statutes, section 241.89, subdivision 2, paragraph (b). This is a onetime appropriation.

Subd. 3. Community Services 121,018,000 122,033,000

(a) Intensive Supervised Release Agents

$1,000,000 each year is to increase the number of supervision agents for offenders on intensive supervised release as described in Minnesota Statutes, section 244.13, subdivision 2.
(b) **Challenge Incarceration**

$250,000 each year is to increase the number of supervision agents for offenders participating in the department’s challenge incarceration program as described in Minnesota Statutes, section 244.172, subdivisions 2 and 3.

(c) **Community Corrections Act**

$1,800,000 each year is added to the Community Corrections Act subsidy, as described in Minnesota Statutes, section 401.14.

(d) **County Probation Officer Reimbursements**

$294,000 the first year and $295,000 the second year are added to the county probation officers reimbursement, as described in Minnesota Statutes, section 244.19, subdivision 6.

(e) **Scott County Correctional Services**

$85,000 each year is to be added to the base calculated by the department of corrections for Scott County under Minnesota Statutes, section 401.10, subdivision 1, for the provision of correctional services.

| Subd. 4. | Operations Support | 24,812,000 | 25,265,000 |

(a) **Technology Needs**

$500,000 each year is to support technology needs.

(b) **Information Technology**

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Corrections under the rates and mechanism specified in that agreement.

Sec. 16. **TRANSFERS**

(a) **MINNCOR**

Notwithstanding Minnesota Statutes, section 241.27, the commissioner of management and budget shall transfer $1,000,000 each year from the Minnesota correctional industries revolving fund to the general fund. This is a onetime transfer.
(b) Fire Safety

The commissioner of management and budget shall transfer $1,250,000 each year from the fire safety account to the general fund. This is a onetime transfer.

Sec. 17. DISASTER ASSISTANCE CONTINGENCY AND FIRE SAFETY ACCOUNTS; TRANSFER.

(a) No later than September 30, 2015, the commissioner of management and budget must estimate the amount of any positive unrestricted budgetary general fund balance at the close of the fiscal year ending June 30, 2015. If the actual positive general fund balance at the end of fiscal year 2015 is more than $17,500,000 in excess of the positive general fund balance that was estimated by the commissioner at the end of the 2015 legislative session, $15,000,000 from the fiscal year 2015 closing balance in the general fund is transferred to the disaster contingency account under Minnesota Statutes, section 12.221, subdivision 6, and $2,500,000 is transferred to the fire safety account in the special revenue fund, under Minnesota Statutes, section 299F.012.

(b) If the actual positive general fund balance estimated at the end of fiscal year 2015 under paragraph (a) exceeds the positive general fund balance that was estimated by the commissioner at the end of the 2015 legislative session by $17,500,000 or less, the amount of the difference between the actual and estimated positive general fund balance from the fiscal year 2015 closing balance is transferred to the disaster contingency account under Minnesota Statutes, section 12.221, subdivision 6, and the fire safety account in the special revenue fund under Minnesota Statutes, section 299F.012. The commissioner shall allocate the funds proportionately between the two accounts in this paragraph.

(c) No later than October 15, 2015, the commissioner of management and budget must notify the chairs and ranking minority members of the legislative committees with jurisdiction over the disaster contingency account and the fire safety account of:

(1) the amount of the positive unrestricted general fund balance estimated under paragraph (a); and

(2) the dollar amount transferred to the disaster contingency account and the fire safety account under this section.

(d) Any amount transferred to the fire safety account under this section is appropriated in fiscal year 2016 to the commissioner of public safety for activities under Minnesota Statutes, section 299F.012. This is a onetime appropriation.
Sec. 18. **AVIAN INFLUENZA EMERGENCY RESPONSE.**

Notwithstanding Minnesota Statutes, section 12.221, subdivision 6, for fiscal years 2016 and 2017 only, the disaster contingency account, under Minnesota Statutes, section 12.221, subdivision 6, may be used to pay for costs of eligible avian influenza emergency response activities. By January 15, 2018, the commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Committee on Ways and Means on any amount used for avian influenza under this section.

Sec. 19. Minnesota Statutes 2014, section 357.021, subdivision 2, is amended to read:

Subd. 2. **Fee amounts.** The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, including any case arising under the tax laws of the state that could be transferred or appealed to the Tax Court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of $310, except in marriage dissolution actions the fee is $340.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of $310, except in marriage dissolution actions the fee is $340. This subdivision does not apply to the filing of an Application for Discharge of Judgment. Section 548.181 applies to an Application for Discharge of Judgment.

The party requesting a trial by jury shall pay $100.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, $14, and $8 for an uncertified copy.

(3) Issuing a subpoena, $16 for each name.

(4) Filing a motion or response to a motion in civil, family, excluding child support, and guardianship cases, $100.

(5) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, $55.

(6) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, $40.

(7) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, $5.

(8) Certificate as to existence or nonexistence of judgments docketed, $5 for each name certified to.

(9) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, $5.
For the filing of each partial, final, or annual account in all trusteeships, $55.

For the deposit of a will, $27.

For recording notary commission, $20.

Filing a motion or response to a motion for modification of child support, a fee of $100.

All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

In addition to any other filing fees under this chapter, a surcharge in the amount of $75 must be assessed in accordance with section 259.52, subdivision 14, for each adoption petition filed in district court to fund the fathers' adoption registry under section 259.52.

The fees in clauses (3) and (5) need not be paid by a public authority or the party the public authority represents.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to filings made on or after that date.

Sec. 20. [611A.212] PROGRAMS FOR SEXUAL ASSAULT PRIMARY PREVENTION.

Subdivision 1. Grants. The commissioner of public safety shall award grants to programs that provide sexual assault primary prevention services to prevent initial perpetration or victimization of sexual assault.

Subd. 2. Applications. Any public or private nonprofit agency may apply to the commissioner for a grant. The commissioner may give preference to applications from an agency receiving a grant from the programs for victims of sexual assault under Minnesota Statutes, section 611A.211. The application shall be submitted in a form approved by the commissioner.

Subd. 3. Duties of grantees. Every public or private nonprofit agency that receives a grant to provide sexual assault primary prevention services shall comply with rules of the commissioner related to the administration of the grant programs.

Subd. 4. Sexual assault. For the purpose of this section, "sexual assault" means a violation of Minnesota Statutes, sections 609.342 to 609.3453.

Sec. 21. Laws 2013, chapter 86, article 1, section 7, is amended to read:

Sec. 7. TAX COURT $1,023,000 $1,035,000

(a) Additional Resources

$161,000 each year is for two law clerks, continuing legal education costs, and Westlaw costs operating expenses. Any amount not expended in the first year does not cancel and is available in the second year.

(b) Case Management System

$25,000 each year is for the implementation and maintenance of a modern case management system.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.
Sec. 22. Laws 2013, chapter 86, article 1, section 9, is amended to read:

Sec. 9. BOARD ON JUDICIAL STANDARDS

(a) Deficiencies

$300,000 the first year is for deficiencies occurring in fiscal year 2013. This appropriation is available for expenditure the day following final enactment.

(b) Major Disciplinary Actions

$125,000 each year is for special investigative and hearing costs for major disciplinary actions undertaken by the board. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

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

Sec. 23. LIFESAVER GRANT PROGRAM.

Subd. 1. Grant program. The commissioner of public safety shall establish a lifesaver grant program to assist local law enforcement agencies with the costs of developing lifesaver rapid response programs designed to quickly find individuals with medical conditions that cause wandering and result in many of these individuals becoming lost and missing. The search and rescue program must electronically track a lost or missing vulnerable senior citizen or an individual who is mentally impaired due to autism, Down Syndrome, Alzheimer's disease, or other mental impairment that causes wandering. The lifesaver program participant wears a small transmitter on the wrist to allow the local law enforcement agency to electronically locate the participant, if necessary, using a radio receiver. Grants may be awarded to new and existing programs. The commissioner shall administer and promote the grant program throughout the state and serve as liaison to lifesaver programs.

Subd. 2. Application; eligibility. A county law enforcement agency or two or more county, or county and city law enforcement agencies may apply to the commissioner for a grant in a form and manner established by the commissioner. The application must include:

(1) an estimate of the number of people who might qualify for lifesaver assistance;

(2) an estimate of the start-up cost for new programs or expansion costs for existing programs;

(3) a statement of the number of personnel available for tracking lost persons;

(4) a statement of available local funding sources; and

(5) other information requested by the commissioner.

Subd. 3. Grant awards. To the extent funds are available, the commissioner may award, on a first-come, first-served basis, grants of up to $4,000 to eligible applicants to develop a new lifesaver program and up to $2,000 to eligible applicants to expand an existing program. Recipients developing a new lifesaver program shall be given priority over recipients expanding an existing program. Grant recipients must be located throughout the state to the extent feasible and consistent with this section.
Subd. 4. Uses of grant award. (a) A grant recipient may use an award only for the following:

(1) to purchase emergency response kits, which shall include, at a minimum, equipment necessary to track and triangulate searches, transmitters, receivers, or any other related equipment; and

(2) to train search personnel.

(b) A grant recipient shall manage and provide for the operating costs of the lifesaver program after its initial development or expansion based on whether the grant is to develop a new program or expand an existing program.

Subd. 5. Report by local agencies. A grant recipient shall file a report with the commissioner itemizing the expenditures made to develop or expand its lifesaver program and how the recipient will provide for continued operating costs of the program.

ARTICLE 2
COURTS

Section 1. Minnesota Statutes 2014, section 253B.08, subdivision 2a, is amended to read:

Subd. 2a. Place of hearing. The hearing shall be conducted in a manner consistent with orderly procedure. The hearing shall be held at a courtroom meeting standards prescribed by local court rule which may be at a treatment facility. The hearing may be conducted by interactive video conference under General Rules of Practice, rule 131, and Minnesota Rules of Civil Commitment, rule 14.

Sec. 2. Minnesota Statutes 2014, section 253B.12, subdivision 2a, is amended to read:

Subd. 2a. Time and place for hearing. (a) Unless the proceedings are terminated under subdivision 1, paragraph (e), a review hearing must be held within 14 days after receipt by the committing court of the report required under subdivision 1, paragraph (c) or (d), and before the time the commitment expires. For good cause shown, the court may continue the hearing for up to an additional 14 days and extend any orders until the review hearing is held.

(b) The patient, the patient's counsel, the petitioner, and other persons as the court directs must be given at least five days' notice of the time and place of the hearing. The hearing may be conducted by interactive video conference under General Rules of Practice, rule 131, and Minnesota Rules of Civil Commitment, rule 14.

Sec. 3. Minnesota Statutes 2014, section 253D.28, subdivision 2, is amended to read:

Subd. 2. Procedure. (a) The Supreme Court shall refer a petition for rehearing and reconsideration to the chief judge of the judicial appeal panel. The chief judge shall notify the committed person, the county attorneys of the county of commitment and county of financial responsibility, the commissioner, the executive director, any interested person, and other persons the chief judge designates, of the time and place of the hearing on the petition. The notice shall be given at least 14 days prior to the date of the hearing. The hearing may be conducted by interactive video conference under General Rules of Practice, rule 131, and Minnesota Rules of Civil Commitment, rule 14.

(b) Any person may oppose the petition. The committed person, the committed person's counsel, the county attorneys of the committing county and county of financial responsibility, and the commissioner shall participate as parties to the proceeding pending before the judicial appeal panel and shall, no later than 20 days before the hearing on the petition, inform the judicial appeal panel and the opposing party in writing whether they support or oppose the petition and provide a summary of facts in support of their position.
(c) The judicial appeal panel may appoint examiners and may adjourn the hearing from time to time. It shall hear and receive all relevant testimony and evidence and make a record of all proceedings. The committed person, the committed person's counsel, and the county attorney of the committing county or the county of financial responsibility have the right to be present and may present and cross-examine all witnesses and offer a factual and legal basis in support of their positions.

(d) The petitioning party seeking discharge or provisional discharge bears the burden of going forward with the evidence, which means presenting a prima facie case with competent evidence to show that the person is entitled to the requested relief. If the petitioning party has met this burden, the party opposing discharge or provisional discharge bears the burden of proof by clear and convincing evidence that the discharge or provisional discharge should be denied.

(e) A party seeking transfer under section 253D.29 must establish by a preponderance of the evidence that the transfer is appropriate.

Sec. 4. Minnesota Statutes 2014, section 486.10, subdivision 2, is amended to read:

Subd. 2. Disclosure; court reporter requirements; objections. (a) The existence of a contract or an exclusive agreement with a court reporter or court reporting firm for court reporting services must be disclosed as provided by this paragraph. Written notice of a contract or agreement must be included in the notice of taking deposition or the notice of legal proceeding before commencement of a legal proceeding at which court reporting services are being provided. Oral disclosure of a contract or agreement must be made on the record by the court reporter at the commencement of the legal proceeding.

(b) A freelance court reporter or court reporting firm:

(1) shall treat all parties to an action equally, providing comparable services to all parties;

(2) shall charge the same rate for copies of the same transcript to all parties according to Minnesota Rules of Civil Procedure, rule 30.06;

(3) may not act as an advocate for any party or act partially to any party to an action; and

(4) shall comply with all state and federal court rules that govern the activities of court reporters.

(c) An attorney shall state the reason for the objection to the provision of court reporting services by a freelance court reporter or court reporting firm and shall note the objection and the reason on the record.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to legal proceedings commencing on or after that date.

Sec. 5. Minnesota Statutes 2014, section 486.10, subdivision 3, is amended to read:

Subd. 3. Remedies. Through objection by a party to the proceedings and upon the court's or presiding officer's learning determination of a violation of subdivision 2, paragraph (a), the court or presiding officer may: (1) declare that the record for which the court reporting services were provided is void and may order that the legal proceeding be reconducted; or (2) impose sanctions against the party violating subdivision 2, paragraph (a), including civil contempt of court, costs, and reasonable attorney fees resulting from the violation. If the legal proceedings are reconducted, the parties who violate subdivision 2, paragraph (a), are jointly and severally liable for costs associated with reconducting the legal proceeding and preparing the new record. Costs include, but are not limited to, attorney, witness, and freelance court reporter appearance and transcript fees.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to legal proceedings commencing on or after that date.
ARTICLE 3
PUBLIC SAFETY

Section 1. Minnesota Statutes 2014, section 5B.11, is amended to read:

5B.11 LEGAL PROCEEDINGS; PROTECTIVE ORDER.

If a program participant is involved in a legal proceeding as a party or witness, if a program participant's address is protected under section 5B.05, no person or entity shall be compelled to disclose the participant's actual address during the discovery phase of or during a proceeding before a court or other tribunal unless the court or tribunal finds that:

(1) there is a reasonable belief that the address is needed to obtain information or evidence without which the investigation, prosecution, or litigation cannot proceed; and

(2) there is no other practicable way of obtaining the information or evidence.

The court must provide the program participant with notice that address disclosure is sought and an opportunity to present evidence regarding the potential harm to the safety of the program participant if the address is disclosed. In determining whether to compel disclosure, the court must consider whether the potential harm to the safety of the participant is outweighed by the interest in disclosure. In a criminal proceeding, the court must order disclosure of a program participant's address if protecting the address would violate a defendant's constitutional right to confront a witness.

Disclosure of a participant's actual address under this section shall be limited under the terms of the order to ensure that the disclosure and dissemination of the actual address will be no wider than necessary for the purposes of the investigation, prosecution, or litigation.

Nothing in this section prevents the court or other tribunal may issue from issuing a protective order to prevent disclosure of information other than the participant's actual address that could reasonably lead to the discovery of the program participant's location.

Sec. 2. Minnesota Statutes 2014, section 13.03, subdivision 6, is amended to read:

Subd. 6. Discoverability of not public data. If a government entity opposes discovery of government data or release of data pursuant to court order on the grounds that the data are classified as not public, the party that seeks access to the data may bring before the appropriate presiding judicial officer, arbitrator, or administrative law judge an action to compel discovery or an action in the nature of an action to compel discovery.

The presiding officer shall first decide whether the data are discoverable or releasable pursuant to the rules of evidence and of criminal, civil, or administrative procedure appropriate to the action.

If the data are discoverable the presiding officer shall decide whether the benefit to the party seeking access to the data outweighs any harm to the confidentiality interests of the entity maintaining the data, or of any person who has provided the data or who is the subject of the data, or to the privacy interest of an individual identified in the data. In making the decision, the presiding officer shall consider whether notice to the subject of the data is warranted and, if warranted, what type of notice must be given. The presiding officer may fashion and issue any protective orders necessary to assure proper handling of the data by the parties. If the data are a videotape of a child victim or alleged victim alleging, explaining, denying, or describing an act of physical or sexual abuse, the presiding officer shall consider the provisions of section 611A.90, subdivision 2, paragraph (b). If the data are data subject to the protections under chapter 5B or section 13.045, the presiding officer shall consider the provisions of section 5B.11.
Sec. 3. Minnesota Statutes 2014, section 97A.421, is amended by adding a subdivision to read:

Subd. 3a. License revocation after conviction; firearm suppressor. (a) A person who is convicted of a violation under paragraph (b) and possessed a firearm with a suppressor 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 of:

(1) trespass as provided in section 97A.315, subdivision 1, paragraph (b);

(2) hunting game in closed season;

(3) hunting game more than one-half hour before legal shooting hours or more than one-half hour after legal shooting hours; or

(4) using artificial lights to spot, locate, or take wild animals while in possession of a firearm.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2014, section 168A.1501, subdivision 1, is amended to read:

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

(b) "Law enforcement agency" or "agency" means a duly authorized municipal, county, state, or federal law enforcement agency.

(c) "Person" means an individual, partnership, limited partnership, limited liability company, corporation, or other entity.

(d) "Scrap vehicle" means a motor vehicle purchased primarily as scrap, for its reuse or recycling value as raw metal, or for dismantling for parts.

(e) "Scrap vehicle operator" or "operator" means the following persons who engage in a transaction involving the purchase or acquisition of a scrap vehicle: scrap metal processors licensed under section 168.27, subdivision 1a, paragraph (c); used vehicle parts dealers licensed under section 168.27, subdivision 1a, paragraph (d); scrap metal dealers under section 325E.21; and junk yards under section 471.925.

(f) "Interchange file specification format" means the most recent version of the Minneapolis automated property system interchange file specification format.

(g) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

(h) "Proof of identification" means a driver's license, Minnesota identification card number, or other identification document issued for identification purposes by any state, federal, or foreign government if the document includes the person's photograph, full name, birth date, and signature.

(i) "Seller" means any seller, prospective seller, or agent of the seller.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 5. Minnesota Statutes 2014, section 168A.1501, subdivision 6, is amended to read:

Subd. 6. Additional reporting. In addition to the requirements under subdivision 5 if applicable, the following entities must submit information on the purchase or acquisition of a scrap vehicle to the National Motor Vehicle Title Information System, established pursuant to United States Code, title 49, section 30502, by the close of business the following day:

(1) an operator who is not licensed under section 168.27; and

(2) an operator who purchases a scrap vehicle under subdivision 9.

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

Sec. 6. Minnesota Statutes 2014, section 169.98, is amended by adding a subdivision to read:

Subd. 3a. Bondsman or bail enforcement agent vehicle. All motor vehicles that are used by a bondsman or bail enforcement agent as defined in section 626.88, subdivision 1, paragraph (d), may have any color other than those specified in subdivision 1 for law enforcement vehicles. A bondsman or bail enforcement agent may not display markings on the vehicle in the form of a police shield, star, or any similar emblem that is typically associated with a marked law enforcement vehicle.

Sec. 7. Minnesota Statutes 2014, section 299A.73, subdivision 2, is amended to read:

Subd. 2. Applications. Applications for a grant-in-aid shall be made by the administering agency to the commissioner.

The grant-in-aid is contingent upon the agency having obtained from the community in which the youth intervention program is established local matching money two times equal to the amount of the grant that is sought. The matching requirement is intended to leverage the investment of state and community dollars in supporting the efforts of the grantees to provide early intervention services to youth and their families.

The commissioner shall provide the application form, procedures for making application form, criteria for review of the application, and kinds of contributions in addition to cash that qualify as local matching money. No grant to any agency may exceed $50,000.

Sec. 8. Minnesota Statutes 2014, section 299C.35, is amended to read:

299C.35 BUREAU TO BROADCAST CRIMINAL INFORMATION.

It shall be the duty of the bureau to broadcast all police dispatches and reports submitted which, in the opinion of the superintendent, shall have a reasonable relation to or connection with the apprehension of criminals, the prevention of crime, and the maintenance of peace and order throughout the state. Every sheriff, peace officer, or other person employing a radio receiving set under the provisions of sections 299C.30 to 299C.38 shall make report reports to the bureau at such times and containing such information as the superintendent shall direct.

Sec. 9. Minnesota Statutes 2014, section 299C.38, is amended to read:

299C.38 PRIORITY OF POLICE COMMUNICATIONS; MISDEMEANOR.

Any telegraph or telephone operator who shall fail to give priority to police messages or calls as provided in sections 299C.30 to 299C.38, and Any person who willfully makes any false, misleading, or unfounded report to any broadcasting station established thereunder public safety answering point for the purpose of interfering with the operation thereof, or with the intention of misleading any officer of this state, shall be guilty of a misdemeanor.
Sec. 10. Minnesota Statutes 2014, section 299C.46, subdivision 2, is amended to read:

Subd. 2. **Criminal justice agency defined.** For the purposes of sections 299C.46 to 299C.49 and 299C.48, "criminal justice agency" means an agency of the state or a political subdivision or the federal government charged with detection, enforcement, prosecution, adjudication or incarceration in respect to the criminal or traffic laws of this state. This definition also includes all sites identified and licensed as a detention facility by the commissioner of corrections under section 241.021 and those federal agencies that serve part or all of the state from an office located outside the state.

Sec. 11. Minnesota Statutes 2014, section 299C.46, subdivision 2a, is amended to read:

Subd. 2a. **Noncriminal justice agency defined.** For the purposes of sections 299C.46 to 299C.49 and 299C.48, "noncriminal justice agency" means an agency of the state or a political subdivision of the state charged with the responsibility of performing checks of state databases connected to the criminal justice data communications network.

Sec. 12. Minnesota Statutes 2014, section 325E.21, subdivision 1, is amended to read:

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

(b) "Law enforcement agency" or "agency" means a duly authorized municipal, county, state, or federal law enforcement agency.

(c) "Person" means an individual, partnership, limited partnership, limited liability company, corporation, or other entity.

(d) "Scrap metal" means:

1. wire and cable commonly and customarily used by communication and electric utilities; and
2. copper, aluminum, or any other metal purchased primarily for its reuse or recycling value as raw metal, including metal that is combined with other materials at the time of purchase, but does not include a scrap vehicle as defined in section 168A.1501, subdivision 1.

(e) "Scrap metal dealer" or "dealer" means a person engaged in the business of buying or selling scrap metal, or both. The terms do not include a person engaged exclusively in the business of buying or selling new or used motor vehicles, paper or wood products, rags or furniture, or secondhand machinery.

(f) "Interchange file specification format" means the most recent version of the Minneapolis automated property system interchange file specification format.

(g) "Seller" means any seller, prospective seller, or agent of the seller.

(h) (g) "Proof of identification" means a driver's license, Minnesota identification card number, or other identification document issued for identification purposes by any state, federal, or foreign government if the document includes the person's photograph, full name, birth date, and signature.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 13. Minnesota Statutes 2014, section 325E.21, subdivision 2, is amended to read:

Subd. 2. **Retention required.** Records required to be maintained by subdivision 1a or 1b shall be retained by the scrap metal dealer for a period of three years.

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

Sec. 14. Minnesota Statutes 2014, section 325E.21, subdivision 4, is amended to read:

Subd. 4. **Registration required.** (a) Every scrap metal dealer shall register annually with the commissioner.

(b) The scrap metal dealer shall pay to the commissioner of public safety a $50 annual fee.

(c) This subdivision expires February 15, 2016.

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

Sec. 15. Minnesota Statutes 2014, section 352B.011, subdivision 10, is amended to read:

Subd. 10. **Member.** "Member" means:

(1) a State Patrol member currently employed under section 299D.03 by the state, who is a peace officer under section 626.84, and whose salary or compensation is paid out of state funds;

(2) a conservation officer employed under section 97A.201, currently employed by the state, whose salary or compensation is paid out of state funds;

(3) a crime bureau officer who was employed by the crime bureau and was a member of the Highway Patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant under Minnesota Statutes 2009, section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of state funds;

(4) a person who is employed by the state in the Department of Public Safety in a data processing management position with salary or compensation paid from state funds, who was a crime bureau officer covered by the State Patrol retirement plan on August 15, 1987, and who was initially hired in the data processing management position within the department during September 1987, or January 1988, with membership continuing for the duration of the person's employment in that position, whether or not the person has the power of arrest by warrant after August 15, 1987;

(5) a public safety employee who is a peace officer under section 626.84, subdivision 1, paragraph (c), and who is employed by the Division of Alcohol and Gambling Enforcement under section 299L.01;

(6) a Fugitive Apprehension Unit officer after October 31, 2000, who is employed by the Office of Special Investigations of the Department of Corrections and who is a peace officer under section 626.84;

(7) an employee of the Department of Commerce defined as a peace officer in section 626.84, subdivision 1, paragraph (c), who is employed by the Commerce Fraud Bureau under section 45.0135 after January 1, 2005, and who has not attained the mandatory retirement age specified in section 43A.34, subdivision 4; and

(8) an employee of the Department of Public Safety, who is a licensed peace officer under section 626.84, subdivision 1, paragraph (c), and is employed as the statewide coordinator of the Violent Crime Coordinating Council.
Sec. 16. Minnesota Statutes 2014, section 609.02, is amended by adding a subdivision to read:

Subd. 17. **Ammunition.** "Ammunition" means ammunition or cartridge cases, primers, bullets, or propellant powder designed for use in any firearm. Ammunition does not include ornaments, curiosities, or souvenirs constructed from or resembling ammunition or ammunition components that are not operable as ammunition.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 17. Minnesota Statutes 2014, section 609.11, subdivision 9, is amended to read:

Subd. 9. **Applicable offenses.** The crimes for which mandatory minimum sentences shall be served as provided in this section are: murder in the first, second, or third degree; assault in the first, second, or third degree; burglary; kidnapping; false imprisonment; manslaughter in the first or second degree; aggravated robbery; simple robbery; first-degree or aggravated first-degree witness tampering; criminal sexual conduct under the circumstances described in sections 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); and 609.344, subdivision 1, clauses (a) to (e) and (h) to (j); escape from custody; arson in the first, second, or third degree; drive-by shooting under section 609.66, subdivision 1e; stalking under section 609.749, subdivision 3, clause (3); possession or other unlawful use of a firearm or ammunition in violation of section 609.165, subdivision 1b, or 624.713, subdivision 1, clause (2), a felony violation of chapter 152; or any attempt to commit any of these offenses.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 18. Minnesota Statutes 2014, section 609.165, is amended to read:

**609.165 RESTORATION OF CIVIL RIGHTS; POSSESSION OF FIREARMS AND AMMUNITION.**

Subdivision 1. **Restoration.** When a person has been deprived of civil rights by reason of conviction of a crime and is thereafter discharged, such discharge shall restore the person to all civil rights and to full citizenship, with full right to vote and hold office, the same as if such conviction had not taken place, and the order of discharge shall so provide.

Subd. 1a. **Certain convicted felons ineligible to possess firearms or ammunition.** The order of discharge must provide that a person who has been convicted of a crime of violence, as defined in section 624.712, subdivision 5, is not entitled to ship, transport, possess, or receive a firearm or ammunition for the remainder of the person's lifetime. Any person who has received such a discharge and who thereafter has received a relief of disability under United States Code, title 18, section 925, or whose ability to possess firearms and ammunition has been restored under subdivision 1d, shall not be subject to the restrictions of this subdivision.

Subd. 1b. **Violation and penalty.** (a) Any person who has been convicted of a crime of violence, as defined in section 624.712, subdivision 5, and who ships, transports, possesses, or receives a firearm or ammunition, commits a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $30,000, or both.

(b) A conviction and sentencing under this section shall be construed to bar a conviction and sentencing for a violation of section 624.713, subdivision 2.

(c) The criminal penalty in paragraph (a) does not apply to any person who has received a relief of disability under United States Code, title 18, section 925, or whose ability to possess firearms and ammunition has been restored under subdivision 1d.
Subd. 1d. **Judicial restoration of ability to possess firearm firearms and ammunition by felon.** A person prohibited by state law from shipping, transporting, possessing, or receiving a firearm or ammunition because of a conviction or a delinquency adjudication for committing a crime of violence may petition a court to restore the person's ability to possess, receive, ship, or transport firearms and otherwise deal with firearms and ammunition.

The court may grant the relief sought if the person shows good cause to do so and the person has been released from physical confinement.

If a petition is denied, the person may not file another petition until three years have elapsed without the permission of the court.

Subd. 2. **Discharge.** The discharge may be:

(1) by order of the court following stay of sentence or stay of execution of sentence; or

(2) upon expiration of sentence.

Subd. 3. **Applicability.** This section does not apply to a forfeiture of and disqualification for public office as provided in section 609.42, subdivision 2.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 19. Minnesota Statutes 2014, section 609.66, subdivision 1a, is amended to read:

Subd. 1a. **Felony crimes; silencers prohibited suppressors; reckless discharge.** (a) Except as otherwise provided in subdivision 1h, whoever does any of the following is guilty of a felony and may be sentenced as provided in paragraph (b):

(1) sells or has in possession any device designed to silence or muffle the discharge of a firearm a suppressor that is not lawfully possessed under federal law;

(2) intentionally discharges a firearm under circumstances that endanger the safety of another; or

(3) recklessly discharges a firearm within a municipality.

(b) A person convicted under paragraph (a) may be sentenced as follows:

(1) if the act was a violation of paragraph (a), clause (2), or if the act was a violation of paragraph (a), clause (1) or (3), and was committed in a public housing zone, as defined in section 152.01, subdivision 19, a school zone, as defined in section 152.01, subdivision 14a, or a park zone, as defined in section 152.01, subdivision 12a, to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both; or

(2) otherwise, to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both.

(c) As used in this subdivision, "suppressor" means any device for silencing, muffling, or diminishing the report of a portable firearm, including any combination of parts, designed or redesigned, and intended for use in assembling or fabricating a firearm silencer or firearm muffler, and any part intended only for use in such assembly or fabrication.
Sec. 20. Minnesota Statutes 2014, section 609.66, subdivision 1g, is amended to read:

Subd. 1g. **Felony; possession in courthouse or certain state buildings.** (a) A person who commits either of the following acts is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both:

(1) possesses a dangerous weapon, ammunition, or explosives within any courthouse complex; or

(2) possesses a dangerous weapon, ammunition, or explosives in any state building within the Capitol Area described in chapter 15B, other than the National Guard Armory.

(b) Unless a person is otherwise prohibited or restricted by other law to possess a dangerous weapon, this subdivision does not apply to:

(1) licensed peace officers or military personnel who are performing official duties;

(2) persons who carry pistols according to the terms of a permit issued under section 624.714 and who so notify the sheriff or the commissioner of public safety, as appropriate;

(3) persons who possess dangerous weapons for the purpose of display as demonstrative evidence during testimony at a trial or hearing or exhibition in compliance with advance notice and safety guidelines set by the sheriff or the commissioner of public safety; or

(4) persons who possess dangerous weapons in a courthouse complex with the express consent of the county sheriff or who possess dangerous weapons in a state building with the express consent of the commissioner of public safety.

(c) For purposes of this subdivision, the issuance of a permit to carry under section 624.714 constitutes notification of the commissioner of public safety as required under paragraph (b), clause (2).

Sec. 21. Minnesota Statutes 2014, section 611A.31, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For the purposes of sections 611A.31 to 611A.36, the following terms have the meanings given.

Sec. 22. Minnesota Statutes 2014, section 611A.33, is amended to read:

**611A.33 DUTIES OF COMMISSIONER.** The commissioner shall:

(1) review applications for and award grants to a program pursuant to section 611A.32, subdivision 1;

(2) appoint a program director to perform the duties set forth in section 611A.35;

(3) design and implement a uniform method of collecting data on domestic abuse victims to be used to evaluate the programs funded under section 611A.32;

(4) provide technical aid to applicants in the development of grant requests and provide technical aid to programs in meeting the data collection requirements established by the commissioner; and

(5) adopt, under chapter 14, all rules necessary to implement the provisions of sections 611A.31 to 611A.36.
Sec. 23. Minnesota Statutes 2014, section 611A.35, is amended to read:

611A.35 DOMESTIC ABUSE PROGRAM DIRECTOR. The commissioner shall appoint a program director. The program director shall administer the funds appropriated for sections 611A.31 to 611A.36 611A.35 and perform other duties related to battered women's and domestic abuse programs as the commissioner may assign. The program director shall serve at the pleasure of the commissioner in the unclassified service.

Sec. 24. Minnesota Statutes 2014, section 624.71, is amended to read:

624.71 GUN CONTROL; APPLICATION OF FEDERAL LAW.

Subdivision 1. Application. Notwithstanding any other law to the contrary, it shall be lawful for any federally licensed importer, manufacturer, dealer, or collector to sell and deliver firearms and ammunition to a resident of a contiguous any state in any instance where such sale and delivery is lawful under the federal Gun Control Act of 1968 (Public Law 90-618).

Subd. 2. Contiguous state purchases. Notwithstanding any other law to the contrary, it shall be lawful for a resident of Minnesota to purchase firearms and ammunition in a contiguous any state in any instance where such sale and delivery is lawful under the federal Gun Control Act of 1968 (Public Law 90-618).

Sec. 25. Minnesota Statutes 2015, section 624.712, is amended by adding a subdivision to read:

Subd. 12. Ammunition. "Ammunition" has the meaning given in section 609.02, subdivision 17.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 26. Minnesota Statutes 2014, section 624.713, subdivision 1, is amended to read:

Subdivision 1. Ineligible persons. The following persons shall not be entitled to possess ammunition or a pistol or semiautomatic military-style assault weapon or, except for clause (1), any other firearm:

(1) a person under the age of 18 years except that a person under 18 may possess ammunition designed for use in a firearm that the person may lawfully possess and may carry or possess a pistol or semiautomatic military-style assault weapon (i) in the actual presence or under the direct supervision of the person's parent or guardian, (ii) for the purpose of military drill under the auspices of a legally recognized military organization and under competent supervision, (iii) for the purpose of instruction, competition, or target practice on a firing range approved by the chief of police or county sheriff in whose jurisdiction the range is located and under direct supervision; or (iv) if the person has successfully completed a course designed to teach marksmanship and safety with a pistol or semiautomatic military-style assault weapon and approved by the commissioner of natural resources;

(2) except as otherwise provided in clause (9), a person who has been convicted of, or adjudicated delinquent or convicted as an extended jurisdiction juvenile for committing, in this state or elsewhere, a crime of violence. For purposes of this section, crime of violence includes crimes in other states or jurisdictions which would have been crimes of violence as herein defined if they had been committed in this state;

(3) a person who is or has ever been committed in Minnesota or elsewhere by a judicial determination that the person is mentally ill, developmentally disabled, or mentally ill and dangerous to the public, as defined in section 253B.02, to a treatment facility, or who has ever been found incompetent to stand trial or not guilty by reason of mental illness, unless the person's ability to possess a firearm and ammunition has been restored under subdivision 4;
(4) a person who has been convicted in Minnesota or elsewhere of a misdemeanor or gross misdemeanor violation of chapter 152, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other such violation of chapter 152 or a similar law of another state; or a person who is or has ever been convicted by a judicial determination for treatment for the habitual use of a controlled substance or marijuana, as defined in sections 152.01 and 152.02, unless the person's ability to possess a firearm and ammunition has been restored under subdivision 4;

(5) a person who has been committed to a treatment facility in Minnesota or elsewhere by a judicial determination that the person is chemically dependent as defined in section 253B.02, unless the person has completed treatment or the person's ability to possess a firearm and ammunition has been restored under subdivision 4. Property rights may not be abated but access may be restricted by the courts;

(6) a peace officer who is informally admitted to a treatment facility pursuant to section 253B.04 for chemical dependency, unless the officer possesses a certificate from the head of the treatment facility discharging or provisionally discharging the officer from the treatment facility. Property rights may not be abated but access may be restricted by the courts;

(7) a person, including a person under the jurisdiction of the juvenile court, who has been charged with committing a crime of violence and has been placed in a pretrial diversion program by the court before disposition, until the person has completed the diversion program and the charge of committing the crime of violence has been dismissed;

(8) except as otherwise provided in clause (9), a person who has been convicted in another state of committing an offense similar to the offense described in section 609.224, subdivision 3, against a family or household member or section 609.2242, subdivision 3, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224, subdivision 3, or 609.2242, subdivision 3, or a similar law of another state;

(9) a person who has been convicted in this state or elsewhere of assaulting a family or household member and who was found by the court to have used a firearm in any way during commission of the assault is prohibited from possessing any type of firearm or ammunition for the period determined by the sentencing court;

(10) a person who:

(i) has been convicted in any court of a crime punishable by imprisonment for a term exceeding one year;

(ii) is a fugitive from justice as a result of having fled from any state to avoid prosecution for a crime or to avoid giving testimony in any criminal proceeding;

(iii) is an unlawful user of any controlled substance as defined in chapter 152;

(iv) has been judicially committed to a treatment facility in Minnesota or elsewhere as a person who is mentally ill, developmentally disabled, or mentally ill and dangerous to the public, as defined in section 253B.02;

(v) is an alien who is illegally or unlawfully in the United States;

(vi) has been discharged from the armed forces of the United States under dishonorable conditions;

(vii) has renounced the person's citizenship having been a citizen of the United States; or

(viii) is disqualified from possessing a firearm under United States Code, title 18, section 922(g)(8) or (9), as amended through March 1, 2014;
(11) a person who has been convicted of the following offenses at the gross misdemeanor level, unless three 
years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other 
violation of these sections: section 609.229 (crimes committed for the benefit of a gang); 609.2231, subdivision 4 
(assaults motivated by bias); 609.255 (false imprisonment); 609.378 (neglect or endangerment of a child); 609.582, 
subdivision 4 (burglary in the fourth degree); 609.665 (setting a spring gun); 609.71 (riot); or 609.749 (stalking). 
For purposes of this paragraph, the specified gross misdemeanor convictions include crimes committed in other 
states or jurisdictions which would have been gross misdemeanors if conviction occurred in this state;

(12) a person who has been convicted of a violation of section 609.224 if the court determined that the assault 
was against a family or household member in accordance with section 609.2242, subdivision 8 (domestic assault), 
unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted 
of another violation of section 609.224 or a violation of a section listed in clause (11); or

(13) a person who is subject to an order for protection as described in section 260C.201, subdivision 3, 
paragraph (d), or 518B.01, subdivision 6, paragraph (g).

A person who issues a certificate pursuant to this section in good faith is not liable for damages resulting or 
arising from the actions or misconduct with a firearm or ammunition committed by the individual who is the subject 
of the certificate.

The prohibition in this subdivision relating to the possession of firearms other than pistols and semiautomatic 
military-style assault weapons does not apply retroactively to persons who are prohibited from possessing a pistol or 
semiautomatic military-style assault weapon under this subdivision before August 1, 1994.

The lifetime prohibition on possessing, receiving, shipping, or transporting firearms and ammunition for persons 
convicted or adjudicated delinquent of a crime of violence in clause (2), applies only to offenders who are 
discharged from sentence or court supervision for a crime of violence on or after August 1, 1993.

For purposes of this section, "judicial determination" means a court proceeding pursuant to sections 253B.07 to 
253B.09 or a comparable law from another state.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.
(c) A person named in any other clause of subdivision 1 who possesses any type of firearm or ammunition is guilty of a gross misdemeanor.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 29. Minnesota Statutes 2014, section 624.713, subdivision 3, is amended to read:

Subd. 3. Notice. (a) When a person is convicted of, or adjudicated delinquent or convicted as an extended jurisdiction juvenile for committing, a crime of violence as defined in section 624.712, subdivision 5, the court shall inform the defendant that the defendant is prohibited from possessing ammunition or a pistol or semiautomatic military-style assault weapon for the remainder of the person’s lifetime, and that it is a felony offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the ammunition or pistol or semiautomatic military-style assault weapon possession prohibition or the felony penalty to that defendant.

(b) When a person, including a person under the jurisdiction of the juvenile court, is charged with committing a crime of violence and is placed in a pretrial diversion program by the court before disposition, the court shall inform the defendant that: (1) the defendant is prohibited from possessing a pistol or semiautomatic military-style assault weapon or ammunition designed for use in a pistol or semiautomatic military-style assault weapon until the person has completed the diversion program and the charge of committing a crime of violence has been dismissed; (2) it is a gross misdemeanor offense to violate this prohibition; and (3) if the defendant violates this condition of participation in the diversion program, the charge of committing a crime of violence may be prosecuted. The failure of the court to provide this information to a defendant does not affect the applicability of the ammunition or pistol or semiautomatic military-style assault weapon possession prohibition or the gross misdemeanor penalty to that defendant.

(c) A court shall notify a person subject to subdivision 1, clause (3), of the prohibitions described in that clause and those described in United States Code, title 18, sections 922(d)(4) and 922(g)(4).

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 30. Minnesota Statutes 2014, section 624.713, subdivision 4, is amended to read:

Subd. 4. Restoration of firearms and ammunition eligibility to civilly committed person; petition authorized. (a) A person who is prohibited from possessing a firearm or ammunition under subdivision 1, due to commitment resulting from a judicial determination that the person is mentally ill, developmentally disabled, mentally ill and dangerous, or chemically dependent, may petition a court to restore the person’s ability to possess a firearm or ammunition.

(b) The court may grant the relief sought in paragraph (a) in accordance with the principles of due process if the circumstances regarding the person’s disqualifying condition and the person’s record and reputation are determined to be such that:

1. the person is not likely to act in a manner that is dangerous to public safety; and
2. the granting of relief would not be contrary to the public interest.

(c) When determining whether a person has met the requirement of paragraph (b), clause (1), the court may consider evidence from a licensed medical doctor or clinical psychologist that the person is no longer suffering from the disease or condition that caused the disability or that the disease or condition has been successfully treated for a period of three consecutive years.
(d) Review on appeal shall be de novo.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 31. [624.7133] PURCHASING FIREARM ON BEHALF OF INELIGIBLE PERSON.

Any person who purchases or otherwise obtains a firearm on behalf of or for transfer to a person known to be ineligible to possess or purchase a firearm pursuant to federal or state law is guilty of a gross misdemeanor.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 32. Minnesota Statutes 2014, section 624.714, subdivision 16, is amended to read:

Subd. 16. **Recognition of permits from other states.** (a) The commissioner must annually establish and publish a list of other states that have laws governing the issuance of permits to carry weapons that are not substantially similar to this section. The list must be available on the Internet. A person holding a carry permit from a state not on the list may use the license or permit in this state subject to the rights, privileges, and requirements of this section.

(b) Notwithstanding paragraph (a), no license or permit from another state is valid in this state if the holder is or becomes prohibited by law from possessing a firearm.

(c) Any sheriff or police chief may file a petition under subdivision 12 seeking an order suspending or revoking an out-of-state permit holder’s authority to carry a pistol in this state on the grounds set forth in subdivision 6, paragraph (a), clause (3). An order shall only be issued if the petitioner meets the burden of proof and criteria set forth in subdivision 12. If the court denies the petition, the court must award the permit holder reasonable costs and expenses including attorney fees. The petition may be filed in any county in the state where a person holding a license or permit from another state can be found.

(d) The commissioner must, when necessary, execute reciprocity agreements regarding carry permits with jurisdictions whose carry permits are recognized under paragraph (a).

Sec. 33. Minnesota Statutes 2014, section 624.715, is amended to read:

624.715 EXEMPTIONS; ANTIQUES AND ORNAMENTS.

Sections 624.713 and 624.714 shall not apply to antique firearms which are carried or possessed as curiosities or for their historical significance or value, or to ammunition or primers, projectiles, or propellant powder designed solely for use in an antique firearm.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 34. [624.7192] AUTHORITY TO SEIZE AND CONFISCATE FIREARMS.

(a) This section applies only during the effective period of a state of emergency proclaimed by the governor relating to a public disorder or disaster.

(b) A peace officer who is acting in the lawful discharge of the officer’s official duties without a warrant may disarm a lawfully detained individual only temporarily and only if the officer reasonably believes it is immediately necessary for the protection of the officer or another individual. Before releasing the individual, the peace officer must return to the individual any seized firearms and ammunition, and components thereof, any firearms accessories
and ammunition reloading equipment and supplies, and any other personal weapons taken from the individual, unless the officer: (1) takes the individual into physical custody for engaging in criminal activity or for observation pursuant to section 253B.05, subdivision 2; or (2) seizes the items as evidence pursuant to an investigation for the commission of the crime for which the individual was arrested.

(c) Notwithstanding any other law to the contrary, no governmental unit, government official, government employee, peace officer, or other person or body acting under governmental authority or color of law may undertake any of the following actions with regard to any firearms and ammunition, and components thereof; any firearms accessories and ammunition reloading equipment and supplies; and any other personal weapons:

(1) prohibit, regulate, or curtail the otherwise lawful possession, carrying, transportation, transfer, defensive use, or other lawful use of any of these items;

(2) seize, commandeer, or confiscate any of these items in any manner, except as expressly authorized in paragraph (b);

(3) suspend or revoke a valid permit issued pursuant to section 624.7131 or 624.714, except as expressly authorized in those sections; or

(4) close or limit the operating hours of businesses that lawfully sell or service any of these items, unless such closing or limitation of hours applies equally to all forms of commerce.

(d) No provision of law relating to a public disorder or disaster emergency proclamation by the governor or any other governmental or quasi-governmental official, including but not limited to emergency management powers pursuant to chapters 9 and 12, shall be construed as authorizing the governor or any other governmental or quasi-governmental official of this state or any of its political subdivisions acting at the direction of the governor or another official to act in violation of this paragraph or paragraphs (b) and (c).

(e)(1) An individual aggrieved by a violation of this section may seek relief in an action at law or in equity or in any other proper proceeding for damages, injunctive relief, or other appropriate redress against a person who commits or causes the commission of this violation. Venue must be in the district court having jurisdiction over the county in which the aggrieved individual resides or in which the violation occurred.

(2) In addition to any other remedy available at law or in equity, an individual aggrieved by the seizure or confiscation of an item listed in paragraph (c) in violation of this section may make application for the immediate return of the items to the office of the clerk of court for the county in which the items were seized and, except as provided in paragraph (b), the court must order the immediate return of the items by the seizing or confiscating governmental office and that office's employed officials.

(3) In an action or proceeding to enforce this section, the court must award the prevailing plaintiff reasonable court costs and expenses, including attorney fees.

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

Sec. 35. Minnesota Statutes 2014, section 626.88, is amended to read:

626.88 UNIFORMS; PEACE OFFICERS, SECURITY GUARDS; COLOR.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given them.
(b) "Peace officer" means an employee of a political subdivision or state law enforcement agency who is licensed pursuant to sections 626.84 to 626.863 charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has full power of arrest, and shall also include Minnesota state troopers, state conservation officers, park police, and University of Minnesota police officers.

(c) "Security guard" means any person who is paid a fee, wage, or salary to perform one or more of the following functions:

(1) prevention or detection of intrusion, unauthorized entry or activity, vandalism, or trespass on private property;

(2) prevention or detection of theft, loss, embezzlement, misappropriation, or concealment of merchandise, money, bonds, stocks, notes, or other valuable documents or papers;

(3) control, regulation, or direction of the flow or movements of the public, whether by vehicle or otherwise, to assure protection of private property;

(4) protection of individuals from bodily harm;

(5) prevention or detection of intrusion, unauthorized entry or activity, vandalism, or trespass on Minnesota National Guard facilities, including, but not limited to, Camp Ripley and Air National Guard air bases; or

(6) enforcement of policies and rules of the security guard's employer related to crime reduction insofar as such enforcement falls within the scope of security guard's duties.

The term "security guard" does not include: (i) auditors, accountants, and accounting personnel performing audits or accounting functions; (ii) employees of a firm licensed pursuant to section 326.3381 whose duties are primarily administrative or clerical in nature; (iii) unarmed security personnel; (iv) personnel temporarily employed pursuant to statute or ordinance by political subdivisions to provide protective services at social functions; (v) employees of air or rail carriers.

(d) "Bail bondsman" or "bail enforcement agent" means a surety acting as a bonding agent or any person who acts at the direction of a surety for the purpose of arresting a defendant that the surety believes:

(1) is about to flee;

(2) will not appear in court as required by the defendant's recognizance; or

(3) will otherwise not perform the conditions of the recognizance.

Subd. 2. Uniforms. (a) Uniforms for peace officers shall be of uniform colors throughout the state as provided herein. Uniforms for:

(1) municipal peace officers, including University of Minnesota peace officers and peace officers assigned to patrol duties in parks, shall be blue, brown, or green;

(2) peace officers who are members of the county sheriffs' office shall be blue, brown, or green;

(3) state troopers shall be maroon;

(4) conservation officers shall be green.
(b) The uniforms of security guards may be any color other than those specified for peace officers.

(c) The uniforms of a bail bondsman or bail enforcement agent or any person who acts at the direction of a surety may be any color other than those specified for peace officers. A violation of this paragraph is a petty misdemeanor.

(d) This subdivision shall apply to uniforms purchased subsequent to January 1, 1981.

Subd. 3. Exception. Security guards employed by the Capitol Complex Security Division of the Department of Public Safety are not required to comply with subdivision 2.

Sec. 36. [626.96] BLUE ALERT SYSTEM.

Subdivision 1. Establishment. The commissioner of public safety shall establish a Blue Alert system to aid in the identification, location, and apprehension of an individual or individuals suspected of killing or seriously wounding a local, state, or federal law enforcement officer. The commissioner shall coordinate with local law enforcement agencies and public and commercial television and radio broadcasters to provide an effective alert system.

Subd. 2. Criteria and procedures. The commissioner, in consultation with the Board of Peace Officer Standards and Training, the Minnesota Police and Peace Officers Association, the Minnesota Chiefs of Police Association, the Minnesota Sheriffs Association, the Minnesota chapter of the National Emergency Number Association, the Minnesota chapter of the Association of Public Safety Communications Officials, and the commissioner of transportation, shall develop criteria and procedures for the Blue Alert system. By October 1, 2015, the commissioner shall adopt criteria and procedures for the Blue Alert system.

Subd. 3. Oversight. The commissioner shall regularly review the function of the Blue Alert system and revise its criteria and procedures to provide for efficient and effective public notification.

Subd. 4. Scope. The Blue Alert system shall include all state and local agencies capable of providing urgent and timely information to the public, together with broadcasters and other private entities that volunteer to participate in the dissemination of urgent public information.

Subd. 5. Additional notice. The commissioner may notify authorities and entities outside of the state upon verification that the criteria established under this section have been met.

Subd. 6. False reports. A person who knowingly makes a false report that triggers an alert under this section is guilty of a misdemeanor.

Sec. 37. STATEWIDE ACCOUNTING OF UNTESTED RAPE KITS.

(a) As used in this section, the following terms have the meanings provided:

(1) "bureau" means the Bureau of Criminal Apprehension;

(2) "forensic laboratory" has the meaning provided in Minnesota Statutes, section 299C.157, subdivision 1, clause (2);

(3) "rape kit" means a sexual assault examination kit;

(4) "superintendent" means the superintendent of the bureau;
(5) "untested rape kit" means a rape kit that has been used to collect evidence and: (i) has not been submitted to the bureau for DNA analysis but has been cleared for testing through the written consent of the victim; or (ii) has been submitted to the bureau for DNA analysis but the analysis has not been completed; and

(6) "victim" has the meaning provided in Minnesota Statutes, section 611A.01, paragraph (b).

(b) By August 1, 2015, the director of the bureau's forensic science division, each executive director of a publicly funded forensic laboratory that tests rape kits, and each sheriff and chief of police must prepare and submit a written report to the superintendent that identifies the number of untested rape kits in the possession of the official's agency or department. The report must be in a form prescribed by the superintendent. At a minimum, each untested rape kit must be identified in the report by the date the evidence was collected and reasons why each untested rape kit was not tested. This report applies only to untested rape kits collected prior to July 1, 2015.

(c) By December 1, 2015, the superintendent must submit a report to the majority leader of the senate, the speaker of the house, and the Office of the Attorney General identifying, by agency and date collected, each untested rape kit disclosed in the reports required by paragraph (b). The report must also provide a detailed plan to resolve any backlog of untested rape kits held by the bureau and other agencies or departments.

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

Sec. 38. **REPEALER.**

(a) Minnesota Statutes 2014, sections 168A.1501, subdivisions 5 and 5a; 299C.36; and 325E.21, subdivisions 1c and 1d, are repealed.

(b) Laws 2014, chapter 190, sections 10; and 11, are repealed.

(c) Minnesota Statutes 2014, sections 97B.031, subdivision 4; and 609.66, subdivision 1h, are repealed.

**EFFECTIVE DATE.** Paragraphs (a) and (b) are effective the day following final enactment. Paragraph (c) is effective August 1, 2015.

**ARTICLE 4**

**FIREFIGHTERS**

Section 1. Minnesota Statutes 2014, section 181.06, subdivision 2, is amended to read:

Subd. 2. **Payroll deductions.** A written contract may be entered into between an employer and an employee wherein the employee authorizes the employer to make payroll deductions for the purpose of paying union dues, premiums of any life insurance, hospitalization and surgical insurance, group accident and health insurance, group term life insurance, group annuities or contributions to credit unions or a community chest fund, a local arts council, a local science council or a local arts and science council, or Minnesota benefit association, a federally or state registered political action committee, membership dues of a relief association governed by sections 424A.091 to 424A.096 or Laws 2013, chapter 111, article 5, sections 31 to 42, or participation in any employee stock purchase plan or savings plan for periods longer than 60 days, including gopher state bonds established under section 16A.645.

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

Sec. 2. Minnesota Statutes 2014, section 181.101, is amended to read:

**181.101 WAGES; HOW OFTEN PAID.**

(a) Except as provided in paragraph (b), every employer must pay all wages earned by an employee at least once every 31 days on a regular payday designated in advance by the employer regardless of whether the employee requests payment at longer intervals. Unless paid earlier, the wages earned during the first half of the first 31-day
pay period become due on the first regular payday following the first day of work. If wages earned are not paid, the commissioner of labor and industry or the commissioner's representative may demand payment on behalf of an employee. If payment is not made within ten days of demand, the commissioner may charge and collect the wages earned and a penalty in the amount of the employee's average daily earnings at the rate agreed upon in the contract of employment, not exceeding 15 days in all, for each day beyond the ten-day limit following the demand. Money collected by the commissioner must be paid to the employee concerned. This section does not prevent an employee from prosecuting a claim for wages. This section does not prevent a school district, other public school entity, or other school, as defined under section 120A.22, from paying any wages earned by its employees during a school year on regular paydays in the manner provided by an applicable contract or collective bargaining agreement, or a personnel policy adopted by the governing board. For purposes of this section, "employee" includes a person who performs agricultural labor as defined in section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an employee works.

(b) An employer of a volunteer firefighter, as defined in section 424A.001, subdivision 10, a member of an organized first responder squad that is formally recognized by a political subdivision in the state, or a volunteer ambulance driver or attendant must pay all wages earned by the volunteer firefighter, first responder, or volunteer ambulance driver or attendant at least once every 31 days, unless the employer and the employee mutually agree upon payment at longer intervals.

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

Sec. 3. Minnesota Statutes 2014, section 299F.012, subdivision 1, is amended to read:

Subdivision 1. **Authorized programs within department.** From the revenues appropriated from the fire safety account, established under section 297I.06, subdivision 3, the commissioner of public safety may expend funds for the activities and programs identified by the advisory committee established under subdivision 2 and recommended to the commissioner of public safety. The commissioner shall not expend funds without the recommendation of the advisory committee established under subdivision 2. These funds are to be used to provide resources needed for identified activities and programs of the Minnesota fire service and to ensure the State Fire Marshal Division responsibilities are fulfilled. Any balance remaining in the account after the first year of the biennium must be appropriated to the commissioner of public safety for the purposes specified in law.

Sec. 4. Minnesota Statutes 2014, section 299N.03, subdivision 3, is amended to read:

Subd. 3. **Chief firefighting officer.** "Chief firefighting officer" means the highest ranking employee or appointed official of a fire department, or the highest ranking employee or appointed official's designee for the purposes of this chapter.

Sec. 5. Minnesota Statutes 2014, section 299N.03, subdivision 5, is amended to read:

Subd. 5. **Full-time firefighter.** A “full-time firefighter” means a person who is employed and charged with the prevention and suppression of fires within the boundaries of the state on a full-time, salaried basis and who is directly engaged in the hazards of firefighting or is in charge of a designated fire company or companies that are directly engaged in the hazards of firefighting. Full-time firefighter does not include a volunteer, part-time, or paid, on-call, paid-on-call firefighter.

Sec. 6. Minnesota Statutes 2014, section 299N.03, subdivision 6, is amended to read:

Subd. 6. **Licensed firefighter.** "Licensed firefighter" means a full-time firefighter, to include a fire department employee, member, supervisor, or appointed official, who is licensed by the board and who is charged with the prevention or suppression of fires within the boundaries of the state. Licensed firefighter may also include a volunteer firefighter.
Sec. 7. Minnesota Statutes 2014, section 299N.03, subdivision 7, is amended to read:

Subd. 7. Volunteer firefighter. A "volunteer firefighter" means a person who is charged with the prevention or suppression of fires within the boundaries of the state on a volunteer, part-time, or paid-on-call basis. Volunteer firefighter does not include a full-time firefighter.

Sec. 8. Minnesota Statutes 2014, section 299N.04, subdivision 3, is amended to read:

Subd. 3. Certain baccalaureate or associate degree holders eligible to take certification examination. A person with a baccalaureate degree, or with an associate degree in applied fire science technology, from an accredited college or university, who has successfully completed the skills-oriented basic training course under subdivision 2, clause (2), is eligible to take the firefighter certification examination notwithstanding the requirements of subdivision 2, clause (1).

Sec. 9. Minnesota Statutes 2014, section 299N.05, subdivision 1, is amended to read:

Subdivision 1. Licensure requirement. A full-time firefighter employed on or after July 1, 2011, by a fire department is not eligible for permanent employment without being licensed as a firefighter by the board.

Sec. 10. Minnesota Statutes 2014, section 299N.05, subdivision 4, is amended to read:

Subd. 4. Newly employed firefighters. Any full-time firefighter employed by a fire department on or after July 1, 2011, must obtain a license from the board. To obtain a license, an individual not covered by subdivision 3 must provide the board with a statement signed by the chief firefighting officer of the fire department that employs the full-time firefighter that the individual has met the certification requirements of section 299N.04.

Sec. 11. Minnesota Statutes 2014, section 299N.05, subdivision 5, is amended to read:

Subd. 5. Issuance of Obtaining a firefighter license. The board shall license any individual who meets the requirements of subdivision 3 or 4. To obtain a license, a firefighter must complete the board application process and meet the requirements of section 299N.04. A license is valid for three years from the date of issuance a three-year period determined by the board, and the fee for the license is $75. Fees under this subdivision may be prorated by the board for licenses issued with a three-year licensure period.

Sec. 12. Minnesota Statutes 2014, section 299N.05, subdivision 6, is amended to read:

Subd. 6. License renewal; expiration and reinstatement. (a) A license shall be renewed so long as the firefighter and the chief firefighting officer provide evidence to the board that the licensed firefighter has had at least 72 hours of approved firefighting training in the previous three-year period preceding three years and the firefighter completes the renewal application. The fee for renewing a firefighter license is $75, and the license is valid for an additional three years.

(b) If a license expires, a firefighter may apply to have it reinstated. In order to receive reinstatement, the firefighter must:

(1) complete a reinstatement application;

(2) satisfy all prior firefighter training requirements;

(3) pay any outstanding renewal fees; and
(4) pay the delayed renewal fee set by the board.

(c) In lieu of a reinstatement application under paragraph (b), a firefighter may complete a new application for licensure under section 299N.04.

Sec. 13. Minnesota Statutes 2014, section 299N.05, subdivision 7, is amended to read:

Subd. 7. Duties of chief firefighting officer. (a) It shall be the duty of every chief firefighting officer to ensure that every full-time firefighter has a license issued by the board beginning July 1, 2011. Each full-time firefighter, volunteer firefighter, and chief firefighting officer may apply for licensure after January 1, 2011.

(b) Every chief firefighting officer, provider, and individual licensee has a duty to ensure proper training records and reports are retained. Records must include, for the three-year period subsequent to the license renewal date:

(1) the dates, subjects, and duration of programs;

(2) sponsoring organizations;

(3) fire training hours earned;

(4) registration receipts to prove attendance at training sessions; and

(5) other pertinent information.

(c) The board may require a licensee, provider, or fire department to provide the information under paragraph (b) to demonstrate compliance with the 72-hour firefighting training requirement under subdivision 6, paragraph (a).

Sec. 14. Minnesota Statutes 2014, section 299N.05, subdivision 8, is amended to read:

Subd. 8. Revocation; suspension; denial. (a) The board may revoke, suspend, or deny a license issued or applied for under this section to a firefighter or applicant if the firefighter or applicant has been convicted of any arson-related charge or a felony recognized by the board as a crime that would disqualify the licensee from participating in the profession of firefighting.

(b) Each applicant, licensee, or fire department must notify the board, in writing, within ten days if the applicant or licensee has been convicted of or pled guilty or nolo contendere to a felony, any arson-related charge, or another offense arising from the same set of circumstances.

Sec. 15. [299N.06] ELIGIBILITY FOR RECIPROCITY EXAMINATION BASED ON RELEVANT MILITARY EXPERIENCE.

(a) For purposes of this section:

(1) "active service" has the meaning given in section 190.05, subdivision 5; and

(2) "relevant military experience" means:

(i) four years' cumulative service experience in a military firefighting occupational specialty;
(ii) two years’ cumulative service experience in a military firefighting occupational specialty, and completion of at least a two-year degree from a regionally accredited postsecondary education institution; or

(iii) four years’ cumulative experience as a full-time firefighter in another state combined with cumulative service experience in a military firefighting occupational specialty.

(b) A person is eligible to take the reciprocity examination and does not have to otherwise meet the requirements of section 299N.04, subdivisions 2 and 3, if the person has:

(1) relevant military experience; and

(2) been honorably discharged from military active service as evidenced by the most recent form DD-214 or is currently in active service, as evidenced by:

(i) active duty orders providing service time in a military firefighting specialty;

(ii) a United States Department of Defense Manpower Data Center status report pursuant to the Service Members Civil Relief Act, active duty status report; or

(iii) Military Personnel Center assignment information.

(c) A person who passed the examination under paragraph (b), clause (2), shall not be eligible to be licensed as a firefighter until honorably discharged as evidenced by the most recent form DD-214.

(d) To receive a firefighter license, a person who passed the reciprocity certification examination must meet the requirements of section 299N.05, subdivision 4.

Sec. 16. REPEALER.

Minnesota Statutes 2014, section 299N.05, subdivision 3, is repealed.

ARTICLE 5
CORRECTIONS

Section 1. Minnesota Statutes 2014, section 43A.241, is amended to read:

43A.241 INSURANCE CONTRIBUTIONS; FORMER CORRECTIONS EMPLOYEES.

(a) This section applies to a person who:

(1) was employed by the commissioner of the Department of Corrections at a state institution under control of the commissioner, and in that employment was a member of the general plan of the Minnesota State Retirement System, or by the Department of Human Services;

(2) was covered by the correctional employee retirement plan under section 352.91 or the general state employees retirement plan of the Minnesota State Retirement System as defined in section 352.021;

(3) while employed under clause (1), was assaulted by an inmate at a state institution under control of the commissioner of the Department of Corrections; and

(i) a person under correctional supervision for a criminal offense; or
(ii) a client or patient at the Minnesota sex offender program, or at a state-operated forensic services program as defined in section 352.91, subdivision 3j, under the control of the commissioner of the Department of Human Services; and

(4) as a direct result of the assault under clause (3), was determined to be totally and permanently physically disabled under laws governing the Minnesota State Retirement System.

(b) For a person to whom this section applies, the commissioner of the Department of Corrections or the commissioner of the Department of Human Services, using existing budget resources, must continue to make the employer contribution for hospital, medical, and dental benefits under the State Employee Group Insurance Program after the person terminates state service. If the person had dependent coverage at the time of terminating state service, employer contributions for dependent coverage also must continue under this section. The employer contributions must be in the amount of the employer contribution for active state employees at the time each payment is made. The employer contributions must continue until the person reaches age 65, provided the person makes the required employee contributions, in the amount required of an active state employee, at the time and in the manner specified by the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a person assaulted by an inmate, client, or patient on or after that date.

Sec. 2. Minnesota Statutes 2014, section 241.88, subdivision 1, is amended to read:

Subdivision 1. Restraint. (a) A representative of a correctional facility may not restrain a woman known to be pregnant unless the representative makes an individualized determination that restraints are reasonably necessary for the legitimate safety and security needs of the woman, correctional staff, other inmates, or the public. If restraints are determined to be necessary, the restraints must be the least restrictive available and the most reasonable under the circumstances.

(b) A representative of a correctional facility may not restrain a woman known to be pregnant while the woman is being transported if the restraint is through the use of waist chains or other devices that cross or otherwise touch the woman's abdomen or handcuffs or other devices that cross or otherwise touch the woman's wrists when affixed behind the woman's back. If used, wrist restraints should be applied in such a way that the pregnant woman may be able to protect herself and her fetus in the event of a forward fall.

(c) A representative of a correctional facility may restrain a woman who is in labor or who has given birth within the preceding three days only if:

(1) there is a substantial flight risk or some other extraordinary medical or security circumstance that dictates restraints be used to ensure the safety and security of the woman, the staff of the correctional or medical facility, other inmates, or the public;

(2) the representative has made an individualized determination that restraints are necessary to prevent escape or injury;

(3) there is no objection from the treating medical care provider; and

(4) the restraints used are the least restrictive type and are used in the least restrictive manner.

(d) Section 645.241 does not apply to this section.

EFFECTIVE DATE. This section is effective July 1, 2015.
Sec. 3. Minnesota Statutes 2014, section 241.88, is amended by adding a subdivision to read:

Subd. 3. **Required annual report.** By February 15 of each year, the commissioner shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on the use of restraints on pregnant women, women in labor, and women who have given birth in the preceding three days, who are incarcerated in state and local correctional facilities during the preceding calendar year. For reporting purposes, the use of restraints does not include use of handcuffs on the front of the body of a pregnant woman.

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

Sec. 4. Minnesota Statutes 2014, section 241.89, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** This section applies only to a woman:

(1) incarcerated following conviction; and or

(2) incarcerated before conviction beyond the period specified for the woman's initial appearance before the court in Rules of Criminal Procedure, rules 3.02, 4.01, and 4.02.

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

Sec. 5. Minnesota Statutes 2014, section 241.89, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) The head of each correctional facility shall ensure that every woman incarcerated at the facility:

(1) is tested for pregnancy on or before day 14 of incarceration, if under 50 years of age unless the inmate refuses the test;

(2) if pregnant and agrees to testing, is tested for sexually transmitted diseases, including HIV, is provided the prevailing standard of care or current practice by the medical care provider's peer group;

(3) if pregnant or has given birth in the past six weeks, is provided appropriate educational materials and resources related to pregnancy, childbirth, breastfeeding, and parenting;

(4) if pregnant or has given birth in the past six weeks, has access to doula services if these services are provided by a certified doula without charge to the correctional facility or the incarcerated woman pays for the certified doula services;

(5) if pregnant or has given birth in the past six months, has access to a mental health assessment and, if necessary, treatment;

(6) if pregnant or has given birth in the past six months and determined to be suffering from a mental illness, has access to evidence-based mental health treatment including psychotropic medication;

(7) if pregnant or has given birth in the past six months and determined to be suffering from postpartum depression, has access to evidence-based therapeutic care for the depression; and

(8) if pregnant or has given birth in the past six months, is advised, orally or in writing, of applicable laws and policies governing incarcerated pregnant women.
(b) The commissioner of corrections, in consultation with the commissioner of health, may award grants to nonprofit organizations to provide access to doula services by a certified doula in accordance with paragraph (a), clause (4).

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

Sec. 6. Minnesota Statutes 2014, section 244.05, is amended by adding a subdivision to read:

**Subd. 1d. Electronic surveillance.** (a) If the commissioner orders electronic surveillance of an inmate placed on supervised release, the commissioner may require that the inmate be kept in custody, or that the inmate's probation agent, or the agent's designee, directly supervise the offender until electronic surveillance is activated.

(b) It is the responsibility of the inmate placed on electronic surveillance to ensure that the inmate's residence is properly equipped and the inmate's telecommunications system is properly configured to support electronic surveillance prior to being released from custody or the direct supervision of a probation agent. An inmate who fails to comply with this paragraph may be found in violation of the inmate's conditions of release after a revocation hearing.

Sec. 7. Minnesota Statutes 2014, section 244.15, subdivision 6, is amended to read:

**Subd. 6. Electronic surveillance.** (a) During any phase, the offender may be placed on electronic surveillance if the intensive supervision agent so directs. If electronic surveillance is directed during phase I, the commissioner must require that the inmate be kept in custody, or that the inmate's intensive supervised release agent, or the agent's designee, directly supervise the offender until electronic surveillance is activated.

(b) It is the responsibility of the inmate placed on electronic surveillance to ensure that the inmate's residence is properly equipped and the inmate's telecommunications system is properly configured to support electronic surveillance prior to being released from custody or the direct supervision of an intensive supervised release agent. An inmate who fails to comply with this paragraph may be found in violation of the inmate's conditions of release after a revocation hearing.

Sec. 8. Minnesota Statutes 2014, section 260B.198, is amended by adding a subdivision to read:

**Subd. 13. Electronic surveillance.** (a) If a court orders a juvenile adjudicated delinquent to serve any portion of the juvenile's disposition on electronic surveillance, the court may require that the juvenile be kept in custody, or that the juvenile's probation agent directly supervise the juvenile until electronic surveillance is activated.

(b) It is the responsibility of the parent or guardian of the juvenile placed on electronic surveillance to ensure that the juvenile's residence is properly equipped and the residence's telecommunications system is properly configured to support electronic surveillance prior to the juvenile being released from custody or the direct supervision of a probation agent.

Sec. 9. Minnesota Statutes 2014, section 401.10, subdivision 1, is amended to read:

**Subdivision 1. Aid calculations.** To determine the community corrections aid amount to be paid to each participating county, the commissioner of corrections must apply the following formula:

(1) For each of the 87 counties in the state, a percent score must be calculated for each of the following five factors:
(i) percent of the total state population aged ten to 24 residing within the county according to the most recent federal census, and, in the intervening years between the taking of the federal census, according to the most recent estimate of the state demographer;

(ii) percent of the statewide total number of felony case filings occurring within the county, as determined by the state court administrator;

(iii) percent of the statewide total number of juvenile case filings occurring within the county, as determined by the state court administrator;

(iv) percent of the statewide total number of gross misdemeanor case filings occurring within the county, as determined by the state court administrator; and

(v) percent of the total statewide number of convicted felony offenders who did not receive an executed prison sentence, as monitored and reported by the Sentencing Guidelines Commission.

The percents in items (ii) to (v) must be calculated by combining the most recent three-year period of available data. The percents in items (i) to (v) each must sum to 100 percent across the 87 counties.

(2) For each of the 87 counties, the county's percents in clause (1), items (i) to (v), must be weighted, summed, and divided by the sum of the weights to yield an average percent for each county, referred to as the county's "composite need percent." When performing this calculation, the weight for each of the percents in clause (1), items (i) to (v), is 1.0. The composite need percent must sum to 100 percent across the 87 counties.

(3) For each of the 87 counties, the county's "adjusted net tax capacity percent" is the county's adjusted net tax capacity amount, defined in the same manner as it is defined for cities in section 477A.011, subdivision 20, divided by the statewide total adjusted net tax capacity amount. The adjusted net tax capacity percent must sum to 100 percent across the 87 counties.

(4) For each of the 87 counties, the county's composite need percent must be divided by the county's adjusted net tax capacity percent to produce a ratio that, when multiplied by the county's composite need percent, results in the county's "tax base adjusted need percent."

(5) For each of the 87 counties, the county's tax base adjusted need percent must be added to twice the composite need percent, and the sum must be divided by 3, to yield the county's "weighted need percent."

(6) Each participating county's weighted need percent must be added to the weighted need percent of each other participating county to yield the "total weighted need percent for participating counties."

(7) Each participating county's weighted need percent must be divided by the total weighted need percent for participating counties to yield the county's "share percent." The share percents for participating counties must sum to 100 percent.

(8) Each participating county's "base funding amount" is the aid amount that the county received under this section for fiscal year 1995 plus the amount received in caseload or workload reduction, felony caseload reduction, and sex offender supervision grants in fiscal year 2015, as reported by the commissioner of corrections. In fiscal year 1997 and thereafter, no county's aid amount under this section may be less than its base funding amount, provided that the total amount appropriated for this purpose is at least as much as the aggregate base funding amount defined in clause (9).
(9) The "aggregate base funding amount" is equal to the sum of the base funding amounts for all participating counties. If a county that participated under this section during fiscal year 1995 chooses not to participate in any given year, then the aggregate base funding amount must be reduced by that county's base funding amount. If a county that did not participate under this section in fiscal year 1995 chooses to participate in any given year on or after July 1, 2015, then the aggregate base funding amount must be increased by the amount of aid that the county would have received had it participated in fiscal year 1995 plus the estimated amount it would have received in caseload or workload reduction, felony caseload reduction, and sex offender supervision grants in fiscal year 2015, as reported by the commissioner of corrections, and the amount of increase shall be that county's base funding amount.

(10) In any given year, the total amount appropriated for this purpose first must be allocated to participating counties in accordance with each county's base funding amount. Then, any remaining amount in excess of the aggregate base funding amount must be allocated to participating counties in proportion to each county's share percent, and is referred to as the county's "formula amount."

Each participating county's "community corrections aid amount" equals the sum of (i) the county's base funding amount, and (ii) the county's formula amount.

(11) However, if in any year the total amount appropriated for the purpose of this section is less than the aggregate base funding amount, then each participating county's community corrections aid amount is the product of (i) the county's base funding amount multiplied by (ii) the ratio of the total amount appropriated to the aggregate base funding amount.

For each participating county, the county's community corrections aid amount calculated in this subdivision is the total amount of subsidy to which the county is entitled under sections 401.01 to 401.16.

Sec. 10. Minnesota Statutes 2014, section 631.461, is amended to read:

631.461 IMPRISONMENT; COUNTY JAIL; ALTERNATIVES.

(a) When a sentence for an offense includes imprisonment in a county jail, the court may sentence the offender to imprisonment in a workhouse or correctional or work farm if there is one in the county where the offender is tried or where the offense was committed. If not, the court may sentence the offender to imprisonment in a workhouse or correctional or work farm in any county in this state. However, the county board of the county where the offender is tried shall have some agreement for the receipt, maintenance, and confinement of inmates with the county where the offender has been sentenced to imprisonment. The place of imprisonment must be specified in the sentence. Inmates may be removed from one place of confinement to another as provided by statute.

(b) If a court orders or a sheriff permits an offender to serve any portion of the offender's sentence on electronic surveillance, the court or sheriff may require that the offender be kept in custody, or that the offender's probation agent directly supervise the offender until electronic surveillance is activated.

(c) It is the responsibility of the offender placed on electronic surveillance to ensure that the offender's residence is properly equipped and the offender's telecommunications system is properly configured to support electronic surveillance prior to being released from custody or the direct supervision of a probation agent. An offender who fails to comply with this paragraph may be found in violation of the offender's conditions of release after a revocation hearing.
Sec. 11. **ELECTRONIC SURVEILLANCE; PURPOSE STATEMENT.**

The purpose of electronic surveillance of adult and juvenile offenders is to provide a cost-effective alternative to incarceration or detention for deserving low-risk offenders. It is a privilege for an adult or juvenile offender to be placed on electronic surveillance in lieu of remaining in custody to complete a period of incarceration or detention. The parties who authorize and implement electronic surveillance shall take all reasonable precautions to protect public safety.

Sec. 12. **COLTON'S LAW.**

Sections 6, 7, 8, 10, and 11 shall be known as "Colton's Law."

**ARTICLE 6**

**GENERAL CRIMINAL PROVISION**

Section 1. **[5B.13] CRIMINAL PENALTY.**

When the performance of any act is prohibited under this chapter as of February 1, 2015, but no criminal or civil penalty is provided, the commission of the act is a misdemeanor.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to acts committed on or after that date.

Sec. 2. Minnesota Statutes 2014, section 13.82, subdivision 17, is amended to read:

Subd. 17. Protection of identities. A law enforcement agency or a law enforcement dispatching agency working under direction of a law enforcement agency shall withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

(a) when access to the data would reveal the identity of an undercover law enforcement officer, as provided in section 13.43, subdivision 5;

(b) when access to the data would reveal the identity of a victim or alleged victim of criminal sexual conduct or of a violation of sex trafficking under section 609.322, 609.341 to 609.3451, or 617.246, subdivision 2;

(c) when access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant;

(d) when access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, unless the agency reasonably determines that revealing the identity of the victim or witness would not threaten the personal safety or property of the individual;

(e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred;

(f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller;
(g) when access to the data would reveal the identity of a juvenile witness and the agency reasonably determines that the subject matter of the investigation justifies protecting the identity of the witness; or

(h) when access to the data would reveal the identity of a mandated reporter under section 609.456, 626.556, or 626.557.

Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clauses (c), (d), (f), and (g).

Sec. 3. Minnesota Statutes 2014, section 169.13, subdivision 1, is amended to read:

Subdivision 1. **Reckless driving.** (a) Any person who drives any vehicle in such a manner as to indicate either a willful or a wanton disregard for the safety of persons or property is guilty of reckless driving and such reckless driving is a misdemeanor. A person who drives a motor vehicle while aware of and consciously disregarding a substantial and unjustifiable risk that the driving may result in harm to another or another's property is guilty of reckless driving. The risk must be of such a nature and degree that disregard of it constitutes a significant deviation from the standard of conduct that a reasonable person would observe in the situation.

(b) A person shall not race any vehicle upon any street or highway of this state. Any person who willfully compares or contests relative speeds by operating one or more vehicles is guilty of racing, which constitutes reckless driving, whether or not the speed contested or compared is in excess of the maximum speed prescribed by law.

(c) A person who violates paragraph (a) or (b) is guilty of a misdemeanor. A person who violates paragraph (a) or (b) and causes great bodily harm or death to another is guilty of a gross misdemeanor.

(d) For purposes of this section, "great bodily harm" has the meaning given in section 609.02, subdivision 8.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2014, section 169.13, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The provisions of this section apply, but are not limited in application, to any person who drives any vehicle in the manner prohibited by this section:

(1) upon the ice of any lake, stream, or river, including but not limited to the ice of any boundary water; or

(2) in a parking lot ordinarily used by or available to the public though not as a matter of right, and a driveway connecting the parking lot with a street or highway.

(b) This section does not apply to:

(1) an authorized emergency vehicle, when responding to an emergency call or when in pursuit of an actual or suspected violator;

(2) the emergency operation of any vehicle when avoiding imminent danger; or

(3) any raceway, racing facility, or other public event sanctioned by the appropriate governmental authority.

(c) Nothing in this section or section 609.035 or 609.04 shall limit the power of the state to prosecute or punish a person for conduct that constitutes any other crime under any other law of this state.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.
Sec. 5. Minnesota Statutes 2014, section 169A.03, subdivision 3, is amended to read:

Subd. 3. **Aggravating factor.** "Aggravating factor" includes:

1. a qualified prior impaired driving incident within the ten years immediately preceding the current offense;
2. having an alcohol concentration of 0.20 or more as measured at the time, or within two hours of the time, of the offense; or
3. having a child under the age of 16 in the motor vehicle at the time of the offense if the child is more than 36 months younger than the offender.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2014, section 169A.07, is amended to read:

169A.07 FIRST-TIME DWI VIOLATOR; OFF-ROAD VEHICLE OR BOAT.

A person who violates section 169A.20 (driving while impaired) while using an off-road recreational vehicle or motorboat and who does not have a qualified prior impaired driving incident is subject only to the criminal penalty provided in section 169A.25 (second-degree driving while impaired), 169A.26 (third-degree driving while impaired), or 169A.27 (fourth-degree driving while impaired); and loss of operating privileges as provided in section 84.91, subdivision 1 (operation of snowmobiles or all-terrain vehicles by persons under the influence of alcohol or controlled substances), or 86B.331, subdivision 1 (operation of motorboats while using alcohol or with a physical or mental disability), whichever is applicable. The person is not subject to the provisions of section 169A.275, subdivision 5, (submission to the level of care recommended in chemical use assessment for repeat offenders and offenders with alcohol concentration of 0.20 or more); 169A.277 (long-term monitoring); 169A.285 (penalty assessment); 169A.44 (conditional release); 169A.54 (impaired driving convictions and adjudications; administrative penalties); or 169A.54, subdivision 11 (chemical use assessment); the license revocation sanctions of sections 169A.50 to 169A.53 (implied consent law); or the plate impoundment provisions of section 169A.60 (administrative impoundment of plates).

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2014, section 169A.275, subdivision 5, is amended to read:

Subd. 5. **Level of care recommended in chemical use assessment.** Unless the court commits the person to the custody of the commissioner of corrections as provided in section 169A.276 (mandatory penalties; felony violations), in addition to other penalties required under this section, the court shall order a person to submit to the level of care recommended in the chemical use assessment conducted under section 169A.70 (alcohol safety program; chemical use assessments) if the person is convicted of violating section 169A.20 (driving while impaired) while having an alcohol concentration of 0.20 or more as measured at the time, or within two hours of the time, of the offense or if the violation occurs within ten years of one or more qualified prior impaired driving incidents.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2014, section 169A.285, subdivision 1, is amended to read:

Subdivision 1. **Authority; amount.** When a court sentences a person who violates section 169A.20 (driving while impaired) while having an alcohol concentration of 0.20 or more as measured at the time, or within two hours of the time, of the violation, the court may impose a penalty assessment of up to $1,000. The court may impose this assessment in addition to any other penalties or charges authorized under law.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date.
Sec. 9. Minnesota Statutes 2014, section 169A.46, subdivision 1, is amended to read:

Subdivision 1. Impairment occurred after driving ceased. If proven by a preponderance of the evidence, it is an affirmative defense to a violation of section 169A.20, subdivision 1, clause (5); 1a, clause (5); 1b, clause (5); or 1c, clause (5) (driving while impaired, alcohol concentration within two hours of driving), or 169A.20 by a person having an alcohol concentration of 0.20 or more as measured at the time, or within two hours of the time, of the offense, that the defendant consumed a sufficient quantity of alcohol after the time of the violation and before the administration of the evidentiary test to cause the defendant's alcohol concentration to exceed the level specified in the applicable clause. Evidence that the defendant consumed alcohol after the time of the violation may not be admitted in defense to any alleged violation of section 169A.20, unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2014, section 169A.53, subdivision 3, is amended to read:

Subd. 3. Judicial hearing; issues, order, appeal. (a) A judicial review hearing under this section must be before a district judge in any county in the judicial district where the alleged offense occurred. The hearing is to the court and may be conducted at the same time and in the same manner as hearings upon pretrial motions in the criminal prosecution under section 169A.20 (driving while impaired), if any. The hearing must be recorded. The commissioner shall appear and be represented by the attorney general or through the prosecuting authority for the jurisdiction involved. The hearing must be held at the earliest practicable date, and in any event no later than 60 days following the filing of the petition for review. The judicial district administrator shall establish procedures to ensure efficient compliance with this subdivision. To accomplish this, the administrator may, whenever possible, consolidate and transfer review hearings among the locations within the judicial district where terms of district court are held.

(b) The scope of the hearing is limited to the issues in clauses (1) to (10):

(1) Did the peace officer have probable cause to believe the person was driving, operating, or in physical control of a motor vehicle or commercial motor vehicle in violation of section 169A.20 (driving while impaired)?

(2) Was the person lawfully placed under arrest for violation of section 169A.20?

(3) Was the person involved in a motor vehicle accident or collision resulting in property damage, personal injury, or death?

(4) Did the person refuse to take a screening test provided for by section 169A.41 (preliminary screening test)?

(5) If the screening test was administered, did the test indicate an alcohol concentration of 0.08 or more?

(6) At the time of the request for the test, did the peace officer inform the person of the person's rights and the consequences of taking or refusing the test as required by section 169A.51, subdivision 2?

(7) Did the person refuse to permit the test?

(8) If a test was taken by a person driving, operating, or in physical control of a motor vehicle, did the test results indicate at the time of testing:

(i) an alcohol concentration of 0.08 or more; or
(ii) the presence of a controlled substance listed in Schedule I or II or its metabolite, other than marijuana or tetrahydrocannabinols?

(9) If a test was taken by a person driving, operating, or in physical control of a commercial motor vehicle, did the test results indicate an alcohol concentration of 0.04 or more at the time of testing?

(10) Was the testing method used valid and reliable and were the test results accurately evaluated?

(11) Did the person prove the defense of necessity?

(c) It is an affirmative defense for the petitioner to prove that, at the time of the refusal, the petitioner's refusal to permit the test was based upon reasonable grounds.

(d) Certified or otherwise authenticated copies of laboratory or medical personnel reports, records, documents, licenses, and certificates are admissible as substantive evidence.

(e) The court shall order that the revocation or disqualification be either rescinded or sustained and forward the order to the commissioner. The court shall file its order within 14 days following the hearing. If the revocation or disqualification is sustained, the court shall also forward the person's driver's license or permit to the commissioner for further action by the commissioner if the license or permit is not already in the commissioner's possession.

(f) Any party aggrieved by the decision of the reviewing court may appeal the decision as provided in the Rules of Appellate Procedure.

(g) The civil hearing under this section shall not give rise to an estoppel on any issues arising from the same set of circumstances in any criminal prosecution.

(h) It is an affirmative defense for the petitioner to prove a necessity.

Sec. 11. Minnesota Statutes 2014, section 609.324, subdivision 1, is amended to read:

Subdivision 1. Engaging in, hiring, or agreeing to hire minor to engage in prostitution; penalties. (a) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $40,000, or both:

(1) engages in prostitution with an individual under the age of 13 years; or

(2) hires or offers or agrees to hire an individual under the age of 13 years to engage in sexual penetration or sexual contact.

(b) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both:

(1) engages in prostitution with an individual under the age of 16 years but at least 13 years; or

(2) hires or offers or agrees to hire an individual under the age of 16 years but at least 13 years to engage in sexual penetration or sexual contact.

(c) Whoever intentionally does any of the following may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both:
(1) engages in prostitution with an individual under the age of 18 years but at least 16 years; or

(2) hires or offers or agrees to hire an individual under the age of 18 years but at least 16 years to engage in sexual penetration or sexual contact; or

(3) hires or offers or agrees to hire an individual who the actor reasonably believes to be under the age of 18 years to engage in sexual penetration or sexual contact.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 12. Minnesota Statutes 2014, section 609.325, is amended by adding a subdivision to read:

Subd. 3a. No defense; undercover operative. The fact that an undercover operative or law enforcement officer was involved in the detection or investigation of an offense shall not be a defense to a prosecution under section 609.324.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 13. Minnesota Statutes 2014, section 609.325, subdivision 4, is amended to read:

Subd. 4. Affirmative defense. It is an affirmative defense to a charge under section 609.324, subdivision 6 or 7, if the defendant proves by a preponderance of the evidence that the defendant is a labor trafficking victim as defined in section 609.281, a sex trafficking victim as defined in section 609.321, and that the defendant committed the act only under compulsion by another who by explicit or implicit threats created a reasonable apprehension in the mind of the defendant that if the defendant did not commit the act, the person would inflict bodily harm upon the defendant acts underlying the charge as a result of being a labor trafficking or sex trafficking victim.

Sec. 14. Minnesota Statutes 2014, section 609.3451, subdivision 1, is amended to read:

Subdivision 1. Crime defined. A person is guilty of criminal sexual conduct in the fifth degree:

(1) if the person engages in nonconsensual sexual contact; or

(2) the person engages in masturbation or lewd exhibition of the genitals in the presence of a minor under the age of 16, knowing or having reason to know the minor is present.

For purposes of this section, "sexual contact" has the meaning given in section 609.341, subdivision 11, paragraph (a), clauses (i) and (iv), and (y), but does not include the intentional touching of the clothing covering the immediate area of the buttocks. Sexual contact also includes the intentional removal or attempted removal of clothing covering the complainant's intimate parts or undergarments, and the nonconsensual touching by the complainant of the actor's intimate parts, effected by the actor, if the action is performed with sexual or aggressive intent.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2014, section 609.3471, is amended to read:

609.3471 RECORDS PERTAINING TO VICTIM IDENTITY CONFIDENTIAL.

Notwithstanding any provision of law to the contrary, no data contained in records or reports relating to petitions, complaints, or indictments issued pursuant to section 609.322, 609.342, 609.343, 609.344, 609.345, or 609.3453, which specifically identifies a victim who is a minor shall be accessible to the public, except by order of the court. Nothing in this section authorizes denial of access to any other data contained in the records or reports, including the identity of the defendant.
Sec. 16. Minnesota Statutes 2014, section 609.531, subdivision 1, is amended to read:

Subdivision 1. Definitions. For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the Bureau of Criminal Apprehension, the Department of Commerce Fraud Bureau, the Minnesota Division of Driver and Vehicle Services, the Minnesota State Patrol, a county sheriff's department, the Three Rivers Park District park rangers, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit, a city, metropolitan transit, or airport police department; or a multijurisdictional entity established under section 299A.642 or 299A.681.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152 or 624;

(2) for driver's license or identification card transactions: any violation of section 171.22; and

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.2335; 609.24; 609.245; 609.25; 609.255; 609.282; 609.283; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.352; 609.42; 609.425; 609.426; 609.486; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.611; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; 617.247; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

(h) "Prosecuting authority" means the attorney who is responsible for prosecuting an offense that is the basis for a forfeiture under sections 609.531 to 609.5318.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 17. [609.688] ADULTERATION BY BODILY FLUID.

Subdivision 1. Definition. (a) As used in this section, the following terms have the meanings given.

(b) "Adulterates" is the intentional adding of a bodily fluid to a substance.

(c) "Bodily fluid" means the blood, seminal fluid, vaginal fluid, urine, or feces of a human.
Subd. 2. Crime. (a) Whoever adulterates any substance that the person knows or should know is intended for human consumption is guilty of a misdemeanor.

(b) Whoever violates paragraph (a) and another person ingests the adulterated substance without knowledge of the adulteration is guilty of a gross misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to crimes committed on or after that date.

Sec. 18. Minnesota Statutes 2014, section 611A.26, subdivision 1, is amended to read:

Subdivision 1. Polygraph prohibition. No law enforcement agency or prosecutor shall require that a complainant of a criminal sexual conduct or sex trafficking offense submit to a polygraph examination as part of or a condition to proceeding with the investigation, charging, or prosecution of such offense.

Subd. 6. Definitions. For the purposes of this section, the following terms have the meanings given.

(a) "Criminal sexual conduct" means a violation of section 609.342, 609.343, 609.344, 609.345, or 609.3451.

(b) "Sex trafficking" means a violation of section 609.322.

Sec. 19. Minnesota Statutes 2014, section 611A.26, subdivision 6, is amended to read:

Subd. 6. Restrictions on ownership or management by persons convicted of certain crimes. A person who has been convicted of one of the following offenses may not operate or manage an adult business establishment for three years after discharge of the sentence for the offense, or a similar offense in another state or jurisdiction:

(1) prostitution or sex trafficking under section 609.321; 609.322; 609.324; or 609.3242;

(2) criminal sexual conduct under sections 609.342 to 609.3451;

(3) solicitation of children under section 609.352;

(4) indecent exposure under section 617.23;

(5) distribution or exhibition of obscene materials and performances under section 617.241;

(6) use of a minor in a sexual performance under section 617.246; or

(7) possession of pornographic work involving minors under section 617.247.

Sec. 20. Minnesota Statutes 2014, section 617.242, subdivision 6, is amended to read:

Subd. 6. Limitations. Indictments or complaints for any crime resulting in the death of the victim may be found or made at any time after the death of the person killed.
(b) Indictments or complaints for a violation of section 609.25 may be found or made at any time after the commission of the offense.

(c) Indictments or complaints for violation of section 609.282 may be found or made at any time after the commission of the offense if the victim was under the age of 18 at the time of the offense.

(d) Indictments or complaints for violation of section 609.282 where the victim was 18 years of age or older at the time of the offense, or 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.322 and 609.342 to 609.345, if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within the later of nine years after the commission of the offense or three years after the offense was reported to law enforcement authorities.

(f) Notwithstanding the limitations in paragraph (e), indictments or complaints for violation of sections 609.322 and 609.342 to 609.344 may be found or made and filed in the proper court at any time after commission of the offense, if physical evidence is collected and preserved that is capable of being tested for its DNA characteristics. If this evidence is not collected and preserved and the victim was 18 years old or older at the time of the offense, the prosecution must be commenced within nine years after the commission of the offense.

(g) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause (3), item (iii), shall be found or made and filed in the proper court within six years after the commission of the offense.

(h) Indictments or complaints for violation of section 609.2335, 609.52, subdivision 2, clause (3), items (i) and (ii), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than $35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(i) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(j) Indictments or complaints for violation of sections 609.561 to 609.563, shall be found or made and filed in the proper court within five years after the commission of the offense.

(k) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense.

(l) The limitations periods contained in this section shall exclude any period of time during which the defendant was not an inhabitant of or usually resident within this state.

(m) The limitations periods contained in this section for an offense shall not include any period during which the alleged offender participated under a written agreement in a pretrial diversion program relating to that offense.

(n) The limitations periods contained in this section shall not include any period of time during which physical evidence relating to the offense was undergoing DNA analysis, as defined in section 299C.155, unless the defendant demonstrates that the prosecuting or law enforcement agency purposefully delayed the DNA analysis process in order to gain an unfair advantage.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to crimes committed on or after that date and to crimes committed before that date if the limitations period for the crime did not expire before August 1, 2015.
Sec. 22. Minnesota Statutes 2014, section 645.241, is amended to read:

645.241 PUNISHMENT FOR PROHIBITED ACTS.

(a) Except as provided in paragraph (b), when the performance of any act is prohibited by a statute, and no penalty for the violation of the same shall be imposed in any statute, the doing of such act shall be a petty misdemeanor.

(b) When the performance of any act is prohibited by a statute enacted or amended after September 1, 2014, and no penalty for the violation of the same shall be imposed in any statute, the doing of such act shall be a petty misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to acts committed on or after that date.

Sec. 23. JACQUELYN DEVNEY AND THOMAS CONSIDINE ROADWAY SAFETY ACT.

Sections 3 and 4 may be cited as the Jacquelyn Devney and Thomas Considine Roadway Safety Act.

ARTICLE 7
DISASTER ASSISTANCE

Section 1. Minnesota Statutes 2014, section 12.221, subdivision 6, is amended to read:

Subd. 6. Disaster assistance contingency account; appropriation. (a) A disaster assistance contingency account is created in the special revenue fund in the state treasury. Money in the disaster assistance contingency account is appropriated to the commissioner of public safety to provide:

(1) cost-share for federal assistance under section 12A.15, subdivision 1; and

(2) state public disaster assistance to eligible applicants under chapter 12B;

(3) cost-share for federal assistance from the Federal Highway Administration emergency relief program under United States Code, title 23, section 125; and

(4) cost-share for federal assistance from the United States Department of Agriculture, Natural Resources Conservation Service emergency watershed protection program under United States Code, title 16, sections 2203 to 2205.

(b) For appropriations under paragraph (a), clause (1), the amount appropriated is 100 percent of any nonfederal share for state agencies and local governments. Money appropriated under paragraph (a), clause (1), may be used to pay all or a portion of the nonfederal share for publicly owned capital improvement projects.

(c) For appropriations under paragraph (a), clause (2), the amount appropriated is the amount required to pay eligible claims under chapter 12B, as certified by the commissioner of public safety.

(d) By January 15 of each year, the commissioner of management and budget shall submit a report to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee detailing state disaster assistance appropriations and expenditures under this subdivision during the previous calendar year.
(e) The governor's budget proposal submitted to the legislature under section 16A.11 must include recommended appropriations to the disaster assistance contingency account. The governor's appropriation recommendations must be informed by the commissioner of public safety's estimate of the amount of money that will be necessary to:

(1) provide 100 percent of the nonfederal share for state agencies and local governments that will receive federal financial assistance from FEMA during the next biennium; and

(2) fully pay all eligible claims under chapter 12B.

(f) Notwithstanding section 16A.28:

(1) funds appropriated or transferred to the disaster assistance contingency account do not lapse but remain in the account until appropriated; and

(2) funds appropriated from the disaster assistance contingency account do not lapse and are available until expended.

Sec. 2. Minnesota Statutes 2014, section 12B.15, subdivision 2, is amended to read:

Subd. 2. Applicant. "Applicant" means a local government or state government agency that applies for state disaster assistance under this chapter.

Sec. 3. Minnesota Statutes 2014, section 12B.15, is amended by adding a subdivision to read:

Subd. 3a. County. "County" or "county government" means each county in which a governmental unit is located in whole or in part, or a county board of commissioners as defined in chapter 375.

Sec. 4. Minnesota Statutes 2014, section 12B.25, subdivision 1, is amended to read:

Subdivision 1. Payment required; eligibility criteria. The director, serving as the governor's authorized representative, may enter into grant agreements with eligible applicants to provide state financial assistance made available as a result of a disaster that satisfies all of the following criteria:

(1) the state or applicable local government declares a disaster or emergency during the incident period;

(2) damages suffered and eligible costs incurred are the direct result of the disaster;

(3) federal disaster assistance is not available to the applicant because the governor did not request a presidential declaration of major disaster, the president denied the governor's request, or the applicant is not eligible for federal disaster assistance because the state or county did not meet the per capita impact indicator under FEMA's Public Assistance Program;

(4) the applicant incurred eligible damages that, on a per capita basis, equal or exceed 50 percent of the countywide per capita impact indicator under FEMA's Public Assistance Program;

(5) the applicant assumes responsibility for 25 percent of the applicant's total eligible costs; and

(6) the applicant satisfies all requirements in this chapter.
Sec. 5. Minnesota Statutes 2014, section 12B.40, is amended to read:

**12B.40 APPLICATION PROCESS.**

(a) The director must develop application materials and may update the materials as needed. Application materials must include instructions and requirements for assistance under this chapter.

(b) An applicant. A county government has 30 days from the end of the incident period or the president's official denial of the governor's request for a declaration of a major disaster to provide the director with written notice of intent to apply for a late request that the governor declare a state disaster. The director may deny an application due to a late notice of intent to apply or a late request. The county government's request for a state disaster declaration must include:

1. the cause, location of damage, and incident period;

2. documentation of a local, tribal, county, or state disaster or emergency declaration in response to the disaster;

3. a description of damages, an initial damage assessment, and the amount of eligible costs incurred by the applicant;

4. a statement or evidence that the applicant has the ability to pay for at least 25 percent of total eligible costs incurred from the disaster; and

5. a statement or evidence that the local government has incurred damages equal to or exceeding 50 percent of the federal countywide threshold in effect during the incident period.

(c) Within an applicant has 60 days after the end of the incident period or the president's official denial from the governor's request for a declaration of a major state disaster, the applicant must submit a complete application for state public disaster assistance to the director. A complete application includes the following:

1. the cause, location of damage, and incident period;

2. documentation of a local, tribal, county, or state disaster or emergency declaration in response to the disaster;

3. a description of damages, an initial damage assessment, and the amount of eligible costs incurred by the applicant;

4. a statement or evidence that the applicant has the ability to pay for at least 25 percent of total eligible costs incurred from the disaster; and

5. a statement or evidence that the local government has incurred damages equal to or exceeding 50 percent of the federal countywide threshold in effect during the incident period.

(d) The director must review the application and supporting documentation for completeness and may return the application with a request for more detailed information. The director may consult with local public officials to ensure the application reflects the extent and magnitude of the damage and to reconcile any differences. The application is not complete until the director receives all requested information.

(e) If the director returns an application with a request for more detailed information or for correction of deficiencies, the applicant must submit all required information within 30 days of the applicant's receipt of the director's request. The applicant's failure to provide the requested information in a timely manner without a reasonable explanation may be cause for denial of the application.
(f) The director has no more than 60 days from the receipt of a complete application to approve or deny the application, or the application is deemed approved. If the director denies an application, the director must send a denial letter. If the director approves an application or the application is automatically deemed approved after 60 days, the director must notify the applicant of the steps necessary to obtain reimbursement of eligible costs, including submission of invoices or other documentation substantiating the costs submitted for reimbursement.

ARTICLE 8
CONTROLLED SUBSTANCES

Section 1. Minnesota Statutes 2014, section 152.02, subdivision 2, is amended to read:

Subd. 2. Schedule I. (a) Schedule I consists of the substances listed in this subdivision.

(b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the analogs, isomers, esters, ethers, and salts is possible:

(1) acetylmethadol;
(2) allylprodine;
(3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);
(4) alphameprodine;
(5) alphamethadol;
(6) alpha-methylfentanyl benzethidine;
(7) betacetylmethadol;
(8) betameprodine;
(9) betamethadol;
(10) betaprodine;
(11) clonitazene;
(12) dextromoramide;
(13) diampromide;
(14) diethylambutene;
(15) difenoxin;
(16) dimenoxadol;
(17) dimepheptanol;
(18) dimethyliambutene;
(19) dioxaphetyl butyrate;
(20) dipipanone;
(21) ethylmethylthiambutene;
(22) etonitazene;
(23) etoxeridine;
(24) furethidine;
(25) hydroxypethidine;
(26) ketobemidone;
(27) levomoramide;
(28) levophenacylmorphan;
(29) 3-methylfentanyl;
(30) acetyl-alpha-methylfentanyl;
(31) alpha-methylthiofentanyl;
(32) benzylfentanyl beta-hydroxyfentanyl;
(33) beta-hydroxy-3-methylfentanyl;
(34) 3-methylthiofentanyl;
(35) thenylfentanyl;
(36) thiofentanyl;
(37) para-fluorofentanyl;
(38) morpheridine;
(39) 1-methyl-4-phenyl-4-propionoxypiperidine;
(40) noracymethadol;
(41) norlevorphanol;
(42) normethadone;
(43) norpipanone;
(44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);

(45) phenadoxone;

(46) phenampromide;

(47) phenomorphan;

(48) phenoperidine;

(49) piritramide;

(50) proheptazine;

(51) properidine;

(52) propiram;

(53) racemoramide;

(54) tilidine;

(55) trimeperidine;

(56) N-(1-Phenethylpiperidin-4-yl)-N-phenylacetamide (acetyl fentanyl).

(c) Opium derivatives. Any of the following substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) acetorphine;

(2) acetyldihydrocodeine;

(3) benzylmorphine;

(4) codeine methylbromide;

(5) codeine-n-oxide;

(6) cyprenorphine;

(7) desomorphine;

(8) dihydromorphine;

(9) drotebanol;

(10) etorphine;

(11) heroin;
(12) hydromorphinol;
(13) methyldesorphine;
(14) methyldihydromorphine;
(15) morphine methylbromide;
(16) morphine methylsulfonate;
(17) morphine-n-oxide;
(18) myrophine;
(19) nicocodeine;
(20) nicomorphine;
(21) normorphine;
(22) pholcodine;
(23) thebacon.

(d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) methylenedioxy amphetamine;
(2) methylenedioxymethamphetamine;
(3) methylenedioxy-N-ethylamphetamine (MDEA);
(4) n-hydroxy-methylenedioxyamphetamine;
(5) 4-bromo-2,5-dimethoxyamphetamine (DOB);
(6) 2,5-dimethoxyamphetamine (2,5-DMA);
(7) 4-methoxyamphetamine;
(8) 5-methoxy-3, 4-methylenedioxyamphetamine;
(9) alpha-ethyltryptamine;
(10) bufotenine;
(11) diethyltryptamine;
(12) dimethyltryptamine;
(13) 3,4,5-trimethoxyamphetamine;
(14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);
(15) ibogaine;
(16) lysergic acid diethylamide (LSD);
(17) mescaline;
(18) parahexyl;
(19) N-ethyl-3-piperidyl benzilate;
(20) N-methyl-3-piperidyl benzilate;
(21) psilocybin;
(22) psilocyn;
(23) tenocyclidine (TPCP or TCP);
(24) N-ethyl-1-phenyl-cyclohexylamine (PCE);
(25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);
(26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);
(27) 4-chloro-2,5-dimethoxyamphetamine (DOC);
(28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);
(29) 4-iodo-2,5-dimethoxyamphetamine (DOI);
(30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);
(31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);
(32) 4-methyl-2,5-dimethoxyphenethylamine (2C-D);
(33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);
(34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);
(35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);
(36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);
(37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);
(38) 2-(8-bromo-2,3,6,7-tetrahydrofuro[2,3-f][1]benzofuran-4-yl)ethanamine (2-CB-FLY);
(39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);
(40) alpha-methyltryptamine (AMT);
(41) N,N-diisopropyltryptamine (DiPT);
(42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);
(43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);
(44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);
(45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);
(46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);
(47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);
(48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);
(49) 5-methoxy-α-methyltryptamine (5-MeO-AMT);
(50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);
(51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);
(52) 5-methoxy-N-methyl-N-propyltryptamine (5-MeO-MiPT);
(53) 5-methoxy-α-ethyltryptamine (5-MeO-AET);
(54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);
(55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);
(56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);
(57) methoxetamine (MXE);
(58) 5-iodo-2-aminodindane (5-IAI);
(59) 5,6-methylenedioxy-2-aminodindane (MDAI);
(60) 2-(4-iodo-2,5-dimethoxyphenyl)-N-[(2-methoxyphenyl)methyl]ethanamine
(60) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25B-NBOMe);
(61) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25C-NBOMe);
(62) 2-(4-ido-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (251-NBOMe).
(63) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);

(64) 2-(4-Ethylthio-2,5-dimethoxyphenyl)ethanamine (2C-T-2);

(e) Peyote. All parts of the plant presently classified botanically as Lophophora williamsii Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

(f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) mecloqualone;

(2) methaqualone;

(3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;

(4) flunitrazepam.

(g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) aminorex;

(2) cathinone;

(3) fenethylline;

(4) methcathinone;

(5) methylaminorex;

(6) N,N-dimethylamphetamine;

(7) N-benzylpiperazine (BZP);

(8) methylmethcathinone (mephedrone);

(9) 3,4-methylenedioxy-N-methylcathinone (methyline);

(10) methoxymethcathinone (methedrone);

(11) methylenedioxypyrovalerone (MDPV);
(12) fluoromethcathinone 3-fluoro-N-methylcathinone (3-FMC);

(13) methylethcathinone (MEC);

(14) 1-benzofuran-6-ylpropan-2-amine (6-APB);

(15) dimethylmethcathinone (DMMC);

(16) fluoroamphetamine;

(17) fluoromethamphetatine;

(18) α-methylaminobutyrophenone (MABP or buphedrone);

(19) β-keto N-methylbenzodioxolylpropylamine (bk-MDBB or butylone) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)butan-1-one (butylone);

(20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);

(21) naphthylpyrovaleronate (naphyrone) 1-(naphthalen-2-yl)-2-(pyrrolidin-1-yl) pentan-1-one (naphthylpyrovaleronate or naphyrone);

(22) (RS)-1-phenyl-2-(1-pyrrolidinyl)-1-pentanone (alpha-PVP) or alpha-pyrrolidinovalerophenone (alpha-PVP);

(23) (RS)-1-(4-methylphenyl)-2-(1-pyrrolidinyl)-1-hexanone (4-Me-PHP or MPHP); and

(24) 2-(1-pyrrolidinyl)-hexanophenone (Alpha-PHP);

(25) 4-methyl-N-ethylcathinone (4-MEC);

(26) 4-methyl-alpha-pyrrolidinopropiophenone (4-MePPP);

(27) 2-(methylamino)-1-phenylpentan-1-one (pentedrone);

(28) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)pentan-1-one (pentyline);

(29) 4-fluoro-N-methylcathinone (4-FMC);

(30) 3,4-methylenedioxy-N-ethylcathinone (ethylone);

(31) alpha-pyrrolidinobutiophenone (α-PBP);

(32) 5-(2-Aminopropyl)-2,3-dihydrobenzofuran (5-APDB);

(33) 6-(2-Aminopropyl)-2,3-dihydrobenzofuran (6-APDB); and

(24) any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:
(i) by substitution in the ring system to any extent with alkyl, alkylenedioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;

(ii) by substitution at the 3-position with an acyclic alkyl substituent;

(iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or

(iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

(h) Marijuana, tetrahydrocannabinols, and synthetic cannabinoids. Unless specifically excepted or unless listed in another schedule, any natural or synthetic material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

(1) marijuana;

(2) tetrahydrocannabinols naturally contained in a plant of the genus Cannabis, synthetic equivalents of the substances contained in the cannabis plant or in the resinous extractives of the plant, or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

(3) synthetic cannabinoids, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-naphthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

(B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

(C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

(D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);

(E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);

(F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);

(G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);

(H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);

(I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);

(J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).
(ii) Naphthylmethylindoles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholino)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindoles include, but are not limited to:

(A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);

(B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methane (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholino)ethyl group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylidenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholino)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylidenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholino)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

(A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);

(B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);

(C) 1-pentyl-3-(2-phenylacetyl)indole (JWH-251);

(D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).

(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholino)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:

(A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl] -phenol (CP 55,940).
(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);
(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);
(C) (4-methoxyphenyl-[2-methyl-1-(2-(4-morpholinyl)ethyl]indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl) -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);
(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl) -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);
(C) 2,3-dihydro-5-methyl-3-(4-morpholinyl)methylpyrrolo[1,2,3-de]-1,1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2);
(D) (1-pentylindol-3-yl)-(2,2,3,3-tetramethylcyclopropyl)methanone (UR-144);
(E) (1-(5-fluoropentyl)-1H-indol-3-yl)(2,2,3,3-tetramethylcyclopropyl)methanone (XLR-11);
(F) 1-pentyl-N-tricyclo[3.3.1.13,7]dec-1-yl-1H-indazole-3-carboxamide (AKB-48(APINACA));
(G) N-((3s,5s,7s)-adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide (5-Fluoro-AKB-48);
(H) 1-pentyl-8-quinolinyl ester-1H-indole-3-carboxylic acid (PB-22);
(I) 8-quinolinyl ester-1-(5-fluoropentyl)-1H-indole-3-carboxylic acid (5-Fluoro PB-22);
(J) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-pentyl-1H-indazole-3-carboxamide (AB-PINACA);
(K) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-[4-(fluorophenyl)methyl]-1H-indazole-3-carboxamide (AB-FUBINACA);
(L) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-(cyclohexylmethyl)-1H-indazol-3-carboxamide (AB-CHMINACA);
(M) (S)-methyl 2-(1-(5-fluoropentyl)-1H-indazol-3-carboxamido)-3-methylbutanoate (5-fluoro-AMB);
(N) [1-(5-fluoropentyl)-1H-indazol-3-yl]-(naphthalen-1-yl) methanone (THJ-2201);
(O) (1-(5-fluoropentyl)-1H-benzo[d]imidazol-2-yl](naphthalen-1-yl)methanone) (FUBIMINA);
(P) (7-methoxy-1-(2-morpholinoethyl)-N-[(1S,2S,4R)-1,3,3-trimethylbicyclo [2,2,1] heptan-2-yl]-1H-indole-3-carboxamide (MN-25 or UR-12);
(Q) (S)-N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)-1H-indole-3-carboxamide (5-fluoro-ABICA);

(R) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)-1H-indole-3-carboxamide;

(S) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide; and

(T) methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate.

(i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

Sec. 2. Minnesota Statutes 2014, section 152.02, subdivision 3, is amended to read:

Subd. 3. Schedule II. (a) Schedule II consists of the substances listed in this subdivision.

(b) Unless specifically excepted or unless listed in another schedule, any of the following substances whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(1) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate.

(i) Excluding:

(A) apomorphine;

(B) thebaine-derived butorphanol;

(C) dextrophan;

(D) nalbuphine;

(E) nalmefene;

(F) naloxegol;

(F) (G) naloxone;

(G) (H) naltrexone; and

(H) and (I) their respective salts;

(ii) but including the following:

(A) opium, in all forms and extracts;

(B) codeine;

(C) dihydroetorphine;

(D) ethylmorphine;

(E) etorphine hydrochloride;
(F) hydrocodone;

(G) hydromorphone;

(H) metopon;

(I) morphine;

(J) oxycodone;

(K) oxymorphone;

(L) thebaine;

(M) oripavine;

(2) any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (1), except that these substances shall not include the isoquinoline alkaloids of opium;

(3) opium poppy and poppy straw;

(4) coca leaves and any salt, cocaine compound, derivative, or preparation of coca leaves (including cocaine and ecgonine and their salts, isomers, derivatives, and salts of isomers and derivatives), and any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of these substances, except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine;

(5) concentrate of poppy straw (the crude extract of poppy straw in either liquid, solid, or powder form which contains the phenanthrene alkaloids of the opium poppy).

(c) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters and ethers, unless specifically excepted, or unless listed in another schedule, whenever the existence of such isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) alfentanil;

(2) alphaprodine;

(3) anileridine;

(4) bezitramide;

(5) bulk dextropropoxyphene (nondosage forms);

(6) carfentanil;

(7) dihydrocodeine;

(8) dihydromorphinone;
(9) diphenoxylate;
(10) fentanyl;
(11) isomethadone;
(12) levo-alpha-acetylmethadol (LAAM);
(13) levomethorphan;
(14) levorphanol;
(15) metazocine;
(16) methadone;
(17) methadone - intermediate, 4-cyano-2-dimethylamino-4, 4-diphenylbutane;
(18) moramide - intermediate, 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;
(19) pethidine;
(20) pethidine - intermediate - a, 4-cyano-1-methyl-4-phenylpiperidine;
(21) pethidine - intermediate - b, ethyl-4-phenylpiperidine-4-carboxylate;
(22) pethidine - intermediate - c, 1-methyl-4-phenylpiperidine-4-carboxylic acid;
(23) phenazocine;
(24) piminoidine;
(25) racemethorphan;
(26) racemorphan;
(27) remifentanil;
(28) sufentanil;
(29) tapentadol;
(30) 4-Anilino-N-phenethyl-4-piperidine (ANPP).

(d) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system:

(1) amphetamine, its salts, optical isomers, and salts of its optical isomers;
(2) methamphetamine, its salts, isomers, and salts of its isomers;
(3) phenmetrazine and its salts;

(4) methylphenidate;

(5) lisdexamfetamine.

(e) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) amobarbital;

(2) glutethimide;

(3) secobarbital;

(4) pentobarbital;

(5) phencyclidine;

(6) phencyclidine immediate precursors:

(i) 1-phenylcyclohexylamine;

(ii) 1-piperidinocyclohexanecarbonitrile;

(7) phenylacetone.

(f) Hallucinogenic substances: nabilone.

Sec. 3. Minnesota Statutes 2014, section 152.02, subdivision 4, is amended to read:

Subd. 4. Schedule III. (a) Schedule III consists of the substances listed in this subdivision.

(b) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system, including its salts, isomers, and salts of such isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

(1) benzphetamine;

(2) chlorphentermine;

(3) clortermine;

(4) phendimetrazine.
(c) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a depressant effect on the central nervous system:

(1) any compound, mixture, or preparation containing amobarbital, secobarbital, pentobarbital or any salt thereof and one or more other active medicinal ingredients which are not listed in any schedule;

(2) any suppository dosage form containing amobarbital, secobarbital, pentobarbital, or any salt of any of these drugs and approved by the food and drug administration for marketing only as a suppository;

(3) any substance which contains any quantity of a derivative of barbituric acid, or any salt of a derivative of barbituric acid, except those substances which are specifically listed in other schedules;

(4) any drug product containing gamma hydroxybutyric acid, including its salts, isomers, and salts of isomers, for which an application is approved under section 505 of the federal Food, Drug, and Cosmetic Act;

(5) any of the following substances:

(i) chlorhexadol;

(ii) ketamine, its salts, isomers and salts of isomers;

(iii) lysergic acid;

(iv) lysergic acid amide;

(v) methyprylon;

(vi) sulfondiethylmethane;

(vii) sulfonethylmethane;

(viii) sulfonmethane;

(ix) tiletamine and zolazepam and any salt thereof;

(x) embutramide;

(xi) Perampanel [2-(2-oxo-1-phenyl-5-pyridin-2-yl-1,2-Dihydropyridin-3-yl) benzonitrile].

(d) Nalorphine.

(e) Narcotic drugs. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any of the following narcotic drugs, or their salts calculated as the free anhydrous base or alkaloid, in limited quantities as follows:

(1) not more than 1.80 grams of codeine per 100 milliliters or not more than 90 milligrams per dosage unit, with an equal or greater quantity of an isoquinoline alkaloid of opium;

(2) not more than 1.80 grams of codeine per 100 milliliters or not more than 90 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;
(5) not more than 300 milligrams of dihydrocodeinone per 100 milliliters or not more than 15 milligrams per dosage unit, with a fourfold or greater quantity of an isoquinoline alkaloid of opium;

(6) not more than 300 milligrams of dihydrocodeinone per 100 milliliters or not more than 15 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(5) (3) not more than 1.80 grams of dihydrocodeine per 100 milliliters or not more than 90 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(6) (4) not more than 300 milligrams of ethylmorphine per 100 milliliters or not more than 15 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(7) (5) not more than 500 milligrams of opium per 100 milliliters or per 100 grams, or not more than 25 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(8) (6) not more than 50 milligrams of morphine per 100 milliliters or per 100 grams with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

(f) Anabolic steroids and human growth hormone, and chorionic gonadotropin.

(1) Anabolic steroids, for purposes of this subdivision, means any drug or hormonal substance, chemically and pharmacologically related to testosterone, other than estrogens, progestins, corticosteroids, and dehydroepiandrosterone, and includes:

(i) 3\beta,17\beta-dihydroxy-5\alpha-androstane;

(ii) 3\alpha,17\beta-dihydroxy-5\alpha-androstane;

(iii) androstanedione (5\alpha-androstan-3,17-dione);

(iv) 1-androstenediol (3\beta,17\beta-dihydroxy-5\alpha-androst-1-ene);

(v) 3\alpha,17\beta-dihydroxy-5\alpha-androst-1-ene);

(vi) 4-androstenediol (3\beta,17\beta-dihydroxy-androst-4-ene);

(vii) 5-androstenediol (3\beta,17\beta-dihydroxy-androst-5-ene);

(viii) 1-androstenedione (5\alpha-androst-1-en-3,17-dione);

(ix) 4-androstenedione (androst-4-en-3,17-dione);

(x) 5-androstenedione (androst-5-en-3,17-dione);

(xi) bolasterone (7\alpha,17\alpha-dimethyl-17\beta-hydroxyandrost-4-en-3-one);

(xii) boldenone (17\beta-hydroxyandrost-1,4-diene-3-one);

(xiii) boldione (androsta-1,4-diene-3,17-dione);

(xiv) calusterone (7\beta,17\alpha-dimethyl-17\beta-hydroxyandrost-4-en-3-one);
(xv) clostebol (4-chloro-17[beta]-hydroxyandrost-4-en-3-one);

(xvi) dehydrochloromethyltestosterone (4-chloro-17[beta]-hydroxy-17[alpha]-methylandrostan-1,4-dien-3-one);

(xvii) desoxymethyltestosterone (17[alpha]-methyl-5[alpha]-androstan-2-en-17[beta]-ol);

(xviii) [delta]1-dihydrotestosterone (17[beta]-hydroxy-5[alpha]-androstan-1-en-3-one);

(xix) 4-dihydrotestosterone (17[beta]-hydroxy-androstan-3-one);

(xx) drostanolone (17[beta]hydroxy-2[alpha]-methyl-5[alpha]-androstan-3-one);

(xxi) ethylestrenol (17[alpha]-ethyl-17[beta]-hydroxyestr-4-ene);

(xxii) fluoxymesterone (9-fluoro-17[alpha]-methyl-11[beta],17[beta]-dihydroxyandrost-4-en-3-one);

(xxiii) formebolone (2-formyl-17[alpha]-methyl-11[alpha],17[beta]-dihydroxyandrost-1,4-dien-3-one);

(xxiv) furazabol (17[alpha]-methyl-17[beta]-hydroxyandrostano[2,3-c]furazan)13[beta]-ethyl-17[beta] -hydroxygon-4-en-3-one;

(xxv) 4-hydroxytestosterone (4,17[beta]-dihydroxyandrost-4-en-3-one);

(xxvi) 4-hydroxy-19-nortestosterone (4,17[beta]-dihydroxyestr-4-en-3-one);

(xxvii) mesterolone (17[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androstan-3-one);

(xxviii) mesteronolone (1[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androstan-3-one);

(xxix) methandienone (17[alpha]-methyl-17[beta]-hydroxyandrost-1,4-dien-3-one);

(XX) methandriol (17[alpha]-methyl-3[beta],17[beta]-dihydroxyandrost-5-ene);

(XXI) methasterone (2 alpha-17 alpha-dimethyl-5 alpha-androstan-17beta-ol-3-one)

(XXII) methasterone (1-methyl-17[beta]-hydroxy-5[alpha]-androstan-1-en-3-one);

(XXIII) 17[alpha]-methyl-3[beta],17[beta]-dihydroxy-5[alpha]-androstan-3-one;

(XXIV) 17[alpha]-methyl-3[alpha],17[beta]-dihydroxy-5[alpha]-androstan-3-one;

(XXV) 17[alpha]-methyl-3[beta],17[beta]-dihydroxyandrost-4-ene;

(XXVI) 17[alpha]-methyl-4-hydroxyandronolone (17[alpha]-methyl-4-hydroxy-17[beta]-hydroxyestr-4-en-3-one);

(XXVII) methylidenolone (17[alpha]-methyl-17[beta]-hydroxyestra-4,9(10)-dien-3-one);

(XXVIII) methyltriolone (17[alpha]-methyl-17[beta]-hydroxyestra-4,9-11-trien-3-one);

(XXIX) methyltestosterone (17[alpha]-methyl-17[beta]-hydroxyandrost-4-en-3-one);
(xi) mibolerone (7[alpha],17[alpha]-dimethyl-17[beta]-hydroxyestr-4-en-3-one);

(xii) 17[alpha]-methyl-[delta]1-dihydrotestosterone (17[beta]-hydroxy-17[alpha]-methyl-5[alpha]-androst-1-en-3-one);

(xiii) nandrolone (17[beta]-hydroxyestr-4-en-3-one);

(xiv) 19-nor-4-androstenediol (3[beta],17[beta]-dihydroxyestr-4-ene);

(xv) 3[alpha],17[beta]-dihydroxyestr-4-ene; 19-nor-5-androstenediol (3[beta],17[beta]-dihydroxyestr-5-ene;

(xvi) 19-nor-4,9(10)-androstadienedione (estra-4,9(10)-diene-3,17-dione);

(xvii) 19-nor-5-androstenedione (estr-5-en-3,17-dione);

(xviii) norbolethone (13[beta],17[alpha]-diethyl-17[beta]-hydroxygon-4-en-3-one);

(xix) norclostebol (4-chloro-17[beta]-hydroxyestr-4-en-3-one);

(l) norethandrolone (17[alpha]-ethyl-17[beta]-hydroxyestr-4-en-3-one);

(li) normethandrolone (17[alpha]-methyl-17[beta]-hydroxyestr-4-en-3-one);

(lii) oxandrolone (17[alpha]-methyl-17[beta]-hydroxy-2-oxa-5[alpha]-androstan-3-one);

(liii) oxymesterone (17[alpha]-methyl-4,17[beta]-dihydroxyandrost-4-en-3-one);

(iv) oxymetholone (17[alpha]-methyl-2-hydroxymethylene-17[beta]-hydroxy-5[alpha]-androstan-3-one);

(lv) prostanozol (17 beta-hydroxy-5 alpha-androstano[3,2-C]pyrazole

(lvi) stanozolol (17[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androst-2-eno[3,2-c]-pyrazole);

(lvii) stenbolone (17[beta]-hydroxy-2-methyl-5[alpha]-androst-1-en-3-one);

(lviii) testolactone (13-hydroxy-3-oxo-13,17-secoandrost-1,4-dien-17-oic acid lactone);

(lix) testosterone (17[beta]-hydroxyandrost-4-en-3-one);

(lix) tetrahydrogestrinone (13[beta],17[alpha]-diethyl-17[beta]-hydroxygon-4,9,11-trien-3-one);

(lxi) trenbolone (17[beta]-hydroxyestr-4,9,11-trien-3-one);

(lxii) any salt, ester, or ether of a drug or substance described in this paragraph.

Anabolic steroids are not included if they are: (A) expressly intended for administration through implants to cattle or other nonhuman species; and (B) approved by the United States Food and Drug Administration for that use;

(2) Human growth hormones.
(3) Chorionic gonadotropin

(g) Hallucinogenic substances. Dronabinol (synthetic) in sesame oil and encapsulated in a soft gelatin capsule in a United States Food and Drug Administration approved product.

(h) Any material, compound, mixture, or preparation containing the following narcotic drug or its salt: buprenorphine.

Sec. 4. Minnesota Statutes 2014, section 152.02, subdivision 5, is amended to read:

Subd. 5. Schedule IV. (a) Schedule IV consists of the substances listed in this subdivision.

(b) Narcotic drugs. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any of the following narcotic drugs, or their salts calculated as the free anhydrous base or alkaloid, in limited quantities as follows:

1. not more than one milligram of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit;
2. dextropropoxyphene (Darvon and Darvocet);
3. 2-[(dimethylamino)methyl]-1-(3-methoxyphenyl)cyclohexanol, its salts, optical and geometric isomers, and salts of these isomers (including tramadol).

(c) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any quantity of the following substances, including its salts, isomers, and salts of isomers whenever the existence of the salts, isomers, and salts of isomers is possible:

1. Alfaxalone (5α-pregnan-3α-ol-11,20-dione);
4. alprazolam;
6. bromazepam;
8. camazepam;
10. carisoprodol;
12. chloral betaine;
14. chloral hydrate;
16. chlordiazepoxide;
18. cloramazine;
20. clobazam;
22. clonazepam;
24. clorazepate;
(12) clotiazepam;
(13) cloxazolam;
(14) delorazepam;
(15) diazepam;
(16) dichloralphenazone;
(17) estazolam;
(18) ethchlorvynol;
(19) ethinamate;
(20) ethyl loflazepate;
(21) fludiazepam;
(22) flurazepam;
(23) fospropofol
(24) halazepam;
(25) haloxazolam;
(26) ketazolam;
(27) loprazolam;
(28) lorazepam;
(29) lormetazepam mebutamate;
(30) medazepam;
(31) meprobamate;
(32) methohexital;
(33) methylphenobarbital;
(34) midazolam;
(35) nimetazepam;
(36) nitrazepam nortizepam
(37) nitrazepam;
(38) nordiazepam;
(36) oxazepam;
(37) oxazolam;
(38) paraldehyde; petrichloral
(41) paraldehyde;
(42) petrichloral;
(39) phenobarbital;
(40) pinazepam;
(41) prazepam;
(42) quazepam;
(47) Suvorexant;
(43) temazepam;
(44) tetrazepam;
(45) triazolam;
(46) zaleplon;
(47) zolpidem;
(48) zopiclone.

(d) Any material, compound, mixture, or preparation which contains any quantity of the following substance including its salts, isomers, and salts of such isomers, whenever the existence of such salts, isomers, and salts of isomers is possible: fenfluramine.

(e) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers:

(1) cathine (norpseudoephedrine);
(2) diethylpropion;
(3) fencamfamine;
(4) fenproporex;
(5) mazindol;
(6) mefenorex;
(7) modafinil;
(8) pemoline (including organometallic complexes and chelates thereof);

(9) phentermine;

(10) pipradol;

(11) sibutramine;

(12) SPA (1-dimethylamino-1,2-diphenylethane).

(f) lorcaserin.

Sec. 5. Minnesota Statutes 2014, section 152.02, subdivision 6, is amended to read:

Subd. 6. Schedule V; restrictions on methamphetamine precursor drugs. (a) As used in this subdivision, the following terms have the meanings given:

(1) "methamphetamine precursor drug" means any compound, mixture, or preparation intended for human consumption containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients; and

(2) "over-the-counter sale" means a retail sale of a drug or product but does not include the sale of a drug or product pursuant to the terms of a valid prescription.

(b) The following items are listed in Schedule V:

(1) any compound, mixture, or preparation containing any of the following limited quantities of narcotic drugs, which shall include one or more nonnarcotic active medicinal ingredients in sufficient proportion to confer upon the compound, mixture or preparation valuable medicinal qualities other than those possessed by the narcotic drug alone:

(i) not more than 100 milligrams of dihydrocodeine per 100 milliliters or per 100 grams;

(ii) not more than 100 milligrams of ethylmorphine per 100 milliliters or per 100 grams;

(iii) not more than 2.5 milligrams of diphenoxylate and not less than 25 micrograms of atropine sulfate per dosage unit;

(iv) not more than 100 milligrams of opium per 100 milliliters or per 100 grams; or

(v) not more than 0.5 milligrams of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit.

(2) Stimulants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers: pyrovalerone.

(3) Depressants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers:

(i) ezogabine;
(i) (ii) pregabalin;

(ii) (iii) lacosamide.

(4) Any compound, mixture, or preparation containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients.

(c) No person may sell in a single over-the-counter sale more than two packages of a methamphetamine precursor drug or a combination of methamphetamine precursor drugs or any combination of packages exceeding a total weight of six grams, calculated as the base.

(d) Over-the-counter sales of methamphetamine precursor drugs are limited to:

(1) packages containing not more than a total of three grams of one or more methamphetamine precursor drugs, calculated in terms of ephedrine base or pseudoephedrine base; or

(2) for nonliquid products, sales in blister packs, where each blister contains not more than two dosage units, or, if the use of blister packs is not technically feasible, sales in unit dose packets or pouches.

(e) A business establishment that offers for sale methamphetamine precursor drugs in an over-the-counter sale shall ensure that all packages of the drugs are displayed behind a checkout counter where the public is not permitted and are offered for sale only by a licensed pharmacist, a registered pharmacy technician, or a pharmacy clerk. The establishment shall ensure that the person making the sale requires the buyer:

(1) to provide photographic identification showing the buyer's date of birth; and

(2) to sign a written or electronic document detailing the date of the sale, the name of the buyer, and the amount of the drug sold.

A document described under clause (2) must be retained by the establishment for at least three years and must at all reasonable times be open to the inspection of any law enforcement agency.

Nothing in this paragraph requires the buyer to obtain a prescription for the drug's purchase.

(f) No person may acquire through over-the-counter sales more than six grams of methamphetamine precursor drugs, calculated as the base, within a 30-day period.

(g) No person may sell in an over-the-counter sale a methamphetamine precursor drug to a person under the age of 18 years. It is an affirmative defense to a charge under this paragraph if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

(h) A person who knowingly violates paragraph (c), (d), (e), (f), or (g) is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days, or to payment of a fine of not more than $1,000, or both.

(i) An owner, operator, supervisor, or manager of a business establishment that offers for sale methamphetamine precursor drugs whose employee or agent is convicted of or charged with violating paragraph (c), (d), (e), (f), or (g) is not subject to the criminal penalties for violating any of those paragraphs if the person:

(1) did not have prior knowledge of, participate in, or direct the employee or agent to commit the violation; and
(2) documents that an employee training program was in place to provide the employee or agent with information on the state and federal laws and regulations regarding methamphetamine precursor drugs.

(j) Any person employed by a business establishment that offers for sale methamphetamine precursor drugs who sells such a drug to any person in a suspicious transaction shall report the transaction to the owner, supervisor, or manager of the establishment. The owner, supervisor, or manager may report the transaction to local law enforcement. A person who reports information under this subdivision in good faith is immune from civil liability relating to the report.

(k) Paragraphs (b) to (j) do not apply to:

(1) pediatric products labeled pursuant to federal regulation primarily intended for administration to children under 12 years of age according to label instructions;

(2) methamphetamine precursor drugs that are certified by the Board of Pharmacy as being manufactured in a manner that prevents the drug from being used to manufacture methamphetamine;

(3) methamphetamine precursor drugs in gel capsule or liquid form; or

(4) compounds, mixtures, or preparations in powder form where pseudoephedrine constitutes less than one percent of its total weight and is not its sole active ingredient.

(l) The Board of Pharmacy, in consultation with the Department of Public Safety, shall certify methamphetamine precursor drugs that meet the requirements of paragraph (k), clause (2), and publish an annual listing of these drugs.

(m) Wholesale drug distributors licensed and regulated by the Board of Pharmacy pursuant to sections 151.42 to 151.51 and registered with and regulated by the United States Drug Enforcement Administration are exempt from the methamphetamine precursor drug storage requirements of this section.

(n) This section preempts all local ordinances or regulations governing the sale by a business establishment of over-the-counter products containing ephedrine or pseudoephedrine. All ordinances enacted prior to the effective date of this act are void."

Delete the title and insert:

"A bill for an act relating to public safety; modifying certain provisions relating to courts, public safety, firefighters, corrections, crime, disaster assistance, and controlled substances; requesting reports; providing for penalties; appropriating money for public safety, courts, corrections, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Peace Officer Standards and Training (POST) Board, Private Detective Board, and Human Rights; amending Minnesota Statutes 2014, sections 5B.11; 12.221, subdivision 6; 12B.15, subdivision 2, by adding a subdivision; 12B.25, subdivision 1; 12B.40; 13.03, subdivision 6; 13.82, subdivision 17; 43A.241; 97A.421, by adding a subdivision; 152.02, subdivisions 2, 3, 4, 5, 6; 168A.1501, subdivisions 1, 6; 169.13, subdivisions 1, 3; 169.98, by adding a subdivision; 169A.03, subdivision 3; 169A.07; 169A.275, subdivision 5; 169A.285, subdivision 1; 169A.45, subdivision 1; 169A.53, subdivision 3; 181.06, subdivision 2; 181.101; 241.88, subdivision 1, by adding a subdivision; 241.89, subdivisions 1, 2; 244.05, by adding a subdivision; 244.15, subdivision 6; 253B.08, subdivision 2a; 253B.12, subdivision 2a; 253D.28, subdivision 2; 260B.198, by adding a subdivision; 299A.73, subdivision 2; 299C.35; 299C.38; 299C.46, subdivisions 2, 2a; 299F.012, subdivision 1; 299N.03, subdivisions 3, 5, 6, 7; 299N.04, subdivision 3; 299N.05, subdivisions 1, 4, 5, 6, 7, 8; 325E.21, subdivisions 1, 2, 4; 352B.011, subdivision 10; 357.021, subdivision 2; 401.10, subdivision 1; 486.10, subdivisions 2, 3; 609.02, by adding a subdivision; 609.11, subdivision 9; 609.165; 609.324, subdivision 1; 609.325, division 4, by adding a subdivision; 609.3451,
subdivision 1; 609.3471; 609.531, subdivision 1; 609.66, subdivisions 1a, 1g; 611A.26, subdivisions 1, 6; 611A.31, subdivision 1; 611A.33; 611A.35; 617.242, subdivision 6; 624.71; 624.712, by adding a subdivision; 624.713, subdivisions 1, 1a, 2, 3, 4; 624.714, subdivision 16; 624.715; 626.88; 628.26; 631.461; 645.241; Laws 2013, chapter 86, article 1, sections 7; 9; proposing coding for new law in Minnesota Statutes, chapters 5B; 299N; 609; 611A; 624; repeal

We request the adoption of this report and repassage of the bill.

Senate Conferees: RON LATZ, D. SCOTT Dibble, CHRIS A. EATON and DAVID H. SENJEM.

House Conferees: TONY CORNISH, BRIAN JOHNSON, KATHY LOHMER, JERRY HERTAUS and DEBRA HILSTROM.

Cornsish moved that the report of the Conference Committee on S. F. No. 878 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Cornish motion and the roll was called. There were 108 yeas and 23 nays as follows:

Those who voted in the affirmative were:

Albright
Allen
Anderson, M.
Anderson, P.
Anderson, S.
Anzelc
Applebaum
Atkins
Backer
Baker
Barrett
Bennett
Carlson
Christensen
Clark
Cornish
Daniels
Davids

Those who voted in the negative were:

Bernardy
Bly
Considine
Davnie

The motion prevailed.
S. F. No. 878, A bill for an act relating to criminal justice; lowering the penalty for the performance of acts prohibited by statutes for which no penalty is specified; regulating the possession and purchase of firearms, ammunition, and suppressors; prohibiting a bondsman or bail enforcement agent from wearing uniform or driving vehicle the color of law enforcement; regulating the use of unmanned aerial vehicles by law enforcement agencies; requiring outside law enforcement agencies to investigate peace officer-involved incidents; addressing numerous issues relating to juveniles including diversion, use of restraints, and sentencing; modifying forfeiture laws and how proceeds from the sale of forfeited property are used, what reports are required, and how policies are adopted; establishing the burden of production on the innocent owner claimant and the burden of proof on the prosecutor in an innocent owner forfeiture case involving DWI, designated offenses, controlled substance offenses, fleeing offenses, and prostitution offenses; expanding the homestead exemption in forfeiture cases; restoring the civil right to vote of an individual upon release from incarceration and requiring notice; repealing county attorney obligation to promptly investigate voter registration and eligibility; amending Minnesota Statutes 2014, sections 6.74; 84.7741, subdivision 10; 97A.421, by adding a subdivision; 169.98, by adding a subdivision; 169A.60, subdivision 1; 169A.63, subdivisions 1, 7, 9, 10; 201.014, by adding a subdivision; 201.071, subdivision 1; 201.12, subdivisions 2, 3; 201.13, subdivision 3; 201.14; 201.157; 204C.08, subdivision 1d; 204C.10; 244.05, subdivisions 4, 5; 260B.001, subdivision 2; 260B.125, by adding a subdivision; 260B.130, subdivision 4; 609.02, by adding a subdivision; 609.106, subdivision 2, by adding a subdivision; 609.11, subdivision 9; 609.165; 609.3455, subdivision 2; 609.531, subdivisions 1, 8, by adding subdivisions; 609.5311, subdivision 3; 609.5312, subdivisions 2, 3, 4; 609.5315, subdivisions 1, 6; 609.5318, subdivision 5; 609.66, subdivisions 1a, 1g; 624.71; 624.712, by adding a subdivision; 624.713, subdivisions 1, 1a, 2, 3, 4; 624.714, subdivision 16; 624.715; 626.88; 645.241; proposing coding for new law in Minnesota Statutes, chapters 5B; 201; 243; 260B; 624; 626; repealing Minnesota Statutes 2014, sections 97B.031, subdivision 4; 201.155; 201.275; 609.66, subdivision 1h.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 116 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Albright
Allen
Anderson, M.
Anderson, P.
Anderson, S.
Anzelc
Applebaum
Atkins
Backer
Baker
Barrett
Bennett
Bernardy
Bly
Carlson
Christensen
Clark
Considine
Cornish
Daniels

Davids
Dean, M.
Dettmer
Dill
Drazkowski
Erhardt
Erickson
Fabian
Fenton
Fischer
Franson
Freiberg
Garofalo
Green
Gruenhagen
Gunter
Hackbarth
Halverson
Hamilton
Hancock

Hansen
Heintzman
Hertau
Hilstrom
Hoppe
Hortman
Howe
Isaacson
Johnson, B.
Johnson, C.
Kelly
Kiel
Knoblach
Koznick
Kreska
Laine
Lenczewski
Lien
Lillie
Lohmer

Loon
Loonan
Lucero
Lueck
Mack
Marquart
Masin
McDonald
McNamar
Melin
Metsa
Miller
Murphy, M.
Nash
Newberger
Newton
Nornes
Norton
O'Driscoll

O'Neill
Pelowski
Pepin
Persell
Petersburg
Peterson
Pierson
Pinto
Poppe
Pugh
Quam
Rarick
Rosenthal
Runbeck
Sanders
Schoen
Schomacker
Scott
Selcer
Slocum

Smith
Sundin
Swedzinski
Theis
Torkelson
Uhlen
Urdahl
Vogel
Vogel
Ward
Whelan
Wills
Winkler
Yarusso
Youakim
Zerwas
Spk. Daudt
Those who voted in the negative were:

<table>
<thead>
<tr>
<th>Davnie</th>
<th>Johnson, S.</th>
<th>Loeffler</th>
<th>Moran</th>
<th>Simonson</th>
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<td>Mahoney</td>
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<td>Hausman</td>
<td>Liebling</td>
<td>Mariani</td>
<td>Schultz</td>
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</table>

The bill was repassed, as amended by Conference, and its title agreed to.

Peppin moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Sanders.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1647:

Kelly, Petersburg, Sanders, Howe and Norton.

CALENDAR FOR THE DAY

S. F. No. 1398, A bill for an act relating to retirement; modifying actuarial assumptions; modifying postretirement adjustment triggers; modifying contribution stabilizers; amending police and firefighter retirement state supplemental aid; creating a monthly benefit division of the statewide volunteer firefighter retirement plan; adopting recommendations of the volunteer firefighter relief association working group; modifying local firefighter relief associations; making small group retirement changes; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, and Public Employees Retirement Association; making technical and conforming changes; merging the Minneapolis Employees Retirement Fund Division into PERA-General; requiring a state financial contribution to fund the merger; permanently extending supplemental fire state aid to volunteer firefighter relief associations; amending Minnesota Statutes 2014, sections 3A.03, subdivision 2; 11A.17, subdivision 2; 69.051, subdivision 1a; 69.80; 256D.21; 352.01, subdivisions 2a, 11, 13a, 15; 352.017, subdivision 2; 352.021, subdivisions 1, 3, 4; 352.029, subdivision 2; 352.04, subdivisions 8, 9; 352.045; 352.22, subdivisions 8, 10; 352.23; 352.75, subdivision 2; 352.87, subdivision 8; 352.91, subdivision 3e; 352.955, subdivision 3; 352B.011, subdivision 3; 352B.013, subdivision 2; 352B.07; 352B.085; 352B.086; 352B.10, subdivision 5; 352B.105; 352B.11, subdivision 4; 352B.25; 352D.02, subdivision 1; 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.01, subdivisions 2a, 2b, 6, 10, 11a, 16, 17, 28, 36, 48; 353.0161, subdivision 2, by adding a subdivision; 353.0162; 353.017, subdivision 2; 353.03, subdivision 3; 353.031, subdivisions 5, 10; 353.05; 353.06; 353.27, subdivisions 1, 3b, 7a, 10, 12, 12a, by adding a subdivision; 353.28, subdivision 5; 353.29, subdivision 7; 353.33, subdivisions 6, 13; 353.34, subdivision 1; 353.35, subdivision 1; 353.37, subdivision 1; 353.46, subdivisions 2, 6; 353.50, subdivisions 6, 8; 353.505; 353.64, subdivisions 7a, 8, 9, 10; 353.656, subdivisions 1a, 1b, 2, 4, 5a; 353D.03, subdivision 3; 353D.071, subdivision 2; 353E.06, subdivisions 5, 6; 353F.01;
The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright  Dean, M.
Allen  Dehn, R.
Anderson, M.  Dettmer
Anderson, P.  Dill
Anderson, S.  Drazkowski
Anzelc  Erhardt
Applebaum  Erickson
Atkins  Fabian
Backer  Fenton
Baker  Fischer
Barrett  Franson
Bennett  Freiberg
Bernardy  Garofalo
Bly  Green
Carlson  Gruenhagen
Christensen  Gunther
Clark  Hack Barth
Considine  Halverson
Cornish  Hamilton
Daniels  Hancock
Davids  Hansen
Davnie  Hausman
Heintzeman  Hertaus
Hilstrom  Hoppe
Horton  Huck
Howe  Isaacson
Johnson, B.  Johnson, C.
Johnson, S.  Kiel
Koznick  Knoebel
Kresha  Laine
Lencezelski  Lesch
Liebling  Lien
Lillie  Loffler
Lohmer  Loon
Loonan  Lucero
Lueke  Mack
Mahoney  Mariani
Marquart  Masin
McDonald  McNamara
Melnik  Mleta
Miller  Moran
Mullery  Murphy, E.
Murphy, M.  Nash
Nelson  Newberger
Newton  Nornes
Norton  O’Driscoolly
O’Neill  O’Neill
Pelowski  Peppin
Persell  Persell
Petersburg  Peterson
Petersburg  Peterson
Pierson  Pinto
Pugh  Pugh
Quam  Quam
Rarick  Rarick
Rosenhal  Rosenthal
Runbeck  Runbeck
Sanders  Sanders
Schoen  Schoen
Schomacker  Schomacker
Scott  Selcer
Simonson  Slocum
Smith  Smith
Sundin  Sundin
Swedzinski  Swedzinski
Theis  Thissen
Uglen  Ugrams
Urdahl  Vogel
Wagenius  Wagenius
Ward  Ward
Whelan  Whelan
Wills  Wills
Winkler  Winkler
Yarusso  Youakim
Zerwas  Zerwas
There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith transmitted:

H. F. No. 546, A bill for an act relating to state government; permitting a government entity to release certain military release forms to another government entity for a limited purpose; amending Minnesota Statutes 2014, section 196.08.

JOANNE M. ZOFF, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 86.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

JOANNE M. ZOFF, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. No. 86

A bill for an act relating to data practices; classifying data and providing procedures related to automated license plate readers and portable recording systems; amending Minnesota Statutes 2014, section 13.82, subdivision 15, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 626.

May 17, 2015

The Honorable Sandra L. Pappas
President of the Senate

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

We, the undersigned conferees for S. F. No. 86 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 86 be further amended as follows:

Delete everything after the enacting clause and insert:
"Section 1. Minnesota Statutes 2014, section 13.82, subdivision 2, is amended to read:

Subd. 2. Arrest data. The following data created or collected by law enforcement agencies which document any actions taken by them to cite, arrest, incarcerate or otherwise substantially deprive an adult individual of liberty shall be public at all times in the originating agency:

(a) time, date and place of the action;
(b) any resistance encountered by the agency;
(c) any pursuit engaged in by the agency;
(d) whether any weapons were used by the agency or other individual;
(e) the charge, arrest or search warrants, or other legal basis for the action;
(f) the identities of the agencies, units within the agencies and individual persons taking the action;
(g) whether and where the individual is being held in custody or is being incarcerated by the agency;
(h) the date, time and legal basis for any transfer of custody and the identity of the agency or person who received custody;
(i) the date, time and legal basis for any release from custody or incarceration;
(j) the name, age, sex and last known address of an adult person or the age and sex of any juvenile person cited, arrested, incarcerated or otherwise substantially deprived of liberty;
(k) whether the agency employed an automated license plate reader, wiretaps or other eavesdropping techniques, unless the release of this specific data would jeopardize an ongoing investigation;
(l) the manner in which the agencies received the information that led to the arrest and the names of individuals who supplied the information unless the identities of those individuals qualify for protection under subdivision 17; and
(m) response or incident report number.

Sec. 2. Minnesota Statutes 2014, section 13.82, is amended by adding a subdivision to read:

Subd. 31. Use of surveillance technology. Notwithstanding subdivision 25 and section 13.37, subdivision 2, the existence of all technology maintained by a law enforcement agency that may be used to electronically capture an audio, video, photographic, or other record of the activities of the general public, or of an individual or group of individuals, for purposes of conducting an investigation, responding to an incident or request for service, monitoring or maintaining public order and safety, or engaging in any other law enforcement function authorized by law is public data.

Sec. 3. [13.824] AUTOMATED LICENSE PLATE READERS.

Subdivision 1. Definition. As used in this section, "automated license plate reader" means an electronic device mounted on a law enforcement vehicle or positioned in a stationary location that is capable of recording data on, or taking a photograph of, a vehicle or its license plate and comparing the collected data and photographs to existing law enforcement databases for investigative purposes. Automated license plate reader includes a device that is owned or operated by a person who is not a government entity to the extent that data collected by the reader are shared with a law enforcement agency.
Subd. 2. **Data collection; classification; use restrictions.** (a) Data collected by an automated license plate reader must be limited to the following:

(1) license plate numbers;

(2) date, time, and location data on vehicles; and

(3) pictures of license plates, vehicles, and areas surrounding the vehicles.

Collection of any data not authorized by this paragraph is prohibited.

(b) All data collected by an automated license plate reader are private data on individuals or nonpublic data unless the data are public under section 13.82, subdivision 2, 3, or 6, or are active criminal investigative data under section 13.82, subdivision 7.

(c) Data collected by an automated license plate reader may only be matched with data in the Minnesota license plate data file, provided that a law enforcement agency may use additional sources of data for matching if the additional data relate to an active criminal investigation. A central state repository of automated license plate reader data is prohibited unless explicitly authorized by law.

(d) Automated license plate readers must not be used to monitor or track an individual who is the subject of an active criminal investigation unless authorized by a warrant, issued upon probable cause, or exigent circumstances justify the use without obtaining a warrant.

Subd. 3. **Destruction of data required.** (a) Notwithstanding section 138.17, and except as otherwise provided in this subdivision, data collected by an automated license plate reader that are not related to an active criminal investigation must be destroyed no later than 60 days from the date of collection.

(b) Upon written request from an individual who is the subject of a pending criminal charge or complaint, along with the case or complaint number and a statement that the data may be used as exculpatory evidence, data otherwise subject to destruction under paragraph (a) must be preserved by the law enforcement agency until the criminal charge or complaint is resolved or dismissed.

(c) Upon written request from a program participant under chapter 5B, automated license plate reader data related to the program participant must be destroyed at the time of collection or upon receipt of the request, whichever occurs later, unless the data are active criminal investigative data. The existence of a request submitted under this paragraph is private data on individuals.

(d) Data that are inactive criminal investigative data are subject to destruction according to the retention schedule for the data established under section 138.17.

Subd. 4. **Sharing among law enforcement agencies.** (a) Automated license plate reader data that are not related to an active criminal investigation may only be shared with, or disseminated to, another law enforcement agency upon meeting the standards for requesting access to data as provided in subdivision 7.

(b) If data collected by an automated license plate reader are shared with another law enforcement agency under this subdivision, the agency that receives the data must comply with all data classification, destruction, and security requirements of this section.
(c) Automated license plate reader data that are not related to an active criminal investigation may not be shared with, disseminated to, sold to, or traded with any other individual or entity unless explicitly authorized by this subdivision or other law.

Subd. 5. **Log of use required.** (a) A law enforcement agency that installs or uses an automated license plate reader must maintain a public log of its use, including but not limited to:

1. specific times of day that the reader actively collected data;
2. the aggregate number of vehicles or license plates on which data are collected for each period of active use and a list of all state and federal databases with which the data were compared, unless the existence of the database itself is not public;
3. for each period of active use, the number of vehicles or license plates in each of the following categories where the data identify a vehicle or license plate that has been stolen, a warrant for the arrest of the owner of the vehicle or an owner with a suspended or revoked driver's license or similar category, or are active investigative data; and
4. for a reader at a stationary or fixed location, the location at which the reader actively collected data and is installed and used.

(b) The law enforcement agency must maintain a list of the current and previous locations, including dates at those locations, of any fixed stationary automated license plate readers or other surveillance devices with automated license plate reader capability used by the agency. The agency's list must be accessible to the public, unless the agency determines that the data are security information as provided in section 13.37, subdivision 2. A determination that these data are security information is subject to in-camera judicial review as provided in section 13.08, subdivision 4.

Subd. 6. **Biennial audit.** (a) In addition to the log required under subdivision 5, the law enforcement agency must maintain records showing the date and time automated license plate reader data were collected and the applicable classification of the data. The law enforcement agency shall arrange for an independent, biennial audit of the records to determine whether data currently in the records are classified, how the data are used, whether they are destroyed as required under this section, and to verify compliance with subdivision 7. If the commissioner of administration believes that a law enforcement agency is not complying with this section or other applicable law, the commissioner may order a law enforcement agency to arrange for additional independent audits. Data in the records required under this paragraph are classified as provided in subdivision 2.

(b) The results of the audit are public. The commissioner of administration shall review the results of the audit. If the commissioner determines that there is a pattern of substantial noncompliance with this section by the law enforcement agency, the agency must immediately suspend operation of all automated license plate reader devices until the commissioner has authorized the agency to reinstate their use. An order of suspension under this paragraph may be issued by the commissioner, upon review of the results of the audit, review of the applicable provisions of this chapter, and after providing the agency a reasonable opportunity to respond to the audit's findings.

(c) A report summarizing the results of each audit must be provided to the commissioner of administration, to the chair and ranking minority members of the committees of the house of representatives and the senate with jurisdiction over data practices and public safety issues, and to the Legislative Commission on Data Practices and Personal Data Privacy no later than 30 days following completion of the audit.

Subd. 7. **Authorization to access data.** (a) A law enforcement agency must comply with sections 13.05, subdivision 5, and 13.055 in the operation of automated license plate readers, and in maintaining automated license plate reader data.
(b) The responsible authority for a law enforcement agency must establish written procedures to ensure that law enforcement personnel have access to the data only if authorized in writing by the chief of police, sheriff, or head of the law enforcement agency, or their designee, to obtain access to data collected by an automated license plate reader for a legitimate, specified, and documented law enforcement purpose. Consistent with the requirements of paragraph (c), each access must be based on a reasonable suspicion that the data are pertinent to an active criminal investigation and must include a record of the factual basis for the access and any associated case number, complaint, or incident that is the basis for the access.

(c) The ability of authorized individuals to enter, update, or access automated license plate reader data must be limited through the use of role-based access that corresponds to the official duties or training level of the individual and the statutory authorization that grants access for that purpose. All queries and responses, and all actions in which data are entered, updated, accessed, shared, or disseminated, must be recorded in a data audit trail. Data contained in the audit trail are public, to the extent that the data are not otherwise classified by law.

Subd. 8. **Notification to Bureau of Criminal Apprehension.** (a) Within ten days of the installation or current use of an automated license plate reader or the integration of automated license plate reader technology into another surveillance device, a law enforcement agency must notify the Bureau of Criminal Apprehension of that installation or use and of any fixed location of a stationary automated license plate reader.

(b) The Bureau of Criminal Apprehension must maintain a list of law enforcement agencies using automated license plate readers or other surveillance devices with automated license plate reader capability, including locations of any fixed stationary automated license plate readers or other devices. Except to the extent that the law enforcement agency determines that the location of a specific reader or other device is security information, as defined in section 13.37, this list is accessible to the public and must be available on the bureau's Web site. A determination that the location of a reader or other device is security information is subject to in-camera judicial review, as provided in section 13.08, subdivision 4.

**EFFECTIVE DATE.** This section is effective August 1, 2015. Data collected before the effective date of this section must be destroyed, if required by this section, no later than 15 days after the date this section becomes effective.

Sec. 4. [626.8472] **AUTOMATED LICENSE PLATE READER POLICY.**

The chief law enforcement officer of every state and local law enforcement agency that maintains an automated license plate reader shall establish and enforce a written policy governing use of the reader. Use of an automated license plate reader without adoption of a written policy under this section is prohibited. At a minimum, the policies and procedures must incorporate the requirements of section 13.824, and the employee discipline standards for unauthorized access to data contained in section 13.09.

**EFFECTIVE DATE.** This section is effective August 1, 2015, provided that chief law enforcement officers shall adopt the policy required under this section no later than January 15, 2016."

Delete the title and insert:

"A bill for an act relating to relating to data practices; classifying data related to automated license plate readers and requiring a governing policy; requiring a log of use; requiring data to be destroyed in certain circumstances; requiring a report; amending Minnesota Statutes 2014, section 13.82, subdivision 2, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13; 626."

We request the adoption of this report and repassage of the bill.

Senate Conferees: **RON LATZ, SUSAN KENT and DAN D. HALL.**

House Conferees: **TONY CORNISH and DAN SCHOEN.**
Speaker pro tempore Sanders called Davids to the Chair.

Atkins was excused for the remainder of today’s session.

Cornish moved that the report of the Conference Committee on S. F. No. 86 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

Green was excused between the hours of 11:45 p.m. and 11:50 p.m.

Laine was excused between the hours of 11:45 p.m. and 12:50 a.m.

The question was taken on the Cornish motion and the roll was called. There were 87 yeas and 43 nays as follows:

Those who voted in the affirmative were:


Those who voted in the negative were:

Allen, Anderson, M., Applebaum, Bly, Carlson, Clark, Considine, Davnie, Dean, M., Dehn, R., Drazkowski, Franson, Freiberg, Garofalo, Hancock, Hansen, Hausman, Hertaus, Isaacs, Johnson, S., Koznick, Lesch, Liebling, Lucero, Mahoney, Mariani, Melin, Mhea, Murphy, E., Murphy, M., Nash, Newberger.

The motion prevailed.
S. F. No. 86, A bill for an act relating to data practices; classifying data and providing procedures related to automated license plate readers and portable recording systems; amending Minnesota Statutes 2014, section 13.82, subdivision 15, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 96 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Albright  Dill  Hortman  Mack  Persell  Slocum
Anderson, P.  Erhardt  Howe  Marquart  Petersburg  Smith
Anderson, S.  Erickson  Johnson, B.  Masin  Peterson  Sundin
Anzelc  Fabian  Johnson, C.  McDonald  McNamara  Pierson  Swedzinski
Backer  Fenton  Kelly  Miller  Pinto  Theis
Baker  Fischer  Kiel  Moran  Poppe  Torkelson
Barrett  Freiberg  Knoblach  Mullery  Pugh  Uglem
Bennett  Gruenhagen  Kresha  Murphy, M.  Rarick  Urdahl
Bernardy  Gunther  Lenczewski  Nelson  Rosenthal  Wagenius
Carlson  Hackbarth  Lien  Murphy, N.  Runbeck  Ward
Christensen  Halverson  Lillie  Nornes  Sanders  Wills
Clark  Hamilton  Loeffler  Norton  Schoen  Winkler
Cornish  Heintzman  Lohmer  O’Driscoll  Schomacker  Yarusso
Daniels  Hilstrom  Loon  O’Neill  Schiltz  Youakim
Davids  Hoppe  Loonan  Pelowski  Selcer  Zerwas
Dettmer  Hornstein  Lueck  Peppin  Simonson  Spk. Daudt

Those who voted in the negative were:

Allen  Dean, M.  Hancock  Koznick  Melin  Quam
Anderson, M.  Dehn, R.  Hansen  Lesch  Metsa  Scott
Applebaum  Drazkowski  Hausman  Liebling  Murphy, E.  Thissen
Bly  Franson  Hertaus  Lucero  Nash  Vogel
Considine  Garofalo  Isaacson  Mahoney  Newberger  Whelan
Davnie  Green  Johnson, S.  Mariani  Newton

The bill was repassed, as amended by Conference, and its title agreed to.

The Speaker resumed the Chair.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 455.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

JOANNE M. ZOFF, Secretary of the Senate
CONFERENCE COMMITTEE REPORT ON S. F. No. 455

A bill for an act relating to elections; modifying various provisions related to election administration, including provisions related to school districts, voters, ballots, candidates, political party designation, military and overseas voting, and other election-related provisions; establishing the Elections Emergency Planning Task Force; enacting the Uniform Faithful Presidential Electors Act; amending voter registration procedures; restoring right to vote upon release from incarceration for a felony offense; providing for early voting; requiring use of actual address for redistricting purposes; making conforming changes; making technical changes; appropriating money; amending Minnesota Statutes 2014, sections 13.607, by adding a subdivision; 103C.311, subdivision 2; 123B.09, subdivision 1, by adding a subdivision; 200.02, subdivisions 7, 23, by adding subdivisions; 201.014, by adding a subdivision; 201.022, subdivision 1; 201.054, subdivisions 1, 2; 201.061, by adding a subdivision; 201.071, subdivision 1; 201.091, subdivision 4; 201.12, subdivisions 2, 3; 201.13, subdivision 3; 201.14; 201.157; 201.158; 201.161; 203B.001; 203B.01, subdivision 3, by adding a subdivision; 203B.03, subdivision 1; 203B.05, subdivision 1; 203B.07, subdivision 1; 203B.08, subdivisions 1, 3; 203B.081; 203B.085; 203B.121, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 203B.16, subdivisions 1, 2; 203B.17, subdivisions 1, 2; 204B.06, subdivision 1b; 204B.07, subdivision 2; 204B.145; 204B.19, subdivisions 2, 6; 204B.28, subdivision 2; 204B.36, subdivisions 1, 2, 3, 4; 204B.45, subdivisions 1, 2; 204C.04, subdivision 2; 204C.08, subdivision 1d; 204C.10; 204C.13, subdivisions 2, 3, 5; 204C.15, subdivision 1; 204C.22, subdivisions 3, 4, 7, 10; 204C.35, subdivisions 1, 2; 204C.36, subdivisions 1, 2; 204C.40, subdivision 2; 204D.11, subdivision 4; 204D.27, subdivision 11; 205.13, subdivision 3; 205.84, subdivision 1; 206.82, subdivision 1; 206.83; 206.90, subdivision 6; 208.02; 208.03; 208.06; 209.01, subdivision 2; 209.021, subdivisions 2, 3; 209.09, subdivision 2; 365.22, subdivisions 2, 3; 367.31, subdivision 4; 368.85, subdivision 4; 375.025, subdivision 1; 375A.09, subdivision 4; 376.04; 383B.68, subdivision 4; 412.551, subdivision 2; 473.123, subdivision 3a; 609.165, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 123B; 201; 203B; 208; 241; 243; repealing Minnesota Statutes 2014, sections 123B.09, subdivision 5; 201.155; 201.275; 204B.14, subdivision 6; 204C.13, subdivision 4; 204C.30, subdivision 1; 208.07; 208.08; 383A.555.

May 17, 2015

The Honorable Sandra L. Pappas
President of the Senate

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

We, the undersigned conferees for S. F. No. 455 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 455 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ELECTION ADMINISTRATION

Section 1. Minnesota Statutes 2014, section 123B.09, subdivision 1, is amended to read:

Subdivision 1. **School board membership.** The care, management, and control of independent districts is vested in a board of directors, to be known as the school board. The term of office of a member shall be four years commencing on the first Monday in January and until a successor qualifies. The membership of the board shall consist of six elected directors together with such ex officio member as may be provided by law. The board may submit to the electors at any school election the question whether the board shall consist of seven members. If a majority of those voting on the proposition favor a seven-member board, a seventh member shall be elected at the next election of directors for a four-year term and thereafter the board shall consist of seven members.
Those districts with a seven-member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the question whether the board shall consist of six members. If a majority of those voting on the proposition favor a six-member board instead of a seven-member board, two members instead of three four members shall be elected at the next election of the board of directors and thereafter the board shall consist of six members.

Sec. 2. Minnesota Statutes 2014, section 123B.09, is amended by adding a subdivision to read:

Subd. 5a. Vacancies. A vacancy other than a vacancy described in subdivision 4 must be filled pursuant to section 123B.095.

Sec. 3. [123B.095] VACANCY IN OFFICE OF SCHOOL BOARD MEMBER.

Subdivision 1. Option for filling vacancies; special election. (a) Except as provided in section 123B.09, subdivision 4, a vacancy in the office of school board may be filled as provided in this subdivision and subdivision 2, or as provided in subdivision 3. If the vacancy is to be filled under this subdivision and subdivision 2, it must be filled at a special election. The school board may by resolution call for a special election to be held according to the earliest of the following time schedules:

(1) not less than 120 days following the date the vacancy is declared, but no later than 12 weeks prior to the date of the next regularly scheduled primary election;

(2) concurrently with the next regularly scheduled primary election and general election; or

(3) no sooner than 120 days following the next regularly scheduled general election.

(b) The person elected at the special election shall take office immediately after receipt of the certificate of election and upon filing the bond and taking the oath of office and shall serve the remainder of the unexpired term.

Subd. 2. When victor seated immediately. If a vacancy for which a special election is required occurs less than 120 days before the general election preceding the end of the term, the vacancy shall be filled by the person elected at that election for the ensuing term who shall take office immediately after receiving the certificate of election, filing the bond and taking the oath of office.

Subd. 3. Vacancies of less than one year; appointment option. Except as provided in section 123B.09, subdivision 4, and as an alternative to the procedure provided in subdivisions 1 and 2, any other vacancy in the office of school board member may be filled by board appointment at a regular or special meeting. The appointment shall be evidenced by a resolution entered in the minutes and shall continue until an election is held under this subdivision. All elections to fill vacancies shall be for the unexpired term. If one year or more remains in the unexpired term, a special election must be held under subdivision 1. If less than one year remains in the unexpired term, the school board may appoint a person to fill the vacancy for the remainder of the unexpired term, unless the vacancy occurs within 90 days of the next school district general election, in which case an appointment shall not be made and the vacancy must be filled at the general election. The person elected to fill a vacancy at the general election takes office immediately in the same manner as for a special election under subdivision 1, and serves the remainder of the unexpired term and the new term for which the election was otherwise held.

Subd. 4. School board vacancy appointment; public hearing. Before making an appointment to fill a vacancy under subdivision 3, the school board must hold a public hearing not more than 30 days after the vacancy occurs with public notice given in the same manner as for a special meeting of the school board. At the public hearing, the board must invite public testimony from persons residing in the district in which the vacancy occurs relating to the qualifications of prospective appointees to fill the vacancy. Before making an appointment, the board
also must notify public officials in the school district on the appointment, including county commissioners, town
supervisors, and city council members, and must enter into the record at the board meeting in which the appointment
is made the names and addresses of the public officials notified. If, after the public hearing, the board is unable or
decides not to make an appointment under subdivision 3, it must hold a special election under subdivision 1, but the
time period in which the election must be held begins to run from the date of the public hearing.

Sec. 4. Minnesota Statutes 2014, section 200.02, subdivision 7, is amended to read:

Subd. 7. Major political party. (a) "Major political party" means a political party that maintains a party
organization in the state, political division or precinct in question and that has presented at least one candidate for
election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general at the last preceding
state general election for those offices; or

(2) presidential elector or U.S. senator at the last preceding state general election for presidential electors; and

whose candidate received votes in each county in that election and received votes from not less than five percent
of the total number of individuals who voted in that election.

(b) "Major political party" also means a political party that maintains a party organization in the state, political
subdivision, or precinct in question and that has presented at least 45 candidates for election to the office of state
representative, 23 candidates for election to the office of state senator, four candidates for election to the office of
representative in Congress, and one candidate for election to each of the following offices: governor and lieutenant
governor, attorney general, secretary of state, and state auditor, at the last preceding state general election for those
offices.

(c) "Major political party" also means a political party that maintains a party organization in the state, political
subdivision, or precinct in question and whose members present to the secretary of state at any time before the close
of filing for the state partisan primary ballot a petition for a place on the state partisan primary ballot, which petition
contains valid signatures of a number of the party members equal to at least five percent of the total number of
individuals who voted in the preceding state general election. A signature is valid only if signed no more than one
year prior to the date the petition was filed.

(d) A political party whose candidate receives a sufficient number of votes at a state general election described
in paragraph (a) or a political party that presents candidates at an election as required by paragraph (b) becomes a
major political party as of January 1 following that election and retains its major party status for at least two state
general elections even if the party fails to present a candidate who receives the number and percentage of votes
required under paragraph (a) or fails to present candidates as required by paragraph (b) at subsequent state general
elections.

(e) A major political party whose candidates fail to receive the number and percentage of votes required under
paragraph (a) and that fails to present candidates as required by paragraph (b) at each of two consecutive state
general elections described by paragraph (a) or (b), respectively, loses major party status as of December 31
following the later of the two consecutive state general elections.

Sec. 5. Minnesota Statutes 2014, section 200.02, subdivision 23, is amended to read:

Subd. 23. Minor political party. (a) "Minor political party" means a political party that has adopted a state
constitution, designated a state party chair, held a state convention in the last two years, filed with the secretary of
state no later than December 31 following the most recent state general election a certification that the party has met
the foregoing requirements, and met the requirements of paragraph (b) or (e), as applicable.
(b) To be considered a minor party in all elections statewide, the political party must have presented at least one candidate for election to the office of:

(1) governor and lieutenant governor, secretary of state, state auditor, or attorney general, at the last preceding state general election for those offices; or

(2) presidential elector or U.S. senator at the preceding state general election for presidential electors; and

(3) who received votes in each county that in the aggregate equal at least one percent of the total number of individuals who voted in the election, or its members must have presented to the secretary of state at any time before the close of filing for the state partisan primary ballot a nominating petition in a form prescribed by the secretary of state containing the valid signatures of party members in a number equal to at least one percent of the total number of individuals who voted in the preceding state general election. A signature is valid only if signed no more than one year prior to the date the petition was filed.

(c) A political party whose candidate receives a sufficient number of votes at a state general election described in paragraph (b) becomes a minor political party as of January 1 following that election and retains its minor party status for at least two state general elections even if the party fails to present a candidate who receives the number and percentage of votes required under paragraph (b) at subsequent state general elections.

(d) A minor political party whose candidates fail to receive the number and percentage of votes required under paragraph (b) at each of two consecutive state general elections described by paragraph (b) loses minor party status as of December 31 following the later of the two consecutive state general elections.

(e) A minor party that qualifies to be a major party loses its status as a minor party at the time it becomes a major party. Votes received by the candidates of a major party must be counted in determining whether the party received sufficient votes to qualify as a minor party, notwithstanding that the party does not receive sufficient votes to retain its major party status. To be considered a minor party in an election in a legislative district, the political party must have presented at least one candidate for a legislative office in that district who received votes from at least ten percent of the total number of individuals who voted for that office, or its members must have presented to the secretary of state a nominating petition in a form prescribed by the secretary of state containing the valid signatures of party members in a number equal to at least ten percent of the total number of individuals who voted in the preceding state general election for that legislative office. A signature is valid only if signed no more than one year prior to the date the petition was filed.

Sec. 6. Minnesota Statutes 2014, section 200.02, is amended by adding a subdivision to read:

Subd. 27. Partisan offices. "Partisan offices" means federal offices, presidential electors, constitutional offices, and legislative offices.

Sec. 7. Minnesota Statutes 2014, section 200.02, is amended by adding a subdivision to read:

Subd. 28. Nonpartisan offices. "Nonpartisan offices" means all judicial, county, municipal, school district, and special district offices.

Sec. 8. Minnesota Statutes 2014, section 201.071, subdivision 1, is amended to read:

Subdivision 1. Form. Both paper and electronic voter registration applications must contain the same information unless otherwise provided by law. A voter registration application must contain spaces for the following required information: voter's first name, middle name, and last name; voter's previous name, if any; voter's current address; voter's previous address, if any; voter's date of birth; voter's municipality and county of
residence; voter's telephone number, if provided by the voter; date of registration; current and valid Minnesota
driver's license number or Minnesota state identification number, or if the voter has no current and valid Minnesota
driver's license or Minnesota state identification, the last four digits of the voter's Social Security number; and
voter's signature. The paper registration application may include the voter's e-mail address, if provided by the voter.
The electronic voter registration application must include the voter's e-mail address. The registration application
may include the voter's interest in serving as an election judge, if indicated by the voter. The application must also
contain the following certification of voter eligibility:

"I certify that I:

(1) will be at least 18 years old on election day;

(2) am a citizen of the United States;

(3) will have resided in Minnesota for 20 days immediately preceding election day;

(4) maintain residence at the address given on the registration form;

(5) am not under court-ordered guardianship in which the court order revokes my right to vote;

(6) have not been found by a court to be legally incompetent to vote;

(7) have the right to vote because, if I have been convicted of a felony, my felony sentence has expired (been
completed) or I have been discharged from my sentence; and

(8) have read and understand the following statement: that giving false information is a felony punishable by not
more than five years imprisonment or a fine of not more than $10,000, or both."

The certification must include boxes for the voter to respond to the following questions:

"(1) Are you a citizen of the United States?" and

"(2) Will you be 18 years old on or before election day?"

And the instruction:

"If you checked 'no' to either of these questions, do not complete this form."

A paper voter registration application must be of suitable size and weight for mailing. The form of the voter
registration application and the certification of voter eligibility must be as provided in this subdivision and approved
by the secretary of state. Voter registration forms authorized by the National Voter Registration Act must also be
accepted as valid. The federal postcard application form must also be accepted as valid if it is not deficient and the
voter is eligible to register in Minnesota.

An individual may use a voter registration application to apply to register to vote in Minnesota or to change
information on an existing registration.

Sec. 9. Minnesota Statutes 2014, section 201.158, is amended to read:

201.158 USE OF DEPARTMENT OF PUBLIC SAFETY DATA.

As required by the Help America Vote Act of 2002, Public Law 107-252, the commissioner of public safety
shall make electronic data on citizenship available to the secretary of state. The secretary of state must determine
whether the data newly indicates that any individuals who have active records in the statewide voter registration
system are not citizens. The secretary of state shall prepare a list of those voters for each county auditor at least monthly. The county auditor shall change the status of those registrants in the statewide voter registration system to reflect that they are challenged based upon their citizenship and must notify the county attorney.

In 2010, the secretary of state must make the determination and provide lists to the county auditors between 30 and 60 days before the general election and again between six and ten weeks after the election. In 2011, the secretary of state must make this determination again as part of the annual list maintenance. By August 1, 2012, the secretary of state must provide electronic lists to the counties at least monthly.

Sec. 10. Minnesota Statutes 2014, section 201.275, is amended to read:

**201.275 INVESTIGATIONS; PROSECUTIONS.**

(a) A law enforcement agency that is notified by affidavit of an alleged violation of this chapter shall promptly investigate. Upon receiving an affidavit alleging a violation of this chapter, a county attorney shall promptly forward it to a law enforcement agency with jurisdiction for investigation. If there is probable cause for instituting a prosecution, the county attorney shall proceed by complaint or present the charge, with whatever evidence has been found, to the grand jury according to the generally applicable standards regarding the prosecutorial functions and duties of a county attorney, provided that the county attorney is not required to proceed with the prosecution if the complainant withdraws the allegation. A county attorney who refuses or intentionally fails to faithfully perform this or any other duty imposed by this chapter is guilty of a misdemeanor and upon conviction shall forfeit office. The county attorney, under the penalty of forfeiture of office, shall prosecute all violations of this chapter except violations of this section; if, however, a complainant withdraws an allegation under this chapter, the county attorney is not required to proceed with the prosecution.

(b) Willful violation of this chapter by any public employee constitutes just cause for suspension without pay or dismissal of the public employee.

(c) Where the matter relates to a voter registration application submitted electronically through the secure Web site established in section 201.061, subdivision 1, alleged violations of this chapter may be investigated and prosecuted in the county in which the individual registered or attempted to register.

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

Sec. 11. Minnesota Statutes 2014, section 203B.01, subdivision 3, is amended to read:

Subd. 3. **Military.** "Military" means the Army, Navy, Air Force, Marine Corps, Coast Guard or Merchant Marine of the United States, and all other uniformed services as defined in United States Code, title 42, section 1973ff-6, section 20310, and military forces as defined by section 190.05, subdivision 3.

Sec. 12. Minnesota Statutes 2014, section 203B.07, subdivision 1, is amended to read:

Subdivision 1. **Delivery of envelopes, directions.** The county auditor or the municipal clerk shall prepare, print, and transmit a return envelope, a ballot envelope, and a copy of the directions for casting an absentee ballot to each applicant whose application for absentee ballots is accepted pursuant to section 203B.04. The county auditor or municipal clerk shall provide first class postage for the return envelope. The directions for casting an absentee ballot shall be printed in at least 14-point bold type with heavy leading and may be printed on the ballot envelope. When a person requests the directions in Braille or on cassette tape audio file, the county auditor or municipal clerk shall provide them in the form requested. The secretary of state shall prepare Braille and cassette audio file copies and make them available.
When a voter registration application is sent to the applicant as provided in section 203B.06, subdivision 4, the directions or registration application shall include instructions for registering to vote.

Sec. 13. Minnesota Statutes 2014, section 203B.08, subdivision 1, is amended to read:

Subdivision 1. **Marking and return by voter.** An eligible voter who receives absentee ballots as provided in this chapter shall mark them in the manner specified in the directions for casting the absentee ballots. The return envelope containing marked ballots may be mailed as provided in the directions for casting the absentee ballots or may be left with the county auditor or municipal clerk who transmitted the absentee ballots to the voter. If delivered in person or by an agent, the return envelope must be submitted to the county auditor or municipal clerk by 3:00 p.m. on election day.

The voter may designate an agent to deliver in person the sealed absentee ballot return envelope to the county auditor or municipal clerk or to deposit the return envelope in the mail. An agent may deliver or mail the return envelopes of not more than three voters in any election. Any person designated as an agent who tampers with either the return envelope or the voted ballots or does not immediately mail or deliver the return envelope to the county auditor or municipal clerk is guilty of a misdemeanor.

Sec. 14. Minnesota Statutes 2014, section 203B.08, subdivision 3, is amended to read:

Subd. 3. **Procedures on receipt of ballots.** When absentee ballots are returned to a county auditor or municipal clerk, that official shall stamp or initial and date the return envelope and place it in a secure location with other return envelopes received by that office. Within five days after receipt, the county auditor or municipal clerk shall deliver to the ballot board all ballots received, except that during the 14 days immediately preceding an election, the county auditor or municipal clerk shall deliver all ballots received to the ballot board within three days. Ballots received on election day either (1) after 3:00 p.m., if delivered by an agent in person; or (2) after the last mail delivery 8 p.m., if delivered by another method mail or a package delivery service, shall be marked as received late by the county auditor or municipal clerk, and must not be delivered to the ballot board.

Sec. 15. Minnesota Statutes 2014, section 203B.121, subdivision 2, is amended to read:

Subd. 2. **Duties of ballot board; absentee ballots.** (a) The members of the ballot board shall take possession of all return envelopes delivered to them in accordance with section 203B.08. Upon receipt from the county auditor, municipal clerk, or school district clerk, two or more members of the ballot board shall examine each return envelope and shall mark it accepted or rejected in the manner provided in this subdivision. Election judges performing the duties in this section must be of different major political parties, unless they are exempt from that requirement under section 205.075, subdivision 4, or section 205A.10, subdivision 2.

(b) The members of the ballot board shall mark the return envelope "Accepted" and initial or sign the return envelope below the word "Accepted" if a majority of the members of the ballot board examining the envelope are satisfied that:

(1) the voter's name and address on the return envelope are the same as the information provided on the absentee ballot application;

(2) the voter signed the certification on the envelope;

(3) the voter's Minnesota driver's license, state identification number, or the last four digits of the voter's Social Security number are the same as the number provided on the voter's absentee ballot application for ballots or voter record. If the number does not match the number as submitted on the application, or if a number was not submitted on the application, the election judges must compare the signature provided by the applicant to determine whether the ballots were returned by the same person to whom they were transmitted;
(4) the voter is registered and eligible to vote in the precinct or has included a properly completed voter registration application in the return envelope;

(5) the certificate has been completed as prescribed in the directions for casting an absentee ballot; and

(6) the voter has not already voted at that election, either in person or, if it is after the close of business on the seventh day before the election, by absentee ballot.

The return envelope from accepted ballots must be preserved and returned to the county auditor.

(c)(1) If a majority of the members of the ballot board examining a return envelope find that an absentee voter has failed to meet one of the requirements provided in paragraph (b), they shall mark the return envelope "Rejected," initial or sign it below the word "Rejected," list the reason for the rejection on the envelope, and return it to the county auditor. There is no other reason for rejecting an absentee ballot beyond those permitted by this section. Failure to place the ballot within the security envelope before placing it in the outer white envelope is not a reason to reject an absentee ballot.

(2) If an envelope has been rejected at least five days before the election, the envelope must remain sealed and the official in charge of the ballot board shall provide the voter with a replacement absentee ballot and return envelope in place of the rejected ballot.

(3) If an envelope is rejected within five days of the election, the envelope must remain sealed and the official in charge of the ballot board must attempt to contact the voter by telephone or e-mail to notify the voter that the voter's ballot has been rejected. The official must document the attempts made to contact the voter.

(d) The official in charge of the absentee ballot board must mail the voter a written notice of absentee ballot rejection between six and ten weeks following the election. If the official determines that the voter has otherwise cast a ballot in the election, no notice is required. If an absentee ballot arrives after the deadline for submission provided by this chapter, the notice must be provided between six to ten weeks after receipt of the ballot. A notice of absentee ballot rejection must contain the following information:

(1) the date on which the absentee ballot was rejected or, if the ballot was received after the required deadline for submission, the date on which the ballot was received;

(2) the reason for rejection; and

(3) the name of the appropriate election official to whom the voter may direct further questions, along with appropriate contact information.

(e) An absentee ballot return envelope marked "Rejected" may not be opened or subject to further review except in an election contest filed pursuant to chapter 209.

Sec. 16. Minnesota Statutes 2014, section 203B.16, subdivision 1, is amended to read:

Subdivision 1. Military service; temporary residence outside United States. Sections 203B.16 to 203B.27 provide alternative voting procedures for eligible voters who are absent from the precinct where they maintain residence because they are:

(1) either in the military or the spouses or dependents of individuals serving in the military; or

(2) temporarily outside the territorial limits of the United States.
Sections 203B.16 to 203B.27 are intended to implement the federal Uniformed and Overseas Citizens Absentee Voting Act, United States Code, title 42, section 1973ff, sections 20301 to 20310.

Sec. 17. Minnesota Statutes 2014, section 203B.16, subdivision 2, is amended to read:

Subd. 2. Indefinite residence outside United States. Sections 203B.16 to 203B.27 provide the exclusive voting procedure for United States citizens who are living indefinitely outside the territorial limits of the United States who meet all the qualifications of an eligible voter except residence in Minnesota, but who are authorized by federal law to vote in Minnesota because they or, if they have never resided in the United States, a parent maintained residence in Minnesota for at least 20 days immediately prior to their departure from the United States. Individuals described in this subdivision shall be permitted to vote only for the offices of president, vice-president, senator in Congress, and representative in Congress.

Sec. 18. Minnesota Statutes 2014, section 203B.17, subdivision 1, is amended to read:

Subdivision 1. Submission of application. (a) An application for absentee ballots for a voter described in section 203B.16 must be in writing and may be submitted in person, by mail, by electronic facsimile device, by electronic mail, or electronically through a secure Web site that shall be maintained by the secretary of state for this purpose, upon determination by the secretary of state that security concerns have been adequately addressed. An application for absentee ballots for a voter described in section 203B.16 may be submitted by that voter or by that voter's parent, spouse, sister, brother, or child over the age of 18 years. For purposes of an application under this subdivision, a person's Social Security number, no matter how it is designated, qualifies as the person's military identification number if the person is in the military.

(b) An application for a voter described in section 203B.16, subdivision 1, shall be submitted to the county auditor of the county where the voter maintains residence or through the secure Web site maintained by the secretary of state.

(c) An application for a voter described in section 203B.16, subdivision 2, shall be submitted to the county auditor of the county where the voter or the voter's parent last maintained residence in Minnesota or through the secure Web site maintained by the secretary of state.

(d) An application for absentee ballots shall be valid for any primary, special primary, general election, or special election from the time the application is received through the end of that calendar year.

(e) There shall be no limitation of time for filing and receiving applications for ballots under sections 203B.16 to 203B.27.

Sec. 19. Minnesota Statutes 2014, section 203B.17, subdivision 2, is amended to read:

Subd. 2. Required information. An application shall be accepted if it contains the following information stated under oath:

(a) the voter's name, birthdate, and present address of residence in Minnesota, or former address of residence or parent's former address of residence in Minnesota if the voter is living permanently outside the United States;

(b) a statement indicating that the voter is in the military, or is the spouse or dependent of an individual serving in the military, or is temporarily outside the territorial limits of the United States, or is living permanently outside the territorial limits of the United States and voting under federal law;

(c) a statement that the voter expects to be absent from the precinct at the time of the election;
(d) the address to which absentee ballots are to be mailed;

(e) the voter's signature or the signature and relationship of the individual authorized to apply on the voter's behalf;

(f) the voter's passport number, Minnesota driver's license or state identification card number, or the last four digits of the voter's Social Security number; if the voter does not have access to any of these documents, the voter or other individual requesting absentee ballots may attest to the truthfulness of the contents of the application under penalty of perjury; and

(g) the voter's e-mail address, if the application was submitted electronically through the secure Web site maintained by the secretary of state.

Notwithstanding paragraph (f), an application submitted through the secretary of state's Web site must include the voter's verifiable Minnesota driver's license number, Minnesota state identification card number, or the last four digits of the voter's Social Security number, and may only be transmitted to the county auditor for processing if the secretary of state has verified the application information matches the information in a government database associated with the applicant's driver's license number, state identification card number, or Social Security number. The secretary of state must review all unverifiable applications for evidence of suspicious activity and must forward any such application to an appropriate law enforcement agency for investigation.

Sec. 20. Minnesota Statutes 2014, section 204B.06, subdivision 1b, is amended to read:

Subd. 1b. Address and telephone number. (a) An affidavit of candidacy must state a telephone number where the candidate can be contacted. An affidavit must also state the candidate's address of residence as determined under section 200.031, or at the candidate's request in accordance with paragraph (c), the candidate's campaign contact address. The form for the affidavit of candidacy must allow the candidate to request, if eligible, that the candidate's address of residence be classified as private data, and to provide the certification required under paragraph (c) for classification of that address.

(b) For an office whose residency requirement must be satisfied by the close of the filing period, a registered voter in this state may request in writing that the filing officer receiving the affidavit of candidacy review the address as provided in this paragraph, at any time up to one day after the last day for filing for office. If requested, the filing officer must determine whether the address provided in the affidavit of candidacy is within the area represented by the office the candidate is seeking. If the filing officer determines that the address is not within the area represented by the office, the filing officer must immediately notify the candidate and the candidate's name must be removed from the ballot for that office. A determination made by a filing officer under this paragraph is subject to judicial review under section 204B.44.

(c) If the candidate requests that the candidate's address of residence be classified as private data, the candidate must list the candidate's address of residence on a separate form to be attached to the affidavit. The candidate must also certify on the affidavit that a police report has been submitted or an order for protection has been issued in regard to the safety of the candidate or the candidate's family, or that the candidate's address is otherwise private pursuant to Minnesota law. The address of residence provided by a candidate who makes a request for classification on the candidate's affidavit of candidacy and provides the certification required by this paragraph is classified as private data, as defined in section 13.02, subdivision 12, but may be reviewed by the filing officer as provided in this subdivision.

(d) The requirements of this subdivision do not apply to affidavits of candidacy for a candidate for: (1) judicial office; (2) the office of county attorney; or (3) county sheriff.
Sec. 21. Minnesota Statutes 2014, section 204B.13, subdivision 1, is amended to read:

Subdivision 1. Partisan office. (a) A vacancy in nomination for a partisan office must be filled in the manner provided by this section. A vacancy in nomination exists for a partisan office when a major political party candidate who has been nominated in accordance with section 204D.03, subdivision 3, or 204D.10, subdivision 1:

(1) dies;

(2) withdraws as provided in section 204B.12, subdivision 1; or

(3) withdraws by filing an affidavit of withdrawal, as provided in paragraph (b), at least one day prior to the general election with the same official who received the affidavit of candidacy; or

(3) is determined to be ineligible to hold the office the candidate is seeking, pursuant to a court order issued under section 204B.44.

(b) An affidavit of withdrawal filed under paragraph (a), clause (3), must state that the candidate has been diagnosed with a catastrophic illness that will permanently and continuously incapacitate the candidate and prevent the candidate from performing the duties of the office sought, if elected. The affidavit must be accompanied by a certificate verifying the candidate's illness meets the requirements of this paragraph, signed by at least two licensed physicians. The affidavit and certificate may be filed by the candidate or the candidate's legal guardian.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to elections for which the candidate withdrawal period under section 204B.12, subdivision 1, occurs on or after that date.

Sec. 22. Minnesota Statutes 2014, section 204B.13, subdivision 2, is amended to read:

Subd. 2. Partisan office; nomination by party; special election. (a) Except as provided in subdivision 5, a major political party may fill a vacancy in nomination of that party's candidate as defined in subdivision 1, clause (1) or (2), or (3), by filing one nomination certificate with the same official who received the affidavits of candidacy for that office.

A major political party may provide in its governing rules a procedure, including designation of an appropriate committee, to fill a vacancy in nomination for any federal or state partisan office. The nomination certificate shall be prepared under the direction of and executed by the chair and secretary of the political party and filed within the timelines established in this section. When filing the certificate the chair and secretary shall attach an affidavit stating that the newly nominated candidate has been selected under the rules of the party and that the individuals signing the certificate and making the affidavit are the chair and secretary of the party.

(b) In the case of a vacancy in nomination for partisan office that occurs on or before the 79th day before the general election, the major political party must file the nomination certificate no later than 71 days before the general election. The name of the candidate nominated by the party must appear on the general election ballot.

(c) Except as provided in subdivision 5, in the case of a vacancy in nomination for a partisan office that occurs after the 79th day before the general election, the general election ballot shall remain unchanged, but the county and state canvassing boards must not certify the vote totals for that office from the general election, and the office must be filled at a special election held in accordance with this section. Except for the vacancy in nomination, all other candidates whose names appeared on the general election ballot for the office must appear on the special election ballot for the office. New affidavits of candidacy or nominating petitions may not be accepted, and there must not be a primary to fill the vacancy in nomination. The major political party may file a nomination certificate as provided in paragraph (a) no later than seven days after the general election. On the date of the general election, the
county auditor or municipal clerk shall post a notice in each precinct affected by a vacancy in nomination under this paragraph, informing voters of the reason for the vacancy in nomination and the procedures for filling the vacancy in nomination and conducting a special election as required by this section. The secretary of state shall prepare and electronically distribute the notice to county auditors in each county affected by a vacancy in nomination.

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

Sec. 23. Minnesota Statutes 2014, section 204B.13, subdivision 5, is amended to read:

Subd. 5. **Candidates for governor and lieutenant governor.** (a) If a vacancy in nomination for a major political party occurs in the race for governor, the political party must nominate the candidates for both governor and lieutenant governor. If a vacancy in nomination for a major political party occurs in the race for lieutenant governor, the candidate for governor shall select the candidate for lieutenant governor.

(b) For a vacancy in nomination for lieutenant governor that occurs on or before the 79th day before the general election, the name of the lieutenant governor candidate must be submitted by the governor candidate to the filing officer no later than 71 days before the general election. If the vacancy in nomination for lieutenant governor occurs after the 79th day before the general election, the candidate for governor shall submit the name of the new lieutenant governor candidate to the secretary of state within seven days after the vacancy in nomination occurs, but no changes may be made to the general election ballots.

(c) When a vacancy in nomination for lieutenant governor occurs after the 79th day before the general election, the county auditor or municipal clerk shall post a notice in each precinct affected by the vacancy in nomination. The secretary of state shall prepare and electronically distribute the notice to county auditors. The county auditor must ensure that each precinct in the county receives the notice prior to the opening of the polls on election day. The notice must include:

(1) a statement that there is a vacancy in nomination for lieutenant governor and the statutory reason for the vacancy in nomination as provided in subdivision 1, paragraph (a), clauses (1) and (2), or (3);

(2) a statement that the results for the governor and lieutenant governor will be counted and that no special election will be held for that race; and

(3) a list of all candidates in the governor and lieutenant governor's race, listed in order of the base rotation. The listing of candidates shall include the name of the candidate to fill the vacancy in nomination for lieutenant governor. If the name of the candidate has not yet been named, then the list must include the date by which the candidate will be named.

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

Sec. 24. Minnesota Statutes 2014, section 204B.131, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** A vacancy in nomination for a nonpartisan office must be filled in the manner provided by this section. A vacancy in nomination for a nonpartisan office exists when:

(1) a candidate for any nonpartisan office, for which one or two candidates filed, withdraws as provided in section 204B.12, subdivision 1; or

(2) a candidate for any nonpartisan office, for which one or two candidates filed, is determined to be ineligible to hold the office the candidate is seeking, pursuant to a court order issued under section 204B.44; or
(3) a candidate for any nonjudicial nonpartisan office, for which only one or two candidates filed or who was nominated at a primary, dies on or before the 79th day before the date of the general election.

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

Sec. 25. Minnesota Statutes 2014, section 204B.19, subdivision 2, is amended to read:

Subd. 2. **Individuals not qualified to be election judges.** (a) Except as provided in paragraph (b), no individual shall be appointed as an election judge for any precinct if that individual:

(1) is unable to read, write, or speak the English language;

(2) is the spouse; parent, including a stepparent; child, including a stepchild; or sibling, including a stepsibling; of any election judge serving in the same precinct or of any candidate at that election; or

(3) is domiciled, either permanently or temporarily, with any candidate on the ballot at that election; or

(4) is a candidate at that election.

(b) Individuals who are related to each other as provided in paragraph (a), clause (2), may serve as election judges in the same precinct, provided that they serve on separate shifts that do not run concurrently.

Sec. 26. Minnesota Statutes 2014, section 204B.19, subdivision 6, is amended to read:

Subd. 6. **High school students.** Notwithstanding any other requirements of this section, a student enrolled in a high school in Minnesota or who is in a home school in compliance with sections 120A.22 and 120A.24, who has attained the age of 16 is eligible to be appointed as a without party affiliation trainee election judge in the county in which the student resides, or a county adjacent to the county in which the student resides. The student must meet qualifications for trainee election judges specified in rules of the secretary of state. A student appointed as a trainee election judge may be excused from school attendance during the hours that the student is serving as a trainee election judge if the student submits a written request signed and approved by the student's parent or guardian to be absent from school and a certificate from the appointing authority stating the hours during which the student will serve as a trainee election judge to the principal of the school at least ten days prior to the election. Students shall not serve as trainee election judges after 10:00 p.m. Notwithstanding section 177.24 to the contrary, trainee election judges may be paid not less than two-thirds of the minimum wage for a large employer. The principal of the school may approve a request to be absent from school conditioned on acceptable academic performance at the time of service as a trainee election judge.

Sec. 27. Minnesota Statutes 2014, section 204B.36, subdivision 1, is amended to read:

Subdivision 1. **Type.** All ballots shall be printed with black ink on paper of sufficient thickness to prevent the printing from being discernible from the back. All ballots shall be printed in easily readable type with suitable lines dividing candidates, offices, instructions and other matter printed on ballots. The name of each candidate shall be printed in capital letters. The same type shall be used for the names of all candidates on the same ballot.

Sec. 28. Minnesota Statutes 2014, section 204B.36, subdivision 2, is amended to read:

Subd. 2. **Candidates and offices.** The name of each candidate shall be printed at a right angle to the length of the ballot. At a general election the name of the political party or the political principle of each candidate for partisan office shall be printed above or below the name of the candidate. The name of a political party or a political principle shall be printed in capital and lowercase letters of the same type, with the capital letters at least one-half
the height of the capital letters used for names of the candidates. At a general election, blank lines containing the words "write-in, if any" shall be printed below the name of the last candidate for each office, or below the title of the office if no candidate has filed for that office, so that a voter may write in the names of individuals whose names are not on the ballot. One blank line shall be printed for each officer of that kind to be elected. At a primary election, no blank lines shall be provided for writing in the names of individuals whose names do not appear on the primary ballot.

On the left side of the ballot at the same level with the name of each candidate and each blank line shall be printed a square, an oval or similar target shape in which the voter may designate a vote by a mark (X) filling in the oval or similar mark if a different target shape is used. Each square, oval or target shape shall be the same size. Above the first name on each ballot shall be printed the words, "Put an (X) in the square opposite the name of each candidate you wish to vote for." At the same level with these words and directly above the squares shall be printed a small arrow pointing downward instructions for voting. Directly underneath the official title of each office shall be printed the words "Vote for one" or "Vote for up to ..." (any greater number to be elected).

Sec. 29. Minnesota Statutes 2014, section 204B.36, subdivision 3, is amended to read:

Subd. 3. Question; form of ballot. When a question is to be submitted to a vote, a concise statement of the nature of the question shall be printed on the ballot. The words, "YES" "Yes" and "NO" "No" shall be printed to the left of this statement, with a square, an oval or similar target shape to the left of each word so that the voter may indicate by a mark (X) either a negative or affirmative vote. The ballot shall include instructions directing the voter to put an (X) in the square opposite the name of each candidate you wish to vote for. At the same level with these words and directly above the square, shall be printed a small arrow pointing downward instructions for voting. Directly underneath the official title of each office shall be printed the words "Vote for one" or "Vote for up to ..." (any greater number to be elected).

Sec. 30. Minnesota Statutes 2014, section 204B.36, subdivision 4, is amended to read:

Subd. 4. Judicial candidates. The official ballot shall contain the names of all candidates for each judicial office and shall state the number of those candidates for whom a voter may vote. Each seat for an associate justice, associate judge, or judge of the district court must be numbered. The words "SUPREME COURT," "COURT OF APPEALS," "Supreme Court," "Court of Appeals," and "(number) DISTRICT COURT" "(number) District Court" must be printed above the respective judicial office groups on the ballot. The title of each judicial office shall be printed on the official primary and general election ballot as follows:

(a) In the case of the Supreme Court:

"Chief justice";
"Associate justice (number)";

(b) In the case of the Court of Appeals:

"Judge (number)"; or

(c) In the case of the district court:

"Judge (number)."

Sec. 31. Minnesota Statutes 2014, section 204B.44, is amended to read:

204B.44 ERRORS AND OMISSIONS; REMEDY.

Any individual may file a petition in the manner provided in this section for the correction of any of the following errors, omissions, or wrongful acts which have occurred or are about to occur:
(a) an error or omission in the placement or printing of the name or description of any candidate or any question on any official ballot, including the placement of a candidate on the official ballot who is not eligible to hold the office for which the candidate has filed;

(b) any other error in preparing or printing any official ballot;

(c) failure of the chair or secretary of the proper committee of a major political party to execute or file a certificate of nomination;

(d) any wrongful act, omission, or error of any election judge, municipal clerk, county auditor, canvassing board or any of its members, the secretary of state, or any other individual charged with any duty concerning an election.

The petition shall describe the error, omission, or wrongful act and the correction sought by the petitioner. The petition shall be filed with any judge of the Supreme Court in the case of an election for state or federal office or any judge of the district court in that county in the case of an election for county, municipal, or school district office. The petitioner shall serve a copy of the petition on the officer, board or individual charged with the error, omission, or wrongful act, on all candidates for the office in the case of an election for state, federal, county, municipal, or school district office, and on any other party as required by the court.

Upon receipt of the petition the court shall immediately set a time for a hearing on the matter and order the officer, board or individual charged with the error, omission or wrongful act to correct the error or wrongful act or perform the duty or show cause for not doing so. In the case of a review of a candidate's eligibility to hold office, the court may order the candidate to appear and present sufficient evidence of the candidate's eligibility. The court shall issue its findings and a final order for appropriate relief as soon as possible after the hearing. Failure to obey the order is contempt of court.

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

Sec. 32. Minnesota Statutes 2014, section 204B.45, subdivision 2, is amended to read:

Subd. 2. Procedure. Notice of the election and the special mail procedure must be given at least ten weeks prior to the election. Not more than 46 days nor later than 14 days before a regularly scheduled election and not more than 30 days nor later than 14 days before any other election, the auditor shall mail ballots by nonforwardable mail to all voters registered in the town or unorganized territory. No later than 14 days before the election, the auditor must make a subsequent mailing of ballots to those voters who register to vote after the initial mailing but before the 20th day before the election. Eligible voters not registered at the time the ballots are mailed may apply for ballots as provided in chapter 203B. Ballot return envelopes, with return postage provided, must be preaddressed to the auditor or clerk and the voter may return the ballot by mail or in person to the office of the auditor or clerk. The auditor or clerk must appoint a ballot board to examine the mail and absentee ballot return envelopes and mark them "accepted" or "rejected" within three days of receipt if there are 14 or fewer days before election day, or within five days of receipt if there are more than 14 days before election day. The board may consist of deputy county auditors or deputy municipal clerks who have received training in the processing and counting of mail ballots, who need not be affiliated with a major political party. Election judges performing the duties in this section must be of different major political parties, unless they are exempt from that requirement under section 205.075, subdivision 4, or section 205A.10. If an envelope has been rejected at least five days before the election, the ballots in the envelope must remain sealed and the auditor or clerk shall provide the voter with a replacement ballot and return envelope in place of the spoiled ballot. If the ballot is rejected within five days of the election, the envelope must remain sealed and the official in charge of the ballot board must attempt to contact the voter by telephone or e-mail to notify the voter that the voter's ballot has been rejected. The official must document the attempts made to contact the voter.

If the ballot is accepted, the county auditor or municipal clerk must mark the roster to indicate that the voter has already cast a ballot in that election. After the close of business on the fourth seventh day before the election, the ballots from return envelopes marked "Accepted" may be opened, duplicated as needed in the manner provided by section 206.86, subdivision 5, initialed by the members of the ballot board, and deposited in the ballot box.
In all other respects, the provisions of the Minnesota Election Law governing deposit and counting of ballots apply.

The mail and absentee ballots for a precinct must be counted together and reported as one vote total. No vote totals from mail or absentee ballots may be made public before the close of voting on election day.

The costs of the mailing shall be paid by the election jurisdiction in which the voter resides. Any ballot received by 8:00 p.m. on the day of the election must be counted.

Sec. 33. Minnesota Statutes 2014, section 204C.04, subdivision 2, is amended to read:

Subd. 2. **Elections covered.** For purposes of this section, "election" means a regularly scheduled state primary or general election, an election to fill a vacancy in the office of United States senator or United States representative, an election to fill a vacancy in nomination for a constitutional office, or an election to fill a vacancy in the office of state senator or state representative.

Sec. 34. Minnesota Statutes 2014, section 204C.08, subdivision 1d, is amended to read:

Subd. 1d. **Voter's Bill of Rights.** The county auditor shall prepare and provide to each polling place sufficient copies of a poster setting forth the Voter's Bill of Rights as set forth in this section. Before the hours of voting are scheduled to begin, the election judges shall post it in a conspicuous location or locations in the polling place. The Voter's Bill of Rights is as follows:

"**VOTER'S BILL OF RIGHTS**

For all persons residing in this state who meet federal voting eligibility requirements:

(1) You have the right to be absent from work for the purpose of voting in a state or federal, or regularly scheduled election without reduction to your pay, personal leave, or vacation time on election day for the time necessary to appear at your polling place, cast a ballot, and return to work.

(2) If you are in line at your polling place any time before 8:00 p.m., you have the right to vote.

(3) If you can provide the required proof of residence, you have the right to register to vote and to vote on election day.

(4) If you are unable to sign your name, you have the right to orally confirm your identity with an election judge and to direct another person to sign your name for you.

(5) You have the right to request special assistance when voting.

(6) If you need assistance, you may be accompanied into the voting booth by a person of your choice, except by an agent of your employer or union or a candidate.

(7) You have the right to bring your minor children into the polling place and into the voting booth with you.

(8) If you have been convicted of a felony but your felony sentence has expired (been completed) or you have been discharged from your sentence, you have the right to vote.

(9) If you are under a guardianship, you have the right to vote, unless the court order revokes your right to vote.

(10) You have the right to vote without anyone in the polling place trying to influence your vote.
(11) If you make a mistake or spoil your ballot before it is submitted, you have the right to receive a replacement ballot and vote.

(12) You have the right to file a written complaint at your polling place if you are dissatisfied with the way an election is being run.

(13) You have the right to take a sample ballot into the voting booth with you.

(14) You have the right to take a copy of this Voter's Bill of Rights into the voting booth with you."

Sec. 35. Minnesota Statutes 2014, section 204C.13, subdivision 2, is amended to read:

Subd. 2. Voting booths. One of the election judges shall explain to the voter the proper method of marking and folding the ballots and, during a primary election, the effect of attempting to vote in more than one party's primary. Except as otherwise provided in section 204C.15, the voter shall retire alone to an unoccupied voting booth or, at the voter's discretion, the voter may choose to use another writing surface. The voter shall mark the ballots without undue delay. The voter may take sample ballots into the booth to assist in voting. The election judges may adopt and enforce reasonable rules governing the amount of time a voter may spend in the voting booth marking ballots.

Sec. 36. Minnesota Statutes 2014, section 204C.13, subdivision 3, is amended to read:

Subd. 3. Marking ballots. The voter shall mark each ballot in the following manner:

(a) A mark (X) shall be placed in the square. The voter shall fill in the oval or similar mark if a different target shape is used, opposite the printed name of each candidate for whom the individual desires to vote, and in the square oval or other target shape before the "YES" "Yes" or "NO" "No" if the individual desires to vote for or against a question.

(b) The voter may write in other names on the lines provided under the printed names of the candidates, except that no names shall be written in on primary ballots.

(c) At a state primary an individual may vote for candidates of only one major political party on the partisan primary ballot. If a partisan primary ballot contains votes for the candidates of more than one major political party, the ballot is totally defective and no vote on the partisan section of the ballot shall be counted.

(d) An individual who spoils a ballot may return it to the election judges and receive another.

Sec. 37. Minnesota Statutes 2014, section 204C.13, subdivision 5, is amended to read:

Subd. 5. Deposit of ballots in ballot boxes. The voter shall then withdraw from the voting booth with the ballots and hand them to the election judge in charge of the ballot boxes. That election judge shall immediately deposit each ballot in the proper ballot box. Ballots that have not been initialed by the election judges as provided in section 204C.09, shall not be deposited in the ballot box.

Sec. 38. Minnesota Statutes 2014, section 204C.22, subdivision 3, is amended to read:

Subd. 3. Votes for too many candidates. If a voter places a mark (X) beside the names of more candidates for an office than are to be elected or nominated, the ballot is defective with respect only to that office. No vote shall be counted for any candidate for that office, but the rest of the ballot shall be counted if possible. At a primary, if a voter has not indicated a party preference and places a mark (X) beside the names of candidates of more than one party on the partisan ballot, the ballot is totally defective and no votes on it shall be counted. If a voter has indicated a party preference at a primary, only votes cast for candidates of that party shall be counted.
Sec. 39. Minnesota Statutes 2014, section 204C.22, subdivision 4, is amended to read:

Subd. 4. **Name written in proper place.** If a voter has written the name of an individual in the proper place on a general or special election ballot a vote shall be counted for that individual whether or not the voter makes a mark (X) in the square oval or other target shape opposite the blank.

Sec. 40. Minnesota Statutes 2014, section 204C.22, subdivision 7, is amended to read:

Subd. 7. **All written names or marks counted up to limit.** If a number of individuals are to be elected to the same office, the election judges shall count all names written in and all printed names with (X) marks in squares oval or other target shape opposite them, not exceeding the whole number to be elected. When fewer names than the number to be elected are marked with an (X) or written in, only the marked or written in names shall be counted. When more names than the number to be elected are marked or written in, the ballot is defective with respect to that office and no vote shall be counted for that office.

Sec. 41. Minnesota Statutes 2014, section 204C.22, subdivision 10, is amended to read:

Subd. 10. **Different marks.** If a voter uniformly uses a mark other than (X) which clearly indicates an intent to mark a name or to mark yes or no on a question, and the voter does not use (X) the more standard mark anywhere else on the ballot, a vote shall be counted for each candidate or response to a question marked. If a voter uses two or more distinct marks, such as (X) and some other mark, a vote shall be counted for each candidate or response to a question marked, unless the ballot is marked by distinguishing characteristics that make the entire ballot defective as provided in subdivision 13.

Sec. 42. Minnesota Statutes 2014, section 204C.35, subdivision 1, is amended to read:

Subdivision 1. **Publicly funded recounts.** (a) In a state primary when the difference between the votes cast for the candidates for nomination to:

1. a state legislative office is less than one-half of one percent of the total number of votes counted for that nomination or is ten votes or less and the total number of votes cast for the nomination is 400 votes or less; or

2. a statewide federal office, state constitutional office, statewide judicial office, congressional office, or district judicial office is less than one-quarter of one percent of the total number of votes counted for that nomination or is ten votes or less and the total number of votes cast for the nomination is 400 votes or less;

and the difference determines the nomination, the canvassing board with responsibility for declaring the results for that office shall manually recount the vote upon receiving a written request from the candidate whose nomination is in question.

Immediately following the meeting of the board that has responsibility for canvassing the results of the nomination, the filing officer must notify the candidate that the candidate has the option to request a recount of the votes at no cost to the candidate. This written request must be received by the filing officer no later than 48 hours 5:00 p.m. on the second day after the canvass of the primary for which the recount is being sought.

(b) In a state general election when the difference between the votes of a candidate who would otherwise be declared elected to:

1. a state legislative office is less than one-half of one percent of the total number of votes counted for that office or is ten votes or less and the total number of votes cast for the office is 400 votes or less; or
(2) a statewide federal office, state constitutional office, statewide judicial office, congressional office, or district judicial office and the votes of any other candidate for that office is less than one-quarter of one percent of the total number of votes counted for that office or is ten votes or less if the total number of votes cast for the office is 400 votes or less,

the canvassing board shall manually recount the votes upon receiving a written request from the candidate whose election is in question.

Immediately following the meeting of the board that has responsibility for canvassing the results of the general election, the filing officer must notify the candidate that the candidate has the option to request a recount of the votes at no cost to the candidate. This written request must be received by the filing officer no later than 48 hours 5:00 p.m. on the second day after the canvass of the election for which the recount is being sought.

(c) A recount must not delay any other part of the canvass. The results of the recount must be certified by the canvassing board as soon as possible.

(d) Time for notice of a contest for an office which is recounted pursuant to this section shall begin to run upon certification of the results of the recount by the canvassing board.

Sec. 43. Minnesota Statutes 2014, section 204C.35, subdivision 2, is amended to read:

Subd. 2. Discretionary candidate recounts. (a) A losing candidate whose name was on the ballot for nomination or election to a statewide federal office, state constitutional office, statewide judicial office, congressional office, state legislative office, or district judicial office may request a recount in a manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by this section. The votes shall be manually recounted as provided in this section if the candidate files a request during the time for filing notice of contest of the primary or election for which a recount is sought.

(b) The requesting candidate shall file with the filing officer a bond, cash, or surety in an amount set by the filing officer for the payment of the recount expenses. The requesting candidate is responsible for the following expenses: the compensation of the secretary of state, or designees, and any election judge, municipal clerk, county auditor, administrator, or other personnel who participate in the recount; necessary supplies and travel related to the recount; the compensation of the appropriate canvassing board and costs of preparing for the canvass of recount results; and any attorney fees incurred in connection with the recount by the governing body responsible for the recount.

(c) A discretionary recount of a primary must not delay delivery of the notice of nomination to the winning candidate under section 204C.32.

(d) The requesting candidate may provide the filing officer with a list of up to three precincts that are to be recounted first and may waive the balance of the recount after these precincts have been counted. If the candidate provides a list, the recount official must determine the expenses for those precincts in the manner provided by paragraph (b).

(e) The results of the recount must be certified by the canvassing board as soon as possible.

(f) If the winner of the race is changed by the optional recount, the cost of the recount must be paid by the jurisdiction conducting the recount.

(g) If a result of the vote counting in the manual recount is different from the result of the vote counting reported on election day by a margin greater than the standard for acceptable performance of voting systems provided in section 206.89, subdivision 4, the cost of the recount must be paid by the jurisdiction conducting the recount.
Sec. 44. Minnesota Statutes 2014, section 204C.36, subdivision 1, is amended to read:

Subdivision 1. Publicly funded recounts. (a) Except as provided in paragraphs (b) and (c), a losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for the nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is less than one-quarter of one percent of the total votes counted for that office. In case of offices where two or more seats are being filled from among all the candidates for the office, the one-quarter of one percent difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(b) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for nomination or election to that office if the difference between the votes cast for that candidate and for a winning candidate for nomination or election is less than one-half of one percent, and the total number of votes cast for the nomination or election of all candidates is more than 400 but less than 50,000. In cases of offices where two or more seats are being filled from among all the candidates for the office, the one-half of one percent difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(c) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount of the votes cast for nomination or election to that office if the difference between the vote cast for that candidate and for a winning candidate for nomination or election is ten votes or less, and the total number of votes cast for the nomination or election of all candidates is no more than 400. In cases of offices where two or more seats are being filled from among all the candidates for the office, the ten vote difference is between the elected candidate with the fewest votes and the candidate with the most votes from among the candidates who were not elected.

(d) Candidates for county offices shall file a written request for the recount with the county auditor. Candidates for municipal or school district offices shall file a written request with the municipal or school district clerk as appropriate. All requests shall be filed during the time for notice of contest of the primary or by 5:00 p.m. on the fifth day after the canvass of a primary or special primary or by 5:00 p.m. on the seventh day of the canvass of a special or general election for which a recount is sought.

(e) Upon receipt of a request made pursuant to this section, the county auditor shall recount the votes for a county office at the expense of the county, the governing body of the municipality shall recount the votes for a municipal office at the expense of the municipality, and the school board of the school district shall recount the votes for a school district office at the expense of the school district.

Sec. 45. Minnesota Statutes 2014, section 204C.36, subdivision 2, is amended to read:

Subd. 2. Discretionary candidate recounts. (a) A losing candidate for nomination or election to a county, municipal, or school district office may request a recount in the manner provided in this section at the candidate's own expense when the vote difference is greater than the difference required by subdivision 1, paragraphs (a) to (e). The votes shall be manually recounted as provided in this section if the requesting candidate files with the county auditor, municipal clerk, or school district clerk a bond, cash, or surety in an amount set by the governing body of the jurisdiction or the school board of the school district for the payment of the recount expenses.

(b) The requesting candidate may provide the filing officer with a list of up to three precincts that are to be recounted first and may waive the balance of the recount after these precincts have been counted. If the candidate provides a list, the recount official must determine the expenses for those precincts in the manner provided by paragraph (b).
(c) A discretionary recount of a primary must not delay delivery of the notice of nomination to the winning candidate under section 204C.32.

(d) The results of the recount must be certified by the canvassing board as soon as possible.

(e) If the winner of the race is changed by the optional recount, the cost of the recount must be paid by the jurisdiction conducting the recount.

(f) If a result of the vote counting in the manual recount is different from the result of the vote counting reported on election day by a margin greater than the standard for acceptable performance of voting systems provided in section 206.89, subdivision 4, the cost of the recount must be paid by the jurisdiction conducting the recount.

Sec. 46. Minnesota Statutes 2014, section 204C.40, subdivision 2, is amended to read:

Subd. 2. Time of issuance; certain offices. No certificate of election shall be issued until seven days after the canvassing board has declared the result of the election. In case of a contest, an election certificate shall not be issued until a court of proper jurisdiction has finally determined the contest. This subdivision shall not apply to candidates elected to the office of state senator or representative.

Sec. 47. Minnesota Statutes 2014, section 204D.11, subdivision 4, is amended to read:

Subd. 4. Special federal ballot. (a) The names of all candidates for the offices of president and vice-president of the United States and senator and representative in Congress shall be placed on a ballot that shall be known as the "special federal ballot."

(b) This ballot shall be prepared by the county auditor in the same manner as the state general election ballot and shall be subject to the rules adopted by the secretary of state pursuant to subdivision 1. This ballot must be prepared and furnished in accordance with the federal Uniformed and Overseas Citizens Absentee Voting Act, United States Code, title 42, section 1973ff to 20310.

(c) The special federal ballot shall be the only ballot sent to citizens of the United States who are eligible to vote by absentee ballot for federal candidates in Minnesota.

Sec. 48. Minnesota Statutes 2014, section 204D.27, subdivision 11, is amended to read:

Subd. 11. Certificate of legislative election. A certificate of election in a special election for state senator or state representative shall be issued by the secretary of state to the individual declared elected by the county or state canvassing board chief clerk of the house or the secretary of the senate two days, excluding Sundays and legal holidays, after the appropriate canvassing board finishes canvassing the returns for the election.

In case of a contest the certificate shall not be issued until the district court determines the contest.

Sec. 49. Minnesota Statutes 2014, section 205.13, subdivision 3, is amended to read:

Subd. 3. Filing fees. Unless the charter of a city provides the amount of the fee for filing an application or affidavit of candidacy for city office (a) Except as otherwise provided in this section, the filing fee for a municipal office is as follows:

(1) in first class cities, $20;
(b) A home rule charter or statutory city may adopt, by ordinance, a filing fee of a different amount not to exceed the following:

1. in first class cities, $80;
2. in second and third class cities, $40; and
3. in fourth class cities, $15.

(c) A home rule charter city that sets filing fees by authority provided in city charter is not subject to the fee limits in this section.

Sec. 50. Minnesota Statutes 2014, section 205A.05, subdivision 1, is amended to read:

Subdivision 1. Questions. (a) Special elections must be held for a school district on a question on which the voters are authorized by law to pass judgment. The school board may on its own motion call a special election to vote on any matter requiring approval of the voters of a district. Upon petition filed with the school board of 50 or more voters of the school district or five percent of the number of voters voting at the preceding school district general election, whichever is greater, the school board shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election.

(b) A special election may not be held:

1. during the 56 days before and the 56 days after a regularly scheduled primary or general election conducted wholly or partially within the school district;
2. on the date of a regularly scheduled town election or annual meeting in March conducted wholly or partially within the school district; or
3. during the 30 days before or the 30 days after a regularly scheduled town election in March conducted wholly or partially within the school district.

(c) Notwithstanding any other law to the contrary, the time period in which a special election must be conducted under any other law may be extended by the school board to conform with the requirements of this subdivision.

Sec. 51. Minnesota Statutes 2014, section 206.90, subdivision 6, is amended to read:

Subd. 6. Ballots. In precincts using optical scan voting systems, a single ballot card on which all ballot information is included must be printed in black ink on white colored material except that marks not to be read by the automatic tabulating equipment may be printed in another color ink. In state elections, a single ballot title must be used, as provided in sections 204D.08, subdivision 6, and 204D.11, subdivision 1. In odd-numbered years when both municipal and school district offices or questions appear on the ballot, the single ballot title "City (or Town) and School District Ballot" must be used.
On the front of the ballot must be printed the words "Official Ballot" and the date of the election and lines for the initials of at least two election judges.

When optical scan ballots are used, the offices to be elected must appear in the following order: federal offices; state legislative offices; constitutional offices; proposed constitutional amendments; county offices and questions; municipal offices and questions; school district offices and questions; special district offices and questions; and judicial offices.

On optical scan ballots, the names of candidates and the words "yes" and "no" for ballot questions must be printed as close to their corresponding vote targets as possible.

The line on an optical scan ballot for write-in votes must contain the words "write-in, if any."

If a primary ballot contains both a partisan ballot and a nonpartisan ballot, the instructions to voters must include a statement that reads substantially as follows: "THIS BALLOT CARD CONTAINS A PARTISAN BALLOT AND A NONPARTISAN BALLOT. ON THE PARTISAN BALLOT YOU ARE PERMITTED TO VOTE FOR CANDIDATES OF ONE POLITICAL PARTY ONLY." "This ballot card contains a partisan ballot and a nonpartisan ballot. On the partisan ballot you are permitted to vote for candidates of one political party only." If a primary ballot contains political party columns on both sides of the ballot, the instructions to voters must include a statement that reads substantially as follows: "ADDITIONAL POLITICAL PARTIES ARE PRINTED ON THE OTHER SIDE OF THIS BALLOT. VOTE FOR ONE POLITICAL PARTY ONLY." "Additional political parties are printed on the other side of this ballot. Vote for one political party only." At the bottom of each political party column on the primary ballot, the ballot must contain a statement that reads substantially as follows: "CONTINUE VOTING ON THE NONPARTISAN BALLOT." "Continue voting on the nonpartisan ballot." The instructions in section 204D.08, subdivision 4, do not apply to optical scan partisan primary ballots. Electronic ballot displays and audio ballot readers must follow the order of offices and questions on the optical scan or paper ballot used in the same precinct, or the sample ballot posted for that precinct.

Sec. 52. Minnesota Statutes 2014, section 209.021, subdivision 2, is amended to read:

Subd. 2. Notice filed with court. If the contest relates to a nomination or election for statewide office, the contestant shall file the notice of contest with the court administrator of District Court in Ramsey County. For contests relating to any other office, the contestant shall file the notice of contest with the court administrator of district court in the county where the contestee resides.

If the contest relates to a constitutional amendment or other question voted on statewide, the contestant shall file the notice of contest with the court administrator of District Court in Ramsey County. If the contest relates to any other question, the contestant shall file the notice of contest with the court administrator of district court for the county or any one of the counties where the question appeared on the ballot.

Sec. 53. Minnesota Statutes 2014, section 209.021, subdivision 3, is amended to read:

Subd. 3. Notice served on parties. In all contests relating to the nomination or election of a candidate, the notice of contest must be served on the candidate who is the contestee, a copy of the notice must be sent to the contestee's last known address by certified mail, and a copy must be furnished to the official authorized to issue the certificate of election. If personal or substituted service on the contestee cannot be made, an affidavit of the attempt by the person attempting to make service and the affidavit of the person who sent a copy of the notice to the contestee by certified mail is sufficient to confer jurisdiction upon the court to decide the contest.

If the contest relates to a constitutional amendment or other question voted on statewide or voted on in more than one county, notice of contest must be served on the secretary of state, who is the contestee. If a contest relates to a question voted on within only one county, school district, or municipality, a copy of the notice of contest must be...
served on the county auditor, clerk of the school district, or municipal clerk, respectively, who is the contestee. If the contest is upon the question of consolidation or reorganization of a school district, a copy of the notice of contest must be served on the county auditor authorized by law to issue the order.

Sec. 54. Minnesota Statutes 2014, section 209.09, subdivision 2, is amended to read:

Subd. 2. Statewide offices and questions. Section 209.10, subdivision 4, applies to a contest regarding a statewide office, or a constitutional amendment, or other question voted on statewide. A copy of the Supreme Court's decision must be forwarded to the contestant and the contestee.

Sec. 55. Minnesota Statutes 2014, section 365.22, subdivision 2, is amended to read:

Subd. 2. Questions, ballot details. The questions to be voted on must be separately stated on the ballots, as worded in section 365.21. Two squares, ovals or similar target shapes, one above the other, must be put just below each question with the word "yes" beside the upper square target shape and the word "no" beside the lower square target shape.

Sec. 56. Minnesota Statutes 2014, section 365.22, subdivision 3, is amended to read:

Subd. 3. Voting. An elector must vote separately on each question for the elector's vote to be counted on that question. To vote "yes" on a question, the elector shall mark an "X" in the square fill in the oval or similar target shape beside the word "yes" just below the question. To vote "no" on a question, the elector shall mark an "X" in the square fill in the oval or similar target shape beside the word "no" just below the question.

Sec. 57. Minnesota Statutes 2014, section 367.31, subdivision 4, is amended to read:

Subd. 4. Election; form of ballot. The proposals for adoption of the options shall be stated on the ballot substantially as follows:

"Shall option A, providing for a five-member town board of supervisors, be adopted for the government of the town?"

"Shall option B, providing for the appointment of the clerk and treasurer by the town board, be adopted for the government of the town?"

"Shall option C, providing for the appointment of a town administrator by the town board, be adopted for the government of the town?"

"Shall option D, providing for combining the offices of clerk and treasurer, be adopted for the government of the town?"

If a proposal under option B is to appoint only the clerk or only the treasurer, or if it is to appoint the combined clerk-treasurer following the adoption of option D or when submitted simultaneously with the ballot question for option D, the ballot question shall be varied to read appropriately. If an option B ballot question is submitted for the combined clerk-treasurer office at the same election in which option D is also on the ballot, the ballot must note that the approval of option B is contingent on the simultaneous approval of option D. In any of these cases, the question shall be followed by the words "Yes" and "No" with an appropriate square oval or similar target shape before each in which an elector may record a choice.
Sec. 58. Minnesota Statutes 2014, section 368.85, subdivision 4, is amended to read:

Subd. 4. Ballot. The town board shall provide ballots which shall read "Shall the territory described in the resolution adopted by the town board on the .......... day of ............, ........, constitute a special fire protection district?" The question shall be followed with a line with the word "Yes" and a square an oval or similar target shape after it and another line with the word "No" and a square an oval or similar target shape after it. The voters shall indicate their choice by placing a cross mark in one of the squares target shapes, and a direction to so indicate their choice shall be printed on the ballot.

Sec. 59. Minnesota Statutes 2014, section 376.04, is amended to read:

376.04 ELECTION, SEPARATE BALLOT.

The question of purchasing and constructing hospital buildings shall be submitted to the voters of any county at a general election and placed upon a separate ballot. This election must be called by a resolution of the county board. The resolution must state the time of the election, that a county hospital is proposed to be established, the proposed location, and the cost, including equipment, for not more than the amount stated in the resolution. When the resolutions are passed, the county auditor shall immediately notify each town or city clerk in the county that the question of constructing hospital buildings will be voted upon at the time stated in the resolution, in the manner provided under the state election laws.

The ballot must be in the following form:

"For the purchase and construction of hospital buildings, including equipment, to be located at ............... (state location), at a cost not more than ............... (state amount), pursuant to the resolution of the board of county commissioners passed ............... (state date).

Yes.........
No ........"

To the left of each of the last two words, "yes" and "no," shall be followed by a square in which the voter may indicate by a mark (X) either a negative or affirmative vote printed an oval or similar target shape so that the voter may indicate by a mark either a negative or affirmative vote. These votes shall be cast in the same manner as votes cast at the general election and counted by the same officers. Returns must be made to the county auditor, and canvassed in the same manner as the returns on county officers.

Sec. 60. Minnesota Statutes 2014, section 412.551, subdivision 2, is amended to read:

Subd. 2. Form of ballot. The proposals for the adoption of optional plans shall be stated on the ballot substantially as follows:

"Shall Optional Plan A, modifying the standard plan of city government by providing for the appointment by the council of the clerk and treasurer be adopted for the government of the city?"

"Shall Optional Plan B, providing for the council-manager form of city government, be adopted for the government of the city?"

If the city has combined the offices of clerk and treasurer, the word "clerk-treasurer" shall be substituted for the words "clerk and treasurer" in the question on the ballot on adoption of Optional Plan A. In any of these cases, the question shall be followed by the words, "Yes" and "No" with an appropriate square before each in which the voter may record a choice oval or similar target shape to the left of each word so that the voter may indicate by a mark either a negative or affirmative vote.
Sec. 61. **ELECTIONS EMERGENCY PLANNING TASK FORCE.**

Subdivision 1. **Membership.** (a) The Elections Emergency Planning Task Force consists of the following members:

1. the director of the Department of Public Safety, Division of Homeland Security and Emergency Management, or designee;
2. the secretary of state, or designee;
3. one individual designated by the secretary of state, from the elections division in the Office of the Secretary of State;
4. one individual appointed by the Minnesota State Council on Disability;
5. the Minnesota Adjutant General, or designee;
6. one county auditor, appointed by the Minnesota Association of County Officers;
7. one local professional emergency manager, appointed by the Association of Minnesota Emergency Managers;
8. one town election official, appointed by the Minnesota Association of Townships;
9. one city election official, appointed by the League of Minnesota Cities;
10. one school district election official, appointed by the Minnesota School Boards Association;
11. one representative appointed by the speaker of the house of representatives;
12. one representative appointed by the minority leader of the house of representatives;
13. one senator appointed by the senate majority leader; and
14. one senator appointed by the senate minority leader.

(b) Any vacancy shall be filled by appointment of the appointing authority for the vacating member.

(c) Members shall be appointed by July 1, 2015.

Subd. 2. **Duties.** The task force must research the following issues:

1. potential emergency scenarios that could impact elections;
2. current capacity and authority to address emergency situations;
3. potential direct and indirect costs of an emergency that disrupts elections;
4. maintaining ballot security in event of an emergency;
5. continuity of operations procedures; and
6. communications plans and key emergency contacts.
Subd. 3. **First meeting; chair.** The secretary of state, or the secretary's designee, must convene the initial meeting of the task force by August 1, 2015. The members of the task force must elect a chair and vice-chair from the members of the task force at the first meeting.

Subd. 4. **Compensation.** Public members of the task force shall be compensated pursuant to Minnesota Statutes, section 15.059, subdivision 3.

Subd. 5. **Staff.** The Legislative Coordinating Commission shall provide staff support, as needed, to facilitate the task force's work.

Subd. 6. **Report.** The task force must submit a report by January 1, 2016, to the chairs and ranking minority members of the committees in the senate and house of representatives with primary jurisdiction over elections, summarizing its findings and listing recommendations for the development of elections emergency plans statewide. The report shall include draft legislation to implement the recommendations of the task force.

Subd. 7. **Sunset.** The task force shall sunset the day following the submission of the report under subdivision 6, or January 1, 2016, whichever is earlier.

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

Sec. 62. **APPROPRIATION.**

$22,000 is appropriated from the general fund to the Legislative Coordinating Commission in fiscal year 2016 for the purposes of the Elections Emergency Planning Task Force established in section 56.

Sec. 63. **REPEALER.**

Minnesota Statutes 2014, sections 123B.09, subdivision 5; 204B.14, subdivision 6; 204C.13, subdivision 4; 204C.30, subdivision 1; and 383A.555, are repealed.

### ARTICLE 2
UNIFORM FAITHFUL PRESIDENTIAL ELECTORS ACT

Section 1. Minnesota Statutes 2014, section 204B.07, subdivision 2, is amended to read:

Subd. 2. **Petitions for presidential electors and alternates.** This subdivision does not apply to candidates for presidential elector or alternate nominated by major political parties. Major party candidates for presidential elector or alternate are certified under section 208.03. Other presidential electors or alternates are nominated by petition pursuant to this section. On petitions nominating presidential electors or alternates, the names of the candidates for president and vice-president shall be added to the political party or political principle stated on the petition. One petition may be filed to nominate a slate of presidential electors equal in number to the number of electors to which the state is entitled and an alternate for each elector nominee.

Sec. 2. Minnesota Statutes 2014, section 208.02, is amended to read:

208.02 ELECTION OF PRESIDENTIAL ELECTORS AND ALTERNATES.

Presidential electors and alternates shall be chosen at the state general election held in the year preceding the expiration of the term of the president of the United States.
Sec. 3. Minnesota Statutes 2014, section 208.03, is amended to read:

208.03 NOMINATION OF PRESIDENTIAL ELECTORS AND ALTERNATES.

Presidential electors and alternates for the major political parties of this state shall be nominated by delegate conventions called and held under the supervision of the respective state central committees of the parties of this state. At least 71 days before the general election day the chair of the major political party shall certify to the secretary of state the names of the persons nominated as presidential electors, the names of eight persons nominated as alternate presidential electors, and the names of the party candidates for president and vice president. The chair shall also certify that the party candidates for president and vice president have no affidavit on file as a candidate for any office in this state at the ensuing general election.

Sec. 4. Minnesota Statutes 2014, section 208.06, is amended to read:

208.06 ELECTORS AND ALTERNATES TO MEET AT STATE CAPITOL; FILLING OF VACANCIES.

The presidential electors and alternate presidential electors, before 12:00 M. on the day before that fixed by Congress for the electors to vote for president and vice president of the United States, shall notify the governor that they are at the State Capitol and ready at the proper time to fulfill their duties as electors. The governor shall deliver to the electors present a certificate of the names of all the electors. If any elector named therein fails to appear before 9:00 a.m. on the day, and at the place, fixed for voting for president and vice president of the United States, an alternate, chosen from among the alternates by lot, shall be appointed to act for that elector. If more than eight alternates are necessary, the electors present shall, in the presence of the governor, immediately elect by ballot a person to fill the vacancy. If more than the number of persons required have the highest and an equal number of votes, the governor, in the presence of the electors attending, shall decide by lot which of those persons shall be elected. The electors shall meet at 12:00 p.m. in the executive chamber of the State Capitol and shall perform all the duties imposed upon them as electors by the Constitution and laws of the United States and this state in the manner provided in section 208.46.

Sec. 5. [208.40] SHORT TITLE.

Sections 208.40 to 208.48 may be cited as the "Uniform Faithful Presidential Electors Act."

Sec. 6. [208.41] DEFINITIONS.

(a) The definitions in this section apply to sections 208.40 to 208.48.

(b) "Cast" means accepted by the secretary of state in accordance with section 208.46, paragraph (b).

(c) "Elector" means an individual selected as a presidential elector under this chapter.

(d) "President" means the president of the United States.

(e) "Unaffiliated presidential candidate" means a candidate for president who qualifies for the general election ballot in this state by means other than nomination by a political party.

(f) "Vice president" means the vice president of the United States.
Sec. 7. [208.42] DESIGNATION OF STATE'S ELECTORS.

For each elector position in this state, a political party contesting the position, or an unaffiliated presidential candidate, shall submit to the secretary of state the names of two qualified individuals. One of the individuals must be designated "elector nominee" and the other "alternate elector nominee."

Except as otherwise provided in sections 208.44 to 208.47, this state's electors are the winning elector nominees under the laws of this state.

Sec. 8. [208.43] PLEDGE.

Each elector nominee and alternate elector nominee of a political party shall execute the following pledge: "If selected for the position of elector, I agree to serve and to mark my ballots for president and vice president for the nominees for those offices of the party that nominated me." Each elector nominee and alternate elector nominee of an unaffiliated presidential candidate shall execute the following pledge: "If selected for the position of elector as a nominee of an unaffiliated presidential candidate, I agree to serve and to mark my ballots for that candidate and for that candidate's vice-presidential running mate." The executed pledges must accompany the submission of the corresponding names to the secretary of state.

Sec. 9. [208.44] CERTIFICATION OF ELECTORS.

In submitting this state's certificate of ascertainment as required by United States Code, title 3, section 6, the governor shall certify this state's electors and state in the certificate that:

(1) the electors will serve as electors unless a vacancy occurs in the office of elector before the end of the meeting at which elector votes are cast, in which case a substitute elector will fill the vacancy; and

(2) if a substitute elector is appointed to fill a vacancy, the governor will submit an amended certificate of ascertainment stating the names on the final list of this state's electors.

Sec. 10. [208.45] PRESIDING OFFICER; ELECTOR VACANCY.

(a) The secretary of state shall preside at the meeting of electors described in section 208.06.

(b) The position of an elector not present to vote is vacant. The secretary of state shall appoint an individual as a substitute elector to fill a vacancy as follows:

(1) if the alternate elector is present to vote, by appointing the alternate elector for the vacant position;

(2) if the alternate elector for the vacant position is not present to vote, by appointing an elector chosen by lot from among the alternate electors present to vote who were nominated by the same political party or unaffiliated presidential candidate;

(3) if the number of alternate electors present to vote is insufficient to fill any vacant position pursuant to clauses (1) and (2), by appointing any immediately available individual who is qualified to serve as an elector and chosen through nomination by a plurality vote of the remaining electors, including nomination and vote by a single elector if only one remains;

(4) if there is a tie between at least two nominees for substitute elector in a vote conducted under clause (3), by appointing an elector chosen by lot from among those nominees; or
(5) if all elector positions are vacant and cannot be filled pursuant to clauses (1) to (4), by appointing a single presidential elector, with remaining vacant positions to be filled under clause (3) and, if necessary, clause (4).

(c) To qualify as a substitute elector under paragraph (b), an individual who has not executed the pledge required under section 208.43 shall execute the following pledge: “I agree to serve and to mark my ballots for president and vice president consistent with the pledge of the individual to whose elector position I have succeeded.”

Sec. 11. [208.46] ELECTOR VOTING.

(a) At the time designated for elector voting in section 208.06, and after all vacant positions have been filled under section 208.45, the secretary of state shall provide each elector with a presidential and a vice-presidential ballot. The elector shall mark the elector's presidential and vice-presidential ballots with the elector's votes for the offices of president and vice president, respectively, along with the elector's signature and the elector's legibly printed name.

(b) Except as otherwise provided by law of this state other than this chapter, each elector shall present both completed ballots to the secretary of state, who shall examine the ballots and accept as cast all ballots of electors whose votes are consistent with their pledges executed under section 208.43 or 208.45, paragraph (c). Except as otherwise provided by law of this state other than this chapter, the secretary of state may not accept and may not count either an elector's presidential or vice-presidential ballot if the elector has not marked both ballots or has marked a ballot in violation of the elector's pledge.

(c) An elector who refuses to present a ballot, presents an unmarked ballot, or presents a ballot marked in violation of the elector's pledge executed under section 208.43 or 208.45, paragraph (c), vacates the office of elector, creating a vacant position to be filled under section 208.45.

(d) The secretary of state shall distribute ballots to and collect ballots from a substitute elector and repeat the process under this section of examining ballots, declaring and filling vacant positions as required, and recording appropriately completed ballots from the substituted electors, until all of this state's electoral votes have been cast and recorded.

Sec. 12. [208.47] ELECTOR REPLACEMENT; ASSOCIATED CERTIFICATES.

(a) After the vote of this state's electors is completed, if the final list of electors differs from any list that the governor previously included on a certificate of ascertainment prepared and transmitted under United States Code, title 3, section 6, the secretary of state immediately shall prepare an amended certificate of ascertainment and transmit it to the governor for the governor's signature.

(b) The governor immediately shall deliver the signed amended certificate of ascertainment to the secretary of state and a signed duplicate original of the amended certificate of ascertainment to all individuals entitled to receive this state's certificate of ascertainment, indicating that the amended certificate of ascertainment is to be substituted for the certificate of ascertainment previously submitted.

(c) The secretary of state shall prepare a certificate of vote. The electors on the final list shall sign the certificate. The secretary of state shall process and transmit the signed certificate with the amended certificate of ascertainment under United States Code, title 3, sections 9, 10, and 11.
Sec. 13. **[208.48] UNIFORMITY OF APPLICATION AND CONSTRUCTION.**

In applying and construing sections 208.40 to 208.48, consideration must be given to the need to promote uniformity of the law with respect to their subject matter among states that enact the Uniform Faithful Presidential Electors Act or similar law.

Sec. 14. Minnesota Statutes 2014, section 209.01, subdivision 2, is amended to read:

Subd. 2. **Statewide office.** For purposes of this chapter, "statewide office" means the office of governor, lieutenant governor, attorney general, state auditor, secretary of state, chief justice or associate justice of the Supreme Court, judge of the Court of Appeals, United States senator, or presidential elector or alternate.

Sec. 15. **REPEALER.**

Minnesota Statutes 2014, sections 208.07; and 208.08, are repealed."

Delete the title and insert:

"A bill for an act relating to elections; modifying various provisions related to the administration of elections, including provisions related to school boards, voters, ballots, registration, violations, absentee ballots, candidates, vacancies, election judges, recounts, precints, and filing fees; modifying military and overseas absentee voting provisions; providing and modifying definitions; establishing the Election Emergency Planning Task Force; providing the Uniform Faithful Presidential Electors Act; making various technical and conforming changes; appropriating money; amending Minnesota Statutes 2014, sections 123B.09, subdivision 1, by adding a subdivision; 200.02, subdivisions 7, 23, by adding subdivisions; 201.071, subdivision 1; 201.158; 201.275; 203B.01, subdivision 3; 203B.07, subdivision 1; 203B.08, subdivisions 1, 3; 203B.121, subdivision 2; 203B.16, subdivisions 1, 2; 203B.17, subdivisions 1, 2; 204B.06, subdivision 1b; 204B.07, subdivision 2; 204B.13, subdivisions 1, 2, 5; 204B.131, subdivision 1; 204B.19, subdivisions 2, 6; 204B.36, subdivisions 1, 2, 3, 4; 204B.44; 204B.45, subdivision 2; 204C.04, subdivision 2; 204C.08, subdivision 1d; 204C.13, subdivisions 2, 3, 5; 204C.22, subdivisions 3, 4, 7, 10; 204C.35, subdivisions 1, 2; 204C.36, subdivisions 1, 2; 204C.40, subdivision 2; 204D.11, subdivision 4; 204D.27, subdivision 11; 205.13, subdivision 3; 205A.05, subdivision 1; 206.90, subdivision 6; 208.02; 208.03; 208.06; 209.01, subdivision 2; 209.021, subdivisions 2, 3; 209.09, subdivision 2; 365.22, subdivisions 2, 3; 367.31, subdivision 4; 368.85, subdivision 4; 376.04; 412.551, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 123B; 208; repealing Minnesota Statutes 2014, sections 123B.09, subdivision 5; 204B.14, subdivision 6; 204C.13, subdivision 4; 204C.30, subdivision 1; 208.07; 208.08; 383A.555."

We request the adoption of this report and repassage of the bill.

**Senate Conferees:** KATIE SIEBEN, KENT EKEN and JIM CARLSON.

**House Conferees:** TIM SANDERS, TIM O’DRISCOLL and JIM NASH.

Sanders moved that the report of the Conference Committee on S. F. No. 455 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 455, A bill for an act relating to elections; modifying various provisions related to election administration, including provisions related to school districts, voters, ballots, candidates, political party designation, military and overseas voting, and other election-related provisions; establishing the Elections Emergency Planning
Task Force; enacting the Uniform Faithful Presidential Electors Act; amending voter registration procedures; restoring right to vote upon release from incarceration for a felony offense; providing for early voting; requiring use of actual address for redistricting purposes; making conforming changes; making technical changes; appropriating money; amending Minnesota Statutes 2014, sections 13.607, by adding a subdivision; 103C.311, subdivision 2; 123B.09, subdivision 1, by adding a subdivision; 200.02, subdivisions 7, 23, by adding subdivisions; 201.014, by adding a subdivision; 201.022, subdivision 1; 201.054, subdivisions 1, 2; 201.061, by adding a subdivision; 201.071, subdivision 1; 201.091, subdivision 4; 201.12, subdivisions 2, 3; 201.13, subdivision 3; 201.14; 201.157; 201.158; 201.161; 203B.001; 203B.01, subdivision 3, by adding a subdivision; 203B.03, subdivision 1; 203B.05, subdivision 1; 203B.07, subdivision 1; 203B.08, subdivisions 1, 3; 203B.081; 203B.085; 203B.121, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 203B.16, subdivisions 1, 2; 203B.17, subdivisions 1, 2; 204B.06, subdivision 1b; 204B.07, subdivision 2; 204B.145; 204B.19, subdivisions 2, 6; 204B.28, subdivision 2; 204B.36, subdivisions 1, 2, 3, 4, 204B.45, subdivisions 1, 2; 204C.04, subdivision 2; 204C.08, subdivision 1d; 204C.10; 204C.13, subdivisions 2, 3, 5; 204C.15, subdivision 1; 204C.22, subdivisions 3, 4, 7, 10; 204C.35, subdivisions 1, 2; 204C.36, subdivisions 1, 2; 204C.40, subdivision 2; 204D.11, subdivision 4; 204D.27, subdivision 11; 205.13, subdivision 3; 205.84, subdivision 1; 206.82, subdivision 1; 206.83; 206.90, subdivision 6; 208.02; 208.03; 208.06; 209.01, subdivision 2; 209.021, subdivisions 2, 3; 209.09, subdivision 2; 365.22, subdivisions 2, 3; 367.31, subdivision 4; 368.85, subdivision 4; 375.025, subdivision 1; 375A.09, subdivision 4; 376.04; 383A.555.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.  There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright
Allen
Anderson, M.
Anderson, P.
Anderson, S.
Anzelc
Applebaum
Backer
Baker
Barrett
Bennett
Bernardy
Bly
Carlson
Christensen
Clark
Considine
Cornish
Daniels
Daivs
Davnie
Dean, M.
Dehn, R.
Dettmer
Dill
Drazkowski
Erhardt
Erickson
Fabian
Fenton
Fischer
Franson
Freiberg
Garofalo
Green
Gruenhagen
Gunther
Hackbarth
Halverson
Hamilton
Hancock
Hansen
Hausman
Heintzeman
Peppin moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Mack.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. No. 844

A bill for an act relating to education; providing for funding and policy in early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, standards and assessments, charter schools, special education, facilities and technology, nutrition and accounting; early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; requiring rulemaking; appropriating money; amending Minnesota Statutes 2014, sections 5A.03; 16A.103, subdivision 1c; 120A.41, 120B.02, subdivision 2; 120B.021, subdivision 4; 120B.022, subdivisions 1, 1a, 1b; 120B.024, subdivision 2; 120B.11, subdivision 1a; 120B.12, subdivision 4a; 120B.125; 120B.13, subdivision 4; 120B.30, subdivisions 1, 1a, 3; 120B.31, subdivision 4; 120B.36, subdivision 1; 121A.17, subdivision 5; 122A.09, subdivision 4, by adding subdivisions; 122A.14, subdivisions 3, 9, by adding a subdivision; 122A.18, subdivisions 2, 7c, 8; 122A.20, subdivision 1; 122A.21, subdivisions 1, 2; 122A.23; 122A.245, subdivisions 1, 3, 7; 122A.25; 122A.30; 122A.31, subdivisions 1, 2; 122A.40, subdivisions 5, 8, 10, 11, 13; 122A.41, subdivisions 2, 5, 6, 14; 122A.414, subdivision 2; 122A.60; 122A.61, subdivision 1; 122A.69; 122A.70, subdivision 1; 123A.24, subdivision 1; 123A.75, subdivision 1; 123B.045; 123B.59, subdivisions 6, 7; 123B.77, subdivision 3; 123B.88, subdivision 1, by adding a subdivision; 124D.041, subdivisions 1, 2; 124D.09, subdivisions 5, 5a, 8, 9, 12; 124D.091, subdivision 1; 124D.10, subdivisions 1, 3, 4, 8, 9, 12, 14, 16, 23, by adding a subdivision; 124D.11, subdivisions 1, 9; 124D.121; 124D.122; 124D.126, subdivision 1; 124D.127; 124D.128, subdivision 1; 124D.13; 124D.135; 124D.16; 124D.165; 124D.531, subdivisions 1, 2, 3; 124D.73, subdivisions 3, 4; 124D.74, subdivisions 1, 3, 6; 124D.75, subdivisions 1, 3, 9; 124D.76; 124D.78; 124D.79, subdivisions 1, 2; 124D.791, subdivision 4; 124D.861; 124D.862; 125A.01; 125A.023, subdivisions 3, 4; 125A.027; 125A.03; 125A.08; 125A.085; 125A.0942, subdivision 3; 125A.21; 125A.28; 125A.63, subdivisions 2, 3, 4, 5; 125A.75, subdivision 9; 125A.76, subdivisions 1, 2c; 125B.26, subdivision 2; 126C.10, subdivisions 1, 2, 2a, 2e, 3, 13a, 18, 24; 126C.13, subdivision 4; 126C.15, subdivisions 1, 2, 3; 126C.17, subdivisions 1, 2; 127A.05, subdivision 6; 127A.49, subdivision 1; 134.355, subdivisions 8, 9, 10; 135A.101, by adding a subdivision; 179A.20, by adding a subdivision; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 11, as amended; article 3, section 37, subdivisions 3, as amended, 4, as amended, 5, as amended, 20, as amended; article 4, section 9, subdivision 2, as amended; article 5, section 31, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, subdivision 4, as amended, 6, as amended; article 7, sections 19, 21, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 5, subdivisions 3, as amended, 4, as amended, 14, as amended; Laws 2014, chapter 312, article 16, section 15; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 124D; 125A; repealing Minnesota Statutes 2014, sections 120B.128; 122A.40, subdivision 11; 125A.63, subdivision 1; 126C.12, subdivision 6; 126C.13, subdivisions 3a, 3b, 3c; 126C.41, subdivision 1; Minnesota Rules, part 3500.1000.
The Honorable Kurt L. Daudt  
Speaker of the House of Representatives  

The Honorable Sandra L. Pappas  
President of the Senate  

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

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

Delete everything after the enacting clause and insert:  

"ARTICLE 1  
GENERAL EDUCATION  

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

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

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

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

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

124D.12 PURPOSE OF FLEXIBLE LEARNING YEAR PROGRAMS.  

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

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 3. Minnesota Statutes 2014, section 124D.122, is amended to read:

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

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

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

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

(b) For fiscal year 2015 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, declining enrollment revenue, local optional revenue, small schools revenue, basic skills revenue, secondary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, pension adjustment revenue, and transition revenue.

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.
Sec. 7. Minnesota Statutes 2014, section 126C.10, subdivision 13a, is amended to read:

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

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

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

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

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

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

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

1. general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;
2. operating capital aid under section 126C.10, subdivision 13b;
3. equity aid under section 126C.10, subdivision 30;
4. alternative teacher compensation aid under section 126C.10, subdivision 36;
5. transition aid under section 126C.10, subdivision 33;
6. shared time aid under section 126C.01, subdivision 7;
7. referendum aid under section 126C.17, subdivisions 7 and 7a; and
8. online learning aid according to section 124D.096.

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

1. general education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue, minus the student achievement levy, multiplied times the ratio of the actual amount of student achievement levy levied to the permitted student achievement levy; plus
2. operating capital aid under section 126C.10, subdivision 13b;
(3) equity aid under section 126C.10, subdivision 30; plus

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

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

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

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

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

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

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

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

(b) Notwithstanding paragraph (a), a district or cooperative may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board, and a district or cooperative may allocate up to an additional five percent of its compensatory revenue for activities under subdivision 1, clause (10), according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

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

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

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

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

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

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

(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;
(2) add to the result of clause (1) the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013;

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

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

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

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

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

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance, plus any new referendum allowance authorized between July 1, 2013, and December 31, 2013, under subdivision 9a, plus any additional referendum allowance per adjusted pupil unit authorized after December 31, 2013, minus any allowances expiring in fiscal year 2016 or later, provided that the allowance may not be less than zero. For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated under paragraph (a), clause (3), must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under Minnesota Statutes 2012, section 126C.17. For a district with more than one allowance for fiscal year 2015 that expires in the same year, the reduction under paragraph (a), clause (6), to offset local optional revenue shall be made first from any allowances that do not have an inflation adjustment approved by the voters.

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

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

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

(1) $1,845;

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

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

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

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

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

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

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

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

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

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.
Sec. 14. [136D.41] LISTED DISTRICTS MAY FORM INTERMEDIATE DISTRICT.

Notwithstanding any other law to the contrary, two or more of the Independent School Districts Nos. 108, 110, 111, and 112 of Carver County, Independent School Districts Nos. 716, 717, 719, 720, and 721 of Scott County, and Independent School District No. 2905 of Le Sueur County, whether or not contiguous, may enter into agreements to accomplish jointly and cooperatively the acquisition, betterment, construction, maintenance, and operation of facilities for, and instruction in, special education, career and technical education, adult basic education, and alternative education. Each school district that becomes a party to such an agreement is a "participating school district" for purposes of sections 136D.41 to 136D.49. The agreement may provide for the exercise of these powers by a joint school board created as set forth in sections 136D.41 to 136D.49.

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

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

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

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

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

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

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

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

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

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

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

Subd. 2. When effective. Each resolution shall be published once in a newspaper published in the district, if there is one, or in a newspaper having general circulation in the district, and shall become effective 30 days after publication, unless within the 30-day period a petition for referendum on the resolution is filed with the school board, signed by qualified voters of the school district equal in number to five percent of the number of voters voting at the last annual school district election. In such case, the resolution shall not become effective until approved by a majority of the voters voting thereon at a regular or special election. The agreement may provide conditions under which it shall become effective even though it may not be approved in all districts.
Sec. 19. [136D.46] DISTRICT CONTRIBUTIONS, DISBURSEMENTS, CONTRACTS.

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

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

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

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

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

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

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

Sec. 23. COMPENSATORY REVENUE; INTERMEDIATE DISTRICT.

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

Sec. 24. SCHOOL DISTRICT LEVY ADJUSTMENTS.

Subdivision 1. Tax rate adjustment. The commissioner of education must adjust each school district tax rate established under Minnesota Statutes, chapters 120B to 127A, by multiplying the rate by the ratio of the statewide total tax capacity for assessment year 2014, as it existed prior to the passage of Regular Session 2015, House File No. 848, or a similarly styled bill passed in a special session to the statewide total tax capacity for assessment year 2014.

Subd. 2. Equalizing factors. The commissioner of education must adjust each school district equalizing factor established under Minnesota Statutes, chapters 120B to 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for assessment year 2014, as it existed prior to the passage of Regular Session 2015, House File No. 848, or a similarly styled bill passed in a special session, to the statewide total tax capacity for assessment year 2014.

Sec. 25. APPROPRIATIONS.

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.
Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

- $6,595,541,000 for 2016
- $6,723,884,000 for 2017

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

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

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

- $39,000 for 2016
- $42,000 for 2017

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

- $2,740,000 for 2016
- $2,932,000 for 2017

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

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

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

- $292,000 for 2016
- $165,000 for 2017

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

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

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

- $16,756,000 for 2016
- $17,309,000 for 2017

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

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

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

- $17,322,000 for 2016
- $17,228,000 for 2017

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

The 2017 appropriation includes $1,722,000 for 2016 and $15,506,000 for 2017.
Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\[
\begin{align*}
\text{2016} & : & 65,000 \\
\text{2017} & : & 65,000
\end{align*}
\]

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

\[
\begin{align*}
\text{2016} & : & 2,325,000 \\
\text{2017} & : & 2,325,000
\end{align*}
\]

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

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

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

\[
\begin{align*}
\text{2016} & : & 5,420,000 \\
\text{2017} & : & 4,405,000
\end{align*}
\]

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

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

Sec. 26. **REPEALER.**

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

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

ARTICLE 2
EDUCATION EXCELLENCE

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

**Subd. 5. Directory information.** Information designated as directory information pursuant to the provisions of United States Code, title 20, section 1232g and Code of Federal Regulations, title 34, section 99.37 which are in effect on January 1, 2002, 3, 2012, is public data on individuals, to the extent required under federal law. When conducting the directory information designation and notice process required by federal law, an educational agency or institution shall give parents and students notice of the right to refuse to let the agency or institution designate any or all data about the student as directory information. This notice may be given by any means reasonably likely to inform the parents and students of the right.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 2. Minnesota Statutes 2014, section 120B.022, subdivision 1a, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) By August 1, 2015, the colleges and universities of the Minnesota State Colleges and Universities system must award foreign language credits to a student who receives a state bilingual seal or a state multilingual seal under this subdivision and may establish criteria to translate the seals into college credits based on the world language course equivalencies identified by the Minnesota State Colleges and Universities faculty and staff and, upon request from an enrolled student, the Minnesota State Colleges and Universities may award foreign language credits to a student who receives a Minnesota World Language Proficiency Certificate or a Minnesota World Language Proficiency High Achievement Certificate under subdivision 1a. A student who demonstrated the requisite level of language proficiency in grade 10, 11, or 12 to receive a seal or certificate and is enrolled in a Minnesota State Colleges and Universities institution must request college credits for the student's seal or proficiency certificate within three academic years after graduating from high school. The University of Minnesota is encouraged to award students foreign language academic credits consistent with this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school year reports for the 2015-2016 school year and later.
Sec. 7. Minnesota Statutes 2014, section 120B.31, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to school year reports for the 2015-2016 school year and later.
Sec. 9. Minnesota Statutes 2014, section 122A.09, subdivision 4, is amended to read:

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

(b) The board must adopt rules requiring a person require all candidates for teacher licensure to pass demonstrate a passing score on a board-adopted skills examination in reading, writing, and mathematics or attain either a composite score composed of the average of the scores in English and writing; reading, and mathematics on the ACT Plus Writing recommended by the board, or an equivalent composite score composed of the average of the scores in critical reading, mathematics, and writing on the SAT recommended by the board, as a requirement for initial teacher licensure, except that the board may issue up to two temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the board-adopted skills examination or attained the requisite composite score on the ACT Plus Writing or SAT. Such rules The board must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the board-adopted skills examination or attain the requisite composite score on the ACT Plus Writing or SAT, including those for whom English is a second language. The requirement to pass a board-adopted reading, writing, and mathematics skills examination or attain the requisite composite score on the ACT Plus Writing or SAT does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1. A teacher candidate's official ACT Plus Writing or SAT composite score report to the board must not be more than ten years old at the time of licensure. The Board of Teaching and the entity administering the content, pedagogy, and skills examinations must allow any individual who produces documentation of a disability in the form of an evaluation, 504 plan, or individual education program (IEP) to receive the same testing accommodations on the content, pedagogy, and skills examinations that the applicant received during their secondary or postsecondary education.

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

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

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

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

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

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

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

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

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

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

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

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may
include providing a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

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

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

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

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

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

(c) Publicly reported summary data on administrator preparation programs approved by the Board of School Administrators must include: summary data on faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and their years of experience either as kindergarten through grade 12 classroom teachers or school administrators; the average time program graduates in the preceding year needed to complete the program; the current number and percent of students who graduated, received a standard Minnesota administrator license, and were employed as an administrator in a Minnesota school district or school in the preceding year; the number of credits by graduate program that students in the preceding school year needed to complete to graduate; survey results measuring student, graduate, and employer satisfaction with the program in the preceding school year; and information under paragraphs (f) and (g). Program reporting must be consistent with section 122A.14, subdivision 10.
(d) School districts annually by October 1 must report to the Board of Teaching the following information for all teachers who finished the probationary period and accepted a continuing contract position with the district from September 1 of the previous year through August 31 of the current year: the effectiveness category or rating of the teacher on the summative evaluation under section 122A.40, subdivision 8, or 122A.41, subdivision 5; the licensure area in which the teacher primarily taught during the three-year evaluation cycle; and the teacher preparation program preparing the teacher in the teacher’s primary areas of instruction and licensure.

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

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

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

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

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

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

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

Subd. 3. Rules for continuing education requirements. The board shall adopt rules establishing continuing education requirements that promote continuous improvement and acquisition of new and relevant skills by school administrators. Continuing education programs, among other things, must provide school administrators with information and training about building coherent and effective English learner strategies that include relevant professional development, accountability for student progress, students’ access to the general curriculum, and sufficient staff capacity to effect these strategies. A retired school principal who serves as a substitute principal or assistant principal for the same person on a day-to-day basis for no more than 15 consecutive school days is not subject to continuing education requirements as a condition of serving as a substitute principal or assistant principal.

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

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

Subd. 10. Principal preparation program reporting. By December 31, 2018, and annually thereafter, the Board of School Administrators shall report and publish on its Web site the cumulative summary results of three years of data reported to the board under section 122A.09, subdivision 4a, paragraph (c), for each principal preparation program.
Sec. 14. Minnesota Statutes 2014, section 122A.18, subdivision 2, is amended to read:

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

(b) The board must require a person to pass an examination of skills in reading, writing, and mathematics recommended by the board, or an equivalent composite score composed of the average of the scores in English and writing, reading, and mathematics on the ACT Plus Writing or SAT composite score report to the board must not be more than ten years old at the time of application for teacher licensure. At the request of the employing school district or charter school, the Board of Teaching may issue a restricted license to an otherwise qualified teacher not passing or demonstrating a passing score on a board-adopted skills examination in reading, writing, and math. For purposes of this section, the restricted license issued by the board is limited to the current subject or content matter the teacher is employed to teach and limited to the district or charter school requesting the restricted license. If the board denies the request, it must provide a detailed response to the school administrator as to the reasons for the denial. The board must require colleges and universities offering a board approved teacher preparation program to make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the ACT Plus Writing or SAT score, including those for whom English is a second language. The colleges and universities must make available assistance in the specific academic areas of candidates’ deficiency. School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on the ACT Plus Writing or SAT score, and who received a temporary license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the ACT Plus Writing or SAT score, and the candidates who have not attained the requisite compositeACT Plus Writing or SAT score, or have not passed a content or pedagogy exam, disaggregated by categories of race, ethnicity, and eligibility for financial aid.

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

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

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

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

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

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Board of Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

(1) immoral character or conduct;

(2) failure, without justifiable cause, to teach for the term of the teacher's contract;

(3) gross inefficiency or willful neglect of duty;

(4) failure to meet licensure requirements; or

(5) fraud or misrepresentation in obtaining a license.

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

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

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

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

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

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

(b) A candidate for initial licensure must submit to the Educator Licensi

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

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

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

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

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

122A.23 APPLICANTS TRAINED IN OTHER STATES.

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

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

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

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

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

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

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

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

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

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

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

(f) The Board of Teaching must issue a temporary restricted teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:
(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 7. Standard license. The Board of Teaching must issue a standard license to an otherwise qualified teacher candidate under this section who successfully performs throughout a program under this section, successfully completes all required obtains qualifying scores on applicable board-adopted rigorous skills, pedagogy, and content area examinations under section 122A.09, subdivision 4, paragraphs (a) and (e), and is recommended for licensure under subdivision 5 or successfully demonstrates to the board qualifications for licensure under subdivision 6.
Sec. 22. Minnesota Statutes 2014, section 122A.30, is amended to read:

122A.30 EXEMPTION FOR TECHNICAL COLLEGE EDUCATION INSTRUCTORS.

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

(b) This section expires June 30, 2020.

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

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

Subd. 8. Development, evaluation, and peer coaching for continuing contract teachers. (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

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

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

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

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

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

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

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

(7) may include mentoring and induction programs;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;
(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

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

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

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

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

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

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

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

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

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

All data created and used under this paragraph retains its classification under chapter 13.
Sec. 24. Minnesota Statutes 2014, section 122A.40, subdivision 13, is amended to read:

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

1. immoral conduct, insubordination, or conviction of a felony;

2. conduct unbecoming a teacher which requires the immediate removal of the teacher from classroom or other duties;

3. failure without justifiable cause to teach without first securing the written release of the school board;

4. gross inefficiency which the teacher has failed to correct after reasonable written notice;

5. willful neglect of duty; or

6. continuing physical or mental disability subsequent to a 12 months leave of absence and inability to qualify for reinstatement in accordance with subdivision 12.

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

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

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

(c) When a teacher is discharged under paragraph (b) or when the commissioner makes a final determination of child maltreatment involving a teacher under section 626.556, subdivision 11, the school principal or other person having administrative control of the school must include in the teacher's employment record the information contained in the record of the disciplinary action or the final maltreatment determination, consistent with the definition of public data under section 13.41, subdivision 5, and must provide the Board of Teaching and the licensing division at the department with the necessary and relevant information to enable the Board of Teaching...
and the department's licensing division to fulfill their statutory and administrative duties related to issuing, renewing, suspending, or revoking a teacher's license. Information received by the Board of Teaching or the licensing division at the department under this paragraph is governed by section 13.41 or other applicable law governing data of the receiving entity. In addition to the background check required under section 123B.03, a school board or other school hiring authority must contact the Board of Teaching and the department to determine whether the teacher's license has been suspended or revoked, consistent with the discharge and final maltreatment determinations identified in this paragraph. Unless restricted by federal or state data practices law or by the terms of a collective bargaining agreement, the responsible authority for a school district must disseminate to another school district private personnel data on a current or former teacher employee or contractor of the district, including the results of background investigations, if the requesting school district seeks the information because the subject of the data has applied for employment with the requesting school district.

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

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

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

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

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

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

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

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

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

(7) may include mentoring and induction programs;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;
(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

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

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

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

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

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

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

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

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

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

All data created and used under this paragraph retains its classification under chapter 13.
Sec. 26. Minnesota Statutes 2014, section 122A.41, subdivision 6, is amended to read:

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

1. immoral character, conduct unbecoming a teacher, or insubordination;

2. failure without justifiable cause to teach without first securing the written release of the school board having the care, management, or control of the school in which the teacher is employed;

3. inefficiency in teaching or in the management of a school, consistent with subdivision 5, paragraph (b);

4. affliction with a communicable disease must be considered as cause for removal or suspension while the teacher is suffering from such disability; or

5. discontinuance of position or lack of pupils.

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

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

(c) When a teacher is discharged under paragraph (b) or when the commissioner makes a final determination of child maltreatment involving a teacher under section 626.556, subdivision 11, the school principal or other person having administrative control of the school must include in the teacher's employment record the information contained in the record of the disciplinary action or the final maltreatment determination, consistent with the definition of public data under section 13.41, subdivision 5, and must provide the Board of Teaching and the licensing division at the department with the necessary and relevant information to enable the Board of Teaching and the department's licensing division to fulfill their statutory and administrative duties related to issuing, renewing, suspending, or revoking a teacher's license. Information received by the Board of Teaching or the licensing division at the department under this paragraph is governed by section 13.41 or other applicable law governing data of the receiving entity. In addition to the background check required under section 123B.03, a school board or other school hiring authority must contact the Board of Teaching and the department to determine whether the teacher's license has been suspended or revoked, consistent with the discharge and final maltreatment determinations identified in this paragraph. Unless restricted by federal or state data practices law or by the terms of a collective bargaining agreement, the responsible authority for a school district must disseminate to another school district private personnel data on a current or former teacher employee or contractor of the district, including the results of background investigations, if the requesting school district seeks the information because the subject of the data has applied for employment with the requesting school district.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 27. Minnesota Statutes 2014, section 122A.413, subdivision 1, is amended to read:

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

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

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

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

1. assessment and evaluation tools to measure student performance and progress, including the academic literacy, oral academic language, and achievement of English learners, among other measures;
2. performance goals and benchmarks for improvement;
3. measures of student attendance and completion rates;
4. a rigorous research and practice-based professional development system, based on national and state standards of effective teaching practice applicable to all students including English learners with varied needs under section 124D.59, subdivisions 2 and 2a, and consistent with section 122A.60, that is aligned with educational improvement and designed to achieve ongoing and schoolwide progress and growth in teaching practice;
5. measures of student, family, and community involvement and satisfaction;
6. a data system about students and their academic progress that provides parents and the public with understandable information;
7. a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support; and
8. substantial participation by the exclusive representative of the teachers in developing the plan.

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

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

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

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.
Sec. 30. Minnesota Statutes 2014, section 122A.414, subdivision 1a, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The alternative teacher professional pay system agreement must:
(1) describe how teachers can achieve career advancement and additional compensation;

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

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

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

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

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

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

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

(6) encourage collaboration rather than competition among teachers.

(c) The alternative teacher professional pay system may:

(1) include a hiring bonus or other added compensation for teachers who are identified as effective or highly effective under the local teacher professional review cycle and work in a hard-to-fill position or in a hard-to-staff school such as a school with a majority of students whose families meet federal poverty guidelines, a geographically isolated school, or a school identified by the state as eligible for targeted programs or services for its students; and

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

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

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

Subd. 2a. Charter school applications; cooperative applications. (a) For charter school applications, the board of directors of a charter school that satisfies the conditions under subdivisions 2 and 2b must submit to the commissioner an application that contains:
(1) an agreement to implement an alternative teacher professional pay system under this section;

(2) a resolution by the charter school board of directors adopting the agreement; and

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

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

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

(1) an agreement to implement an alternative teacher professional pay system under this section;

(2) a resolution by the governing board adopting the agreement; and

(3) the record of a formal vote by the teachers employed at the cooperative unit indicating that at least 70 percent of all teachers agree to implement the alternative teacher professional pay system.

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

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

Subd. 2b. Approval process. (a) Consistent with the requirements of this section and sections 122A.413 and 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, cooperatives, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. The commissioner annually must establish three dates as deadlines by which interested applicants must submit an application to the commissioner under this section. An interested school district, intermediate school district, cooperative, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school or executed by the governing board if the applicant is a cooperative unit. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must review a completed application within 30 days of the most recent application deadline and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

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

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.
Sec. 34. Minnesota Statutes 2014, section 122A.414, subdivision 3, is amended to read:

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

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

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

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

122A.415 ALTERNATIVE COMPENSATION REVENUE.

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

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

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

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

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

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

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

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

(c) For fiscal year 2008 and later, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed the product of $3,374,000 times the ratio of the state total charter school enrollment for the previous fiscal year to the state total charter school enrollment for fiscal year 2007. Additional basic alternative teacher compensation aid may be approved for charter schools after August 1, not to exceed the charter school limit for the following fiscal year, if the basic alternative teacher compensation aid entitlement for school districts based on applications approved by August 1 does not expend the remaining amount under the limit.

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

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

Subd. 5. Alternative teacher compensation levy. For fiscal year 2015 and later. The alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district’s alternative teacher compensation revenue and the district’s basic alternative teacher compensation aid, times (2) the lesser of one or the ratio of the district’s adjusted net tax capacity per adjusted pupil unit to $6,100.
Subd. 6. Alternative teacher compensation equalization aid. (a) For fiscal year 2015 and later, a district’s alternative teacher compensation equalization aid equals the district’s alternative teacher compensation revenue minus the district’s basic alternative teacher compensation aid minus the district’s alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

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

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

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

122A.60 STAFF DEVELOPMENT PROGRAM.

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

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

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

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

(4) other staff development needs.

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

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

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

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

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

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

(5) align with state and local academic standards;

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

(7) align with the plan of the district or site for an alternative teacher professional pay system;
(8) provide teachers of English learners, including English as a second language and content teachers, with differentiated instructional strategies critical for ensuring students' long-term academic success; the means to effectively use assessment data on the academic literacy, oral academic language, and English language development of English learners; and skills to support native and English language development across the curriculum; and

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

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

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

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

(1) support stable and productive professional communities achieved through ongoing and schoolwide progress and growth in teaching practice;

(2) emphasize coaching, professional learning communities, classroom action research, and other job-embedded models;

(3) maintain a strong subject matter focus premised on students' learning goals, consistent with section 120B.125;

(4) ensure specialized preparation and learning about issues related to teaching English learners and students with special needs by focusing on long-term systemic efforts to improve educational services and opportunities and raise student achievement; and

(5) reinforce national and state standards of effective teaching practice.

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

(1) improve student achievement of state and local education standards in all areas of the curriculum, including areas of regular academic and applied and experiential learning, by using research-based best practices methods;
(2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, English learners, and gifted children, within the regular classroom, applied and experiential learning settings, and other settings;

(3) provide an inclusive curriculum for a racially, ethnically, linguistically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

(4) improve staff collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;

(5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution;

(6) effectively deliver digital and blended learning and curriculum and engage students with technology; and

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

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

(b) The report must break down expenditures for:

(1) curriculum development and curriculum training programs; and

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

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

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

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

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

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

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

(2) principal development and evaluation under section 123B.147, subdivision 3;
(3) professional development under section 122A.60; and

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

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

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

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

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

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

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

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

Subd. 5. **Authorization; notification.** Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a school or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by that postsecondary institution. Notwithstanding any other law to the contrary, a 9th or 10th grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to enroll in nonsectarian courses offered under subdivision 10, if all 11th and 12th grade students have applied for a course, additional students are necessary to offer the course (1) the school district and the eligible postsecondary institution providing the course agree to the student's enrollment or (2) the course is a world language course currently available to 11th and 12th grade students, and consistent with section 120B.022 governing world language standards, certificates, and seals. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school or school district, and the commissioner within ten days of acceptance. The notice must indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for postsecondary credit, the institution must notify the pupil about payment in the customary manner used by the institution.
Sec. 40. Minnesota Statutes 2014, section 124D.09, subdivision 5a, is amended to read:

Subd. 5a. Authorization; career or technical education. A 10th, 11th, or 12th grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may enroll in a career or technical education course offered by a Minnesota state college or university. A 10th grade pupil applying for enrollment in a career or technical education course under this subdivision must have received a passing score on the 8th grade Minnesota Comprehensive Assessment in reading as a condition of enrollment. A current 10th grade pupil who did not take the 8th grade Minnesota Comprehensive Assessment in reading may substitute another reading assessment accepted by the enrolling postsecondary institution. A secondary pupil may enroll in the pupil’s first postsecondary options enrollment course under this subdivision. A student who is refused enrollment by a Minnesota state college or university under this subdivision may apply to an eligible institution offering a career or technical education course. The postsecondary institution must give priority to its students according to subdivision 9. If a secondary student receives a grade of “C” or better in the career or technical education course taken under this subdivision, the postsecondary institution must allow the student to take additional postsecondary courses for secondary credit at that institution, not to exceed the limits in subdivision 8. A "career or technical course" is a course that is part of a career and technical education program that provides individuals with coherent, rigorous content aligned with academic standards and relevant technical knowledge and skills needed to prepare for further education and careers in current and emerging professions and provide technical skill proficiency, an industry recognized credential, and a certificate, a diploma, or an associate degree.

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

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

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

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

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

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

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

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

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

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

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

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

The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota, and private nonprofit and proprietary postsecondary institutions should, award postsecondary credit for any successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships offered according to an agreement under subdivision 10. Consistent with section 135A.101, subdivision 3, all MnSCU institutions must give full credit to a secondary pupil who completes for postsecondary credit a postsecondary course or program that is part or all of a goal area or a transfer curriculum at a MnSCU institution when the pupil enrolls in a MnSCU institution after leaving secondary school. Once one MnSCU institution certifies as completed a secondary student's postsecondary course or program that is part or all of a goal area or a transfer curriculum, every MnSCU institution must consider the student's course or program for that goal area or the transfer curriculum as completed.

EFFECTIVE DATE. This section is effective for the 2015-2016 school year and later.
Sec. 44. [124D.231] FULL-SERVICE COMMUNITY SCHOOLS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) at least 30 percent of the members are parents and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and
(2) the school leadership team must be responsible for overseeing the baseline analyses under paragraph (f). A school leadership team must have ongoing responsibility for monitoring the development and implementation of full service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district Web sites.

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

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

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) early childhood:

(i) early childhood education; and

(ii) child care services;

(2) academic:

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

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

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

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

(v) specialized instructional support services;

(3) parental involvement:

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

(ii) parent leadership development activities; and

(iii) parenting education activities;

(4) mental and physical health:

(i) mentoring and other youth development programs, including peer mentoring and conflict mediation;

(ii) juvenile crime prevention and rehabilitation programs;

(iii) home visitation services by teachers and other professionals;

(iv) developmentally appropriate physical education;

(v) nutrition services;
(vi) primary health and dental care; and

(vii) mental health counseling services;

(5) community involvement:

(i) service and service-learning opportunities;

(ii) adult education, including instruction in English as a second language; and

(iii) homeless prevention services;

(6) positive discipline practices; and

(7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.

(h) The school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:

(1) timely establishment and consistent operation of the school leadership team;

(2) maintenance of attendance records in all programming components;

(3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;

(4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;

(5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;

(6) ensuring compliance with the district nondiscrimination policy; and

(7) plan for school leadership team development.

Subd. 3. Full-service community school review. (a) Every three years, a full-service community school site must submit to the commissioner, and make available at the school site and online, a report describing efforts to integrate community school programming at each covered school site and the effect of the transition to a full-service community school on participating children and adults. This report shall include, but is not limited to, the following:

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

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

(3) the operation of the school leadership team and its contribution to successful execution of the community school plan;
(4) recommendations for improving delivery of community school programming to students and families;

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

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

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

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

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

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

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

(12) assessment of community stakeholder satisfaction;

(13) assessment of institutional partner satisfaction;

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

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

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

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

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

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

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

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

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

(6) the degree of community stakeholder and institutional partner engagement;
(7) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;

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

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

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

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

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

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

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

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

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

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

(1) support postsecondary preparation for pupils;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 3. **Resolution or letter.** All persons applying for a license under this section must submit to the board a resolution or letter of support signed by an American Indian tribal government or its designee. All persons holding a license under this section must have on file or file with the board a resolution or letter of support signed by a tribal government or its designee by January 1, 1996, or the next renewal date of the license thereafter.

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

Subd. 9. **Affirmative efforts in hiring.** In hiring for all positions in these programs, school districts and participating schools shall give preference to and make affirmative efforts to seek, recruit, and employ persons who share the culture of the American Indian children who are enrolled in the program. The district or participating school shall provide procedures for the involvement of the parent advisory committees in designing the procedures for the recruitment, screening and selection of applicants. This subdivision shall not be construed to limit the school board's authority to hire and discharge personnel.
Sec. 52. Minnesota Statutes 2014, section 124D.76, is amended to read:

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

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

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

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

124D.78 PARENT AND COMMUNITY PARTICIPATION.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) issues facing American Indian students;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Identify the measures to be used to meet the requirements of sections 124D.71 to 124D.82;

(b) Identify the activities, methods and programs to meet the identified educational needs of the children to be enrolled in the program;
(c) Describe how district goals and objectives as well as the objectives of sections 124D.71 to 124D.82 are to be achieved;

(d) Demonstrate that required and elective courses as structured do not have a discriminatory effect within the meaning of section 124D.74, subdivision 5;

(e) Describe how each school program will be organized, staffed, coordinated, and monitored; and

(f) Project expenditures for programs under sections 124D.71 to 124D.82.

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

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

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

Subd. 4. Nondiscrimination; testing. In accordance with recognized professional standards, all testing and evaluation materials and procedures utilized for the identification, testing, assessment, and classification of American Indian children must be selected and administered so as not to be racially or culturally discriminatory and must be valid for the purpose of identifying, testing, assessing, and classifying American Indian children.

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

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

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

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

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

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

Subdivision 1. Literacy incentive aid. In fiscal year 2013 and later. A district's literacy incentive aid equals the sum of the proficiency aid under subdivision 2, and the growth aid under subdivision 3.
Subd. 2. **Proficiency aid.** In fiscal year 2013 and later. The proficiency aid for each school in a district that has submitted to the commissioner its local literacy plan under section 120B.12, subdivision 4a, is equal to the product of the school's proficiency allowance times the number of third grade pupils at the school on October 1 of the previous fiscal year. A school's proficiency allowance is equal to the percentage of students in each building that meet or exceed proficiency on the third grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times $530.

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

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

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

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade. Any of the following may be provided to meet these learners' needs:

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

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

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

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

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

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

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

8. bilingual programs, bicultural programs, and programs for English learners;
(9) all-day kindergarten;

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

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

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

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

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

Subd. 3. **Minnesota transfer curriculum.** Notwithstanding section 135A.08 or other law to the contrary, all MnSCU institutions must give full credit to a secondary pupil who completes for postsecondary credit a postsecondary course or program that is part or all of a goal area or a transfer curriculum at a MnSCU institution when the pupil enrolls in a MnSCU institution after leaving secondary school. Once one MnSCU institution certifies as completed a secondary student's postsecondary course or program that is part or all of a goal area or a transfer curriculum, every MnSCU institution must consider the student's course or program for that goal area or the transfer curriculum as completed.

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

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

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.
Sec. 63. Laws 2014, chapter 312, article 16, section 16, subdivision 7, is amended to read:

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

$9,000,000 $9,020,000 2015

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

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

Sec. 64. TRANSFER CURRICULUM REPORT.

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

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

Sec. 65. EXAMINING AND DEVELOPING STATEWIDE SWIMMING RESOURCES.

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

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment for the 2015-2016 school year only.
Sec. 67. DEVELOPMENTAL COURSE TAKING; REPORT.

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

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

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

Sec. 68. RECOMMENDATIONS ON SERVICE-LEARNING.

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

Sec. 69. APPROPRIATIONS.

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

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

\[
\begin{array}{ccc}
\text{Year} & \text{Amount} & \text{Year} \\
2016 & 78,331,000 & 2017 & 87,147,000 \\
\end{array}
\]

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

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

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

\[
\begin{array}{ccc}
\text{Year} & \text{Amount} & \text{Year} \\
2016 & 65,539,000 & 2017 & 68,745,000 \\
\end{array}
\]

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

The 2017 appropriation includes $6,573,000 for 2016 and $62,172,000 for 2017.
Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

<table>
<thead>
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<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>$44,552,000</td>
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<td>$45,508,000</td>
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The 2016 appropriation includes $4,683,000 for 2015 and $39,869,000 for 2016.

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

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

<table>
<thead>
<tr>
<th>Amount</th>
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</tr>
<tr>
<td>$15,825,000</td>
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Subd. 6. **Reading Corps.** For grants to serve Minnesota for the Minnesota Reading Corps under Minnesota Statutes, section 124D.42, subdivision 8:

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<tr>
<td>$6,125,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,157,000</td>
<td>2016</td>
</tr>
<tr>
<td>$2,273,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,325,000</td>
<td>2016</td>
</tr>
<tr>
<td>$2,325,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

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

(b) The commissioner of education must submit a report by February 15, 2016, to the education committees of the legislature evaluating the effectiveness of the pilot program.
Subd. 9. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\[
\begin{array}{ccc}
\text{2016} & \text{2017} \\
\$4,000,000 & \text{...} & \$4,000,000 & \text{...} \\
\end{array}
\]

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

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

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

\[
\begin{array}{ccc}
\text{2016} & \text{2017} \\
\$213,000 & \text{...} & \$0 & \text{...} \\
\end{array}
\]

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

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

\[
\begin{array}{ccc}
\text{2016} & \text{2017} \\
\$3,513,000 & \text{...} & \$3,726,000 & \text{...} \\
\end{array}
\]

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

\[
\begin{array}{ccc}
\text{2016} & \text{2017} \\
\$780,000 & \text{...} & \$780,000 & \text{...} \\
\end{array}
\]

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

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

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

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

\[
\begin{array}{ccc}
\text{2016} & \text{2017} \\
\$900,000 & \text{...} & \$900,000 & \text{...} \\
\end{array}
\]

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.
Subd. 14. **Student organizations.** For student organizations:

$725,000 2016

$725,000 2017

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

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

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

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

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

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

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

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

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

$351,000 2016

$351,000 2017

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

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

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

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

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

$1,002,000 2016

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

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

$924,000 2016

$-0- 2017

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

The base appropriation for this appropriation in fiscal year 2018 is $500,000.
All unspent funds, estimated at $924,000 from the Starbase appropriation under Laws 2013, chapter 116, article 3, section 37, subdivision 22, are canceled to the general fund on June 30, 2015.

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>$500,000</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250,000</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>$250,000</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250,000</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>$250,000</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

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

Subd. 21. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$190,000</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>$190,000</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

Subd. 22. **Civic education grants.** For grants to the Minnesota Civic Education Coalition, Kids Voting St. Paul, Learning Law and Democracy Foundation, and YMCA Youth in Government to provide civic education programs for Minnesota youth age 18 and younger. Civic education is the study of constitutional principles and the democratic foundation of our national, state, and local institutions, and the study of political processes and structures of government, grounded in the understanding of constitutional government under the rule of law.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$125,000</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>$125,000</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

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

Subd. 23. **Minnesota Principals' Academy.** For a grant to the University of Minnesota College of Education and Human Development, for the operation of the Minnesota Principals' Academy:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>$150,000</td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

Any balance in the first year does not cancel but is available in the second year.
Subd. 24. Race 2 Reduce. For grants to support expanded Race 2 Reduce water conservation programming in Minnesota schools:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$81,000</td>
<td>2017</td>
<td>$69,000</td>
</tr>
</tbody>
</table>

In the first year, $28,000 is for H2O for Life; $38,000 is for Independent School District No. 624, White Bear Lake; and $15,000 is for Independent School District No. 832, Mahtomedi. In the second year, $32,000 is for H2O for Life; $22,000 is for Independent School District No. 624, White Bear Lake; and $15,000 is for Independent School District No. 832, Mahtomedi.

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2018 and later is $0.

Subd. 25. Northwestern Online College in the High School program. For the Northwestern Online College in the High School program:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$50,000</td>
<td>2017</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

This is a onetime appropriation. Any balance from the first year may carry forward into the second year.

ARTICLE 3
STANDARDS AND ASSESSMENTS

Section 1. Minnesota Statutes 2014, section 120B.02, subdivision 2, is amended to read:

Subd. 2. Graduation requirements. To graduate from high school, students must demonstrate to their enrolling school district or school their satisfactory completion of the credit requirements under section 120B.024 and their understanding of academic standards on a nationally normed college entrance exam. A school district must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule.

EFFECTIVE DATE. This section is effective and applies to students entering grade 8 in the 2012-2013 school year and later.

Sec. 2. Minnesota Statutes 2014, section 120B.021, subdivision 4, is amended to read:

Subd. 4. Revisions and reviews required. (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 2020-2021 school year and every ten years thereafter.
(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year and every ten years thereafter.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

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

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

Subdivision 1. **Elective standards.** A district must establish its own standards in the following subject areas:

1. career and technical education; and

2. A district must use the current world languages standards developed by the American Council on the Teaching of Foreign Languages.

A school district must offer courses in all elective subject areas.

Sec. 4. Minnesota Statutes 2014, section 120B.024, subdivision 2, is amended to read:

Subd. 2. **Credit equivalencies.** (a) A one-half credit of economics taught in a school's agriculture education or business department may fulfill a one-half credit in social studies under subdivision 1, clause (5), if the credit is sufficient to satisfy all of the academic standards in economics.

(b) An agriculture science or career and technical education credit may fulfill the credit in chemistry or physics of the elective science credit required under subdivision 1, clause (4), if the credit meets the state chemistry or physics, or district biology, physical science, life science, earth and space science, chemistry, or physics academic standards or a combination of these academic standards as approved by the district. An agriculture or career and technical education credit may fulfill the credit in chemistry or physics required under subdivision 1, clause (4), if the credit meets the state chemistry or physics academic standards as approved by the district. A student must satisfy either all of the chemistry academic standards or all of the physics academic standards prior to graduation. An agriculture science or career and technical education credit may not fulfill the required biology credit under subdivision 1, clause (4).

(c) A career and technical education credit may fulfill a mathematics or arts credit requirement under subdivision 1, clause (2) or (6).
(d) An agriculture education teacher is not required to meet the requirements of Minnesota Rules, part 3505.1150, subpart 1, item B, to meet the credit equivalency requirements of paragraph (b) above.

(e) A computer science credit may fulfill a mathematics credit requirement under subdivision 1, clause (2), if the credit meets state academic standards in mathematics.

(f) A Project Lead the Way credit may fulfill a science or mathematics credit requirement under subdivision 1, clause (2) or (4), if the credit meets the state academic standards in science or mathematics.

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

Sec. 5. Minnesota Statutes 2014, section 120B.11, subdivision 9, is amended to read:

Subd. 9. Annual evaluation. (a) The commissioner must identify effective strategies, practices, and use of resources by districts and school sites in striving for the world's best workforce. The commissioner must assist districts and sites throughout the state in implementing these effective strategies, practices, and use of resources.

(b) The commissioner must identify those districts in any consecutive three-year period not making sufficient progress toward improving teaching and learning for all students, including English learners with varied needs, consistent with section 124D.59, subdivisions 2 and 2a, and striving for the world's best workforce. The commissioner, in collaboration with the identified district, may require the district to use up to two percent of its basic general education revenue per fiscal year during the proximate three school years to implement commissioner-specified strategies and practices, consistent with paragraph (a), to improve and accelerate its progress in realizing its goals under this section. In implementing this section, the commissioner must consider districts' budget constraints and legal obligations.

(c) The commissioner shall report by January 25 of each year to the committees of the legislature having jurisdiction over kindergarten through grade 12 education the list of school districts that have not submitted their report to the commissioner under subdivision 5 and the list of school districts not achieving their performance goals established in their plan under subdivision 2.

Sec. 6. Minnesota Statutes 2014, section 120B.125, is amended to read:

120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; PERSONAL LEARNING PLANS.

(a) Consistent with sections 120B.128, 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts, beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their educational, college, and career interests, aptitudes, and aspirations and develop a plan for a smooth and successful transition to postsecondary education or employment. All students' plans must:

1. provide a comprehensive plan to prepare for and complete a career and college ready curriculum by meeting state and local academic standards and developing career and employment-related skills such as team work, collaboration, creativity, communication, critical thinking, and good work habits;

2. emphasize academic rigor and high expectations;

3. help students identify interests, aptitudes, aspirations, and personal learning styles that may affect their career and college ready goals and postsecondary education and employment choices;
(4) set appropriate career and college ready goals with timelines that identify effective means for achieving those goals;

(5) help students access education and career options;

(6) integrate strong academic content into career-focused courses and applied and experiential learning opportunities and integrate relevant career-focused courses and applied and experiential learning opportunities into strong academic content;

(7) help identify and access appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(8) help identify collaborative partnerships among prekindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and local and regional employers that support students' transition to postsecondary education and employment and provide students with applied and experiential learning opportunities and integrate relevant career-focused courses and applied and experiential learning opportunities into strong academic content;

(9) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student making adequate progress to meet state and local academic standards and high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select or pursue a career, career interest, employment goals, or related job training.

(c) Educators must possess the knowledge and skills to effectively teach all English learners in their classrooms. School districts must provide appropriate curriculum, targeted materials, professional development opportunities for educators, and sufficient resources to enable English learners to become career and college ready.

(d) When assisting students in developing a plan for a smooth and successful transition to postsecondary education and employment, districts must recognize the unique possibilities of each student and ensure that the contents of each student's plan reflect the student's unique talents, skills, and abilities as the student grows, develops, and learns.

Sec. 7. Minnesota Statutes 2014, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. Statewide testing. (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and are administered annually to all students in grades 3 through 8. Reading and mathematics assessments for all students in grade 8 must be aligned with the state's required reading and mathematics standards, be administered annually, and include multiple choice questions. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year.

(1) Students enrolled in grade 8 through the 2009-2010 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraphs (c), clauses (1) and (2), and (d), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, or (v) a nationally recognized armed services vocational aptitude test.
(2) Students enrolled in grade 8 in the 2010-2011 or 2011-2012 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, or (v) a nationally recognized armed services vocational aptitude test.

(3) For students under clause (1) or (2), a school district may substitute a score from an alternative, equivalent assessment to satisfy the requirements of this paragraph.

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2012-2013 school year and later, students' state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) demonstrate understanding of required academic standards an opportunity to participate on a nationally normed college entrance exam, in grade 11 or grade 12;

(2) achievement and career and college readiness tests in mathematics, reading, and writing, consistent with paragraph (c)(i) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

(d) Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion. A student under paragraph (c), clause (2), must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to
participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(d) To improve the secondary and postsecondary outcomes of all students, the alignment between secondary and postsecondary education programs and Minnesota’s workforce needs, and the efficiency and cost-effectiveness of secondary and postsecondary programs, the commissioner, after consulting with the chancellor of the Minnesota State Colleges and Universities and using a request for proposal process, shall contract for a series of assessments that are consistent with this subdivision, aligned with state academic standards, and include career and college readiness benchmarks. Mathematics, reading, and writing assessments for students in grades 8 and 10 must be predictive of a nationally normed assessment for career and college readiness. This.

(e) Though not a high school graduation requirement, students are encouraged to participate in a nationally recognized college entrance exam. With funding provided by the state, a district must pay the cost, one time, for an interested student in grade 11 or 12 to take a nationally recognized assessment must be a college entrance exam and contain career exploration elements. A student must be able to take the exam under this paragraph at the student's high school during the school day and at any one of the multiple exam administrations available to students in the district.

(f) The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students and English learners to provide the students with diagnostic information about any targeted interventions, accommodations, modifications, and supports they need so that assessments and other performance measures are accessible to them and they may seek postsecondary education or employment without need for postsecondary remediation. When administering formative or summative assessments used to measure the academic progress, including the oral academic development, of English learners and inform their instruction, schools must ensure that the assessments are accessible to the students and students have the modifications and supports they need to sufficiently understand the assessments.

(g) Districts and schools, on an annual basis, must use the career exploration elements in these assessments to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students’ interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students’ engagement in and connection to school, improve students’ knowledge and skills, and deepen students’ understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate’s degree, or a bachelor’s degree and are available to all students, whatever their interests and career goals.

(2) Students in grade 10 or 11 not yet academically ready for a career or college based on their growth in academic achievement between grades 8 and 10 must take the college placement diagnostic exam before taking the college entrance exam under clause (3). Students, their families, the school, and the district can then use the results of the college placement diagnostic exam for targeted instruction, intervention, or remediation and improve students’ knowledge and skills in core subjects sufficient for a student to graduate and have a reasonable chance to succeed in a career or college without remediation.

(3) All students except those eligible for alternative assessments must be given the college entrance part of these assessments in grade 11. (h) A student under this clause who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on these high school assessments under subdivision 1a is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.
(4) (i) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

(5) A study to determine the alignment between these assessments and state academic standards under this chapter must be conducted. Where alignment exists, the commissioner must seek federal approval to, and immediately upon receiving approval, replace the federally required assessments referenced under subdivision 1a and section 120B.35, subdivision 2, with assessments under this paragraph.

(6) (j) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(7) (k) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must record on the high school transcript a student's progress toward career and college readiness, and for other students as soon as practicable.

(8) (l) The school board granting students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(9) (m) The 3rd through 7th grade computer-adaptive assessment results and grade 8 and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 7 that reveal a trajectory toward career and college readiness. The commissioner must disseminate to the public the computer-adaptive assessments, grade 8, and high school test results upon receiving those results.

(10) (n) The grades 3 through 7 computer-adaptive assessments and grade 8 and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(11) (o) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide computer-adaptive assessments of all students in grades 3 through 7 and testing at the grade 8 and high school levels that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and
(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(4) (p) For purposes of statewide accountability, "career and college ready" means a high school graduate has the knowledge, skills, and competencies to successfully pursue a career pathway, including postsecondary credit leading to a degree, diploma, certificate, or industry-recognized credential and employment. Students who are career and college ready are able to successfully complete credit-bearing coursework at a two- or four-year college or university or other credit-bearing postsecondary program without need for remediation.

(4) (q) For purposes of statewide accountability, "cultural competence," "cultural competency," or "culturally competent" means the ability and will to interact effectively with people of different cultures, native languages, and socioeconomic backgrounds.

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

Sec. 8. Minnesota Statutes 2014, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of this section, the following definitions have the meanings given them.


2. "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.

3. "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.

4. "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

5. "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 7 beginning in the 2015-2016 school year and later.

(c) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics assessments for grades 3 through 7, state-developed grade 8 and high school reading and mathematics tests aligned with state academic standards, a high school writing test aligned with state standards when it becomes available, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:
(1) annual computer-adaptive reading and mathematics assessments in grades 3 through 7, and grade 8 and high school reading, writing, and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

(d) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment except in a year when an assessment reflects new performance standards;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

(e) The commissioner must ensure that all state tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(f) Reporting of state assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a growth indicator of student achievement; and

(3) determine whether students have met the state's academic standards.

(g) Consistent with applicable federal law, the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

(h) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress toward career and college readiness in the context of the state's academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 9. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

 Subd. 1b. Special and extenuating circumstances. The Department of Education shall develop a list of circumstances in which a student may be unable to test. The list shall include but not be limited to: students transferring to Minnesota from another state, students transferring from nonpublic to public school and students hospitalized. Students unable to participate in statewide assessment due to a circumstance on the list authorized under this subdivision shall not be penalized for missing the opportunity to take a test.
Sec. 10. Minnesota Statutes 2014, section 120B.30, subdivision 4, is amended to read:

Subd. 4. Access to tests. Consistent with section 13.34, the commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment developed assessments which would not compromise the objectivity or fairness of the testing or examination process. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual responses to the test questions for their review.

Sec. 11. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

Subd. 6. Commissioner-ordered suspension of assessments. In the event that it becomes necessary for the commissioner to order the suspension of assessments under this section because of service disruptions, technical interruptions, or any other reason beyond the control of school districts, the commissioner must immediately notify the chair and ranking member of the legislative committees with jurisdiction over kindergarten through grade 12 education.

Sec. 12. [120B.301] LIMITS ON LOCAL TESTING.

(a) For students in grades 1 through 6, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed ten hours per school year. For students in grades 7 through 12, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed 11 hours per school year. For purposes of this paragraph, International Baccalaureate and Advanced Placement exams are not considered locally adopted assessments.

(b) A district or charter school is exempt from the requirements of paragraph (a), if the district or charter school, in consultation with the exclusive representative of the teachers or other teachers if there is no exclusive representative of the teachers, decides to exceed a time limit in paragraph (a) and includes in the report required under section 120B.11, subdivision 5.

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

Sec. 13. INTERRUPTED TESTS; TEST DATA.

(a) The commissioner of education must contract with a qualified independent contractor to determine whether students’ 2015 Minnesota Comprehensive Assessments mathematics, reading, and science test results under Minnesota Statutes, section 120B.30, are sufficiently robust or were sufficiently invariant to observed disruptions of the test administration to accurately reflect students’ achievement on these tests.

(b) For purposes of Minnesota Statutes, section 120B.36, and section 122A.40, subdivision 9, or 122A.41, subdivision 5, and notwithstanding other law to the contrary, a school district may decide, consistent with the concern under paragraph (a) about incomplete data from interrupted tests, to not report student test results for the 2014-2015 school year.

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

Sec. 14. REPORT ON MCA CONTRACTOR PERFORMANCE.

By February 10, 2016, the commissioner of education must report to the legislative committee with jurisdiction over education finance and policy describing the performance of the contractor providing the Minnesota Comprehensive Assessments to the state, including any payment adjusted to reflect the contractor's failure to perform according to the terms of the state contract, findings from the qualified independent contractor under section ..., and any other information about online administration of the Minnesota Comprehensive assessments the commissioner wishes to include in the report.
Sec. 15. **APPROPRIATIONS.**

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

Subd. 2. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>11,204,000</td>
</tr>
<tr>
<td>2017</td>
<td>10,892,000</td>
</tr>
</tbody>
</table>

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

Subd. 3. **ACT test reimbursement.** To reimburse districts for students who qualify under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (e), for onetime payment of their ACT examination fee:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,011,000</td>
</tr>
<tr>
<td>2017</td>
<td>3,011,000</td>
</tr>
</tbody>
</table>

The Department of Education must reimburse districts for their onetime payments on behalf of students.

Sec. 16. **REPEALER.**

Minnesota Statutes 2014, section 120B.128, is repealed.

ARTICLE 4
CHARTER SCHOOLS

Section 1. Minnesota Statutes 2014, section 124D.10, subdivision 1, is amended to read:

Subdivision 1. **Purposes.** (a) The primary purpose of this section is to improve all pupil learning and all student achievement. Additional purposes include to:

1. increase learning opportunities for all pupils;
2. encourage the use of different and innovative teaching methods;
3. measure learning outcomes and create different and innovative forms of measuring outcomes;
4. establish new forms of accountability for schools; or
5. create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that a school board decides to close. However, a school board may endorse or authorize the establishing of a charter school to replace the school the board decided to close. Applicants seeking a charter under this circumstance must demonstrate to the authorizer that the charter sought is substantially different in purpose and program from the school the board closed and that the proposed charter satisfies the requirements of this subdivision. If the school board that closed the school authorizes the charter, it must document in its affidavit to the commissioner that the charter is substantially different in program and purpose from the school it closed.
(c) An authorizer shall not approve an application submitted by a charter school developer under subdivision 4, paragraph (a), if the application does not comply with this subdivision. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

Sec. 2. Minnesota Statutes 2014, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

(b) The following organizations may authorize one or more charter schools:

(1) a school board, intermediate school district school board, or education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution; any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution; and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office; and

(iii) is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota;

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or
(5) single-purpose authorizers formed as charitable, nonsectarian organizations under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota under chapter 317A as a corporation with no members or under section 322B.975 as a nonprofit limited liability company for the sole purpose of chartering schools.

(c) Eligible organizations interested in being approved as an authorizer under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c)(d) and a five-year financial plan. Such authorizers shall consider and approve charter school applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c)(d) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 45 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

(1) capacity and infrastructure;

(2) application criteria and process;

(3) contracting process;

(4) ongoing oversight and evaluation processes; and

(5) renewal criteria and processes.

(d)(e) An applicant must include in its application to the commissioner to be an approved authorizer at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;
(6) a description of the criteria and process the authorizer will use to grant expanded applications under subdivision 4, paragraph (j);

(7) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

(f) A disapproved applicant under this section may resubmit an application during a future application period.

(g) If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 23, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year, regardless of when the authorizer's five-year term of approval ends. The commissioner may approve the transfer of a charter school to a new authorizer under this paragraph after the new authorizer submits an affidavit to the commissioner.

(h) The authorizer must participate in department-approved training.

(i) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer.

(j) If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. If the commissioner terminates a contract between an authorizer and a charter school under this paragraph, the commissioner may assist the charter school in acquiring a new authorizer.

(k) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (d) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors;

(3) unsatisfactory performance as an approved authorizer; or

(4) any good cause shown that provides the commissioner a legally sufficient reason to take corrective action against an authorizer.

Sec. 3. Minnesota Statutes 2014, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph (d).
(b) The school must be organized and operated as a nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

(c) Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of establishing a charter school.

(d) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. An authorizer must file an affidavit by May 1 to be able to charter a new school in the next school year after the commissioner approves the authorizer's affidavit at least 14 months before July 1 of the year the new charter school plans to serve students. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. The commissioner must notify the authorizer of final approval or disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes an authorizer from chartering the school that is the subject of this affidavit.

(e) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(f) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a nonprofit corporation under chapter 317A and.

(g) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f) (l). A charter school board of directors must be composed of at least five members who are not related parties.

(h) Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, members of the board of directors, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election.

(i) Board of director meetings must comply with chapter 13D.

(j) A charter school shall publish and maintain on the school's official Web site: (1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority, for at least one calendar year from the date of publication; (2) directory information for members of the board of directors and committees having board-delegated authority; and (3) identifying and contact information for the school's authorizer. Identifying and contact information for the school's authorizer must be included in other school materials made available to the public.
(k) Upon request of an individual, the charter school must also make available in a timely fashion financial statements showing all operations and transactions affecting income, surplus, and deficit during the school’s last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must include that same information about its authorizer in other school materials that it makes available to the public.

(f) (l) Every charter school board member shall attend annual training throughout the member’s term on the board. All new board members shall attend initial training on the board’s role and responsibilities, employment policies and practices, and financial management. A new board member who does not begin the required initial training within six months after being seated and complete that training within 12 months of being seated on the board is automatically ineligible to continue to serve as a board member. The school shall include in its annual report the training attended by each board member during the previous year.

(m) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during the school year but may not be conducted on days when the school is closed for holidays, breaks, or vacations.

(n) The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed as a teacher at the school or providing instruction under contract between the charter school and a cooperative; (ii) at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (iii) at least one interested community member who resides in Minnesota and is not employed by the charter school and does not have a child enrolled in the school. The board may include a majority of teachers described in this paragraph or parents or community members, or it may have no clear majority. The chief financial officer and the chief administrator may only serve as ex-officio nonvoting board members. No charter school employees shall serve on the board other than teachers under item (i). Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school.

(o) Board bylaws shall outline the process and procedures for changing the board's governance structure, consistent with chapter 317A. A board may change its governance structure only:

(1) by a majority vote of the board of directors and a majority vote of the licensed teachers employed by the school as teachers, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance structure must conform with the composition of the board established under this paragraph.

(p) The granting or renewal of a charter by an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

(q) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services from the authorizer.

(r) Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.
A charter school may apply to the authorizer to amend the school charter to expand the operation of the school to additional grades or sites that would be students' primary enrollment site beyond those defined in the original affidavit approved by the commissioner. After approving the school's application, the authorizer shall submit a supplementary affidavit in the form and manner prescribed by the commissioner. The authorizer must file a supplement affidavit by October 1 to be eligible to expand in the next school year. The supplementary affidavit must document that the school has demonstrated to the satisfaction of the authorizer the following:

(1) the need for the expansion with supporting long-range enrollment projections;

(2) a longitudinal record of demonstrated student academic performance and growth on statewide assessments under chapter 120B or on other academic assessments that measure longitudinal student performance and growth approved by the charter school's board of directors and agreed upon with the authorizer;

(3) a history of sound school finances and a finance plan to implement the expansion in a manner to promote the school's financial sustainability; and

(4) board capacity and an administrative and management plan to implement its expansion.

The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer in writing of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The commissioner must notify the authorizer of final approval or disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. The school may not expand grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Sec. 4. Minnesota Statutes 2014, section 124D.10, subdivision 8, is amended to read:

Subd. 8. Federal, state, and local requirements. (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(e) A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(f) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled. This paragraph does not apply to shared time aid under section 126C.19.

(g) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people older than 18 years of age. A charter school may offer a free or fee-based preschool or prekindergarten that meets high-quality early learning instructional program standards that are aligned with Minnesota's early learning standards for
children. The hours a student is enrolled in a fee-based prekindergarten program do not generate pupil units under section 126C.05 and must not be used to calculate general education revenue under section 126C.10. A charter school with at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf or hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a), and must comply with the federal Individuals with Disabilities Education Act under Code of Federal Regulations, title 34, section 300.324, subsection (2), clause (iv).

(g) (h) Except as provided in paragraph (g), a charter school may not charge tuition.

(h) (i) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(i) (j) Once a student is enrolled in the school, the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56. A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56.

(k) A charter school is subject to and must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(l) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under subdivision 6a. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(m) A charter school is a district for the purposes of tort liability under chapter 466.

(n) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(o) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(p) A charter school offering online courses or programs must comply with section 124D.095.

(q) A charter school and charter school board of directors are subject to chapter 181.

(r) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

(s) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19.

(t) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38.

(u) A charter school is subject to and must comply with continuing truant notification under section 260A.03.
A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

A charter school must comply with section 121A.031 governing policies on prohibited conduct.

A charter school must comply with all pupil transportation requirements in section 123B.88, subdivision 1. A charter school must not require parents to surrender their rights to pupil transportation under section 123B.88, subdivision 2.

EFFECTIVE DATE. This section is effective the day following final enactment except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing pupils to enroll in a charter school is effective only if the commissioner of education determines there is no added cost attributable to the pupil.

Sec. 5. Minnesota Statutes 2014, section 124D.10, subdivision 12, is amended to read:

Subd. 12. Pupils with a disability. A charter school must comply with sections 125A.02, 125A.03 to 125A.24, and 125A.65, and 125A.75 and rules relating to the education of pupils with a disability as though it were a district. A charter school enrolling prekindergarten pupils with a disability under subdivision 8, paragraph (g), must comply with sections 125A.259 to 125A.48 and rules relating to the Interagency Early Intervention System as though it were a school district.

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

Sec. 6. Minnesota Statutes 2014, section 124D.10, subdivision 14, is amended to read:

Subd. 14. Annual public reports. (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11. A charter school must post the annual report on the school’s official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) The commissioner shall establish specifications for an authorizer's annual public report that is part of the system to evaluate authorizer performance under subdivision 3, paragraph (h). The report shall at least include key indicators of school academic, operational, and financial performance.

Sec. 7. Minnesota Statutes 2014, section 124D.10, is amended by adding a subdivision to read:

Subd. 24a. Merger. (a) Two or more charter schools may merge under chapter 317A. The effective date of a merger must be July 1. The merged school must continue under the identity of one of the merging schools. A new charter contract under subdivision 6 must be executed by July 1. The authorizer must submit to the commissioner a copy of the new signed charter contract within ten business days of its execution.

(b) Each merging school must submit a separate year-end report for the previous year for that school only. After the final fiscal year of the premerger schools is closed out, the fund balances and debts from the merging schools must be transferred to the merged school.
(c) For its first year of operation, the merged school is eligible to receive aid from programs requiring approved applications equal to the sum of the aid of all of the merging schools. For aids based on prior year data, the merged school is eligible to receive aid for its first year of operation based on the combined data of all of the merging schools.

Sec. 8. Minnesota Statutes 2014, section 124D.11, subdivision 9, is amended to read:

Subd. 9. Payment of aids to charter schools. (a) Notwithstanding section 127A.45, subdivision 3, if the current year aid payment percentage under section 127A.45, subdivision 2, paragraph (d), is 90 or greater, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 24 payment dates. Notwithstanding section 127A.45, subdivision 3, if the current year aid payment percentage under section 127A.45, subdivision 2, paragraph (d), is less than 90, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 16 payment dates in July through February.

(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to June 30 of a school year, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter 308A or 317A, and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, documentation of lease expenditures, and monitoring of special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, expenditures, documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.

(c) If a charter school fails to comply with the commissioner's directive to return, for cause, federal or state funds administered by the department, the commissioner may withholding an amount of state aid sufficient to satisfy the directive.

(d) If, within the timeline under section 471.425, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services, the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.

(e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(f) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.
Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter school and satisfaction of creditors, cash and investment balances remaining shall be returned to the state.

A charter school must have a valid, signed contract under section 124D.10, subdivision 6, on file at the Department of Education at least 15 days prior to the date of first payment of state aid for the fiscal year.

State aid entitlements shall be computed for a charter school only for the portion of a school year for which it has a valid, signed contract under section 124D.10, subdivision 6.

Sec. 9. APPROPRIATIONS.

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

Subd. 2. Charter school building lease aid. For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

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<th>2016</th>
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<td>$73,603,000</td>
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The 2016 appropriation includes $6,032,000 for 2015 and $60,755,000 for 2016.

The 2017 appropriation includes $6,750,000 for 2016 and $66,853,000 for 2017.

Sec. 10. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B. The revisor of statutes may alter the renumbering to incorporate statutory changes made during the 2015 regular legislative session. The revisor shall also make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering in this instruction and the relettering of paragraphs in sections 1 to 8.

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<tr>
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124D.10, subd. 4, paragraph (l)  124E.07, subd. 2
124D.10, subd. 4, paragraph (m)  124E.07, subd. 3, paragraph (a)
124D.10, subd. 4, paragraph (n)  124E.07, subd. 4
124D.10, subd. 4, paragraph (o)  124E.07, subd. 4
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124D.10, subd. 4, paragraph (q)  124E.10, subd. 2, paragraph (b)
124D.10, subd. 4, paragraph (r)  124E.10, subd. 2, paragraph (a)
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124D.10, subd. 8, paragraph (c)  124E.06, subd. 3, paragraph (e)
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124D.10, subd. 8, paragraph (u)  124E.03, subd. 2, paragraph (g)
124D.10, subd. 8, paragraph (v)  124E.03, subd. 2, paragraph (h)
124D.10, subd. 8, paragraph (w)  124E.03, subd. 2, paragraph (i)
ARTICLE 5
SPECIAL EDUCATION

Section 1. Minnesota Statutes 2014, section 122A.31, subdivision 1, is amended to read:

Subdivision 1. **Requirements for American sign language/English interpreters.** (a) In addition to any other requirements that a school district establishes, any person employed to provide American sign language/English interpreting or sign transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must:

(1) hold current interpreter and transliterator certificates awarded by the Registry of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate awarded by the National Association of the Deaf (NAD), or a comparable state certification from the commissioner of education; and

(2) satisfactorily complete an interpreter/transliterator training program affiliated with an accredited educational institution.

(b) New graduates of an interpreter/transliterator program affiliated with an accredited education institution shall be granted a two-year provisional certificate by the commissioner. During the two-year provisional period, the interpreter/transliterator must develop and implement an education plan in collaboration with a mentor under paragraph (c).

(c) A mentor of a provisionally certified interpreter/transliterator must be an interpreter/transliterator who has either NAD level IV or V certification or RID certified interpreter and certified transliterator certification and have at least three years interpreting/transliterating experience in any educational setting. The mentor, in collaboration with the provisionally certified interpreter/transliterator, shall develop and implement an education plan designed to meet the requirements of paragraph (a), clause (1), and include a weekly on-site mentoring process.

(d) Consistent with the requirements of this paragraph, a person holding a provisional certificate may apply to the commissioner for one time-limited extension. The commissioner, in consultation with the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

(1) letters of support from the person's mentor, a parent of a pupil the person serves, the special education director of the district in which the person is employed, and a representative from the regional service center of the deaf and hard-of-hearing;

(2) records of the person's formal education, training, experience, and progress on the person's education plan; and

(3) an explanation of why the extension is needed.

As a condition of receiving the extension, the person must comply with a plan and the accompanying time line for meeting the requirements of this subdivision. A committee composed of the director of the Minnesota Resource Center Serving Deaf and Hard of Hearing, or the director's designee, a deaf and hard-of-hearing state specialist, a representative of the Minnesota Association of Deaf Citizens, a representative of the Minnesota Registry of Interpreters of the Deaf, and other appropriate persons selected by the commissioner must develop the plan and time line for the person receiving the extension.

(e) A school district may employ only an interpreter/transliterator who has been certified under paragraph (a) or (b), or for whom a time-limited extension has been granted under paragraph (d).
Sec. 2. Minnesota Statutes 2014, section 122A.31, subdivision 2, is amended to read:

Subd. 2. **Oral or cued speech transliterators.** (a) In addition to any other requirements that a school district establishes, any person employed to provide oral transliterating or cued speech transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must hold a current applicable transliterator certificate awarded by the national certifying association or comparable state certification from the commissioner of education.

(b) To provide oral or cued speech transliterating services on a full-time or part-time basis, a person employed in a school district must comply with paragraph (a). The commissioner shall grant a nonrenewable, two-year certificate to a school district on behalf of a person who has not yet attained a current applicable transliterator certificate under paragraph (a). A person for whom a nonrenewable, two-year certificate is issued must work under the direction of a licensed teacher who is skilled in language development of individuals who are deaf or hard-of-hearing. A person for whom a nonrenewable, two-year certificate is issued also must enroll in a state-approved training program and demonstrate progress toward the certification required under paragraph (a) sufficient for the person to be certified at the end of the two-year period.

(c) Consistent with the requirements of this paragraph, a person holding a provisional certificate may apply to the commissioner for one-time limited extension. The commissioner, in consultation with the Commission Serving Deaf and Hard-of-Hearing People, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

1. letters of support from the person's mentor, a parent of a pupil the person serves, the special education director of the district in which the person is employed, and a representative from the regional service center of the deaf and hard-of-hearing;
2. records of the person's formal education, training, experience, and progress on the person's education plan; and
3. an explanation of why the extension is needed.

As a condition of receiving the extension, the person must comply with a plan and the accompanying time line for meeting the requirements of this subdivision. A committee composed of the director of the Minnesota Resource Center Serving Deaf and Hard of Hearing, the director's designee, a deaf and hard-of-hearing state specialist, a representative of the Minnesota Association of Deaf Citizens, a representative of the Minnesota Registry of Interpreters of the Deaf, and other appropriate persons selected by the commissioner must develop the plan and time line for the person receiving the extension.

Sec. 3. Minnesota Statutes 2014, section 123B.88, subdivision 1, is amended to read:

Subdivision 1. **Providing transportation.** The board may provide for the transportation of pupils to and from school and for any other purpose. The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. In any district, the board must arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation privileges have been voluntarily surrendered under subdivision 2, or whose privileges have been revoked under section 123B.91, subdivision 1, clause (5), or 123B.90, subdivision 2. The district may provide for the transportation of a child with a disability not yet enrolled in kindergarten when for the provision of special instruction and services under sections 125A.03 to
125A.24, 125A.26 to 125A.48, and 125A.65 are provided in a location other than in the child's home. Special instruction and services for a child with a disability not yet enrolled in kindergarten include an individualized education program team placement in an early childhood program when that placement is necessary to address the child's level of functioning and needs. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children, the determination of fees, and any other matter relating thereto must be within the sole discretion, control, and management of the board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 4. Minnesota Statutes 2014, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. General education revenue. (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue, local optional revenue, basic skills revenue, extended time revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment revenue, basic skills revenue, extended time revenue, pension adjustment revenue, and transition revenue as though the school were a school district. The general education revenue for each extended time pupil unit equals $4,794.

(b) Notwithstanding paragraph (a), the general education revenue for an eligible special education charter school as defined in subdivision 5a equals the sum of the amount determined under paragraph (a) and the school's unreimbursed cost as defined in subdivision 5a for educating students not eligible for special education services.

Sec. 5. Minnesota Statutes 2014, section 124D.11, subdivision 5, is amended to read:

Subd. 5. Special education aid. (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year 2015 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraphs (b) to (e).

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

Sec. 6. Minnesota Statutes 2014, section 124D.11, is amended by adding a subdivision to read:

Subd. 5a. Definitions. (a) For purposes of subdivision 5b, the terms in this subdivision have the meanings given.

(b) "Unreimbursed costs" means the difference between the total cost of educating students at the school and the total of state and federal aids and grants, excluding aid under subdivision 1, paragraph (b), and subdivision 5b.

(c) "Eligible special education charter school" means a charter school:
(1) where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment; and

(2) that submits to the commissioner a preliminary annual budget by June 15 prior to the start of the fiscal year and a revised budget by January 15 of the current fiscal year detailing its unreimbursed costs for educating students eligible and not eligible for special education services.

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

Sec. 7. Minnesota Statutes 2014, section 124D.11, is amended by adding a subdivision to read:

Subd. 5b. **Special education aid for eligible special education charter schools.** (a) Notwithstanding subdivision 5, the special education aid for an eligible special education charter school equals the sum of the school's special education aid under subdivision 5, paragraph (a), and the school's approved unreimbursed cost for educating students eligible for special education services.

(b) The commissioner must review the budget data submitted by an eligible special education charter school under subdivision 5a and notify the school of the approved unreimbursed cost to be used for current aid payments within 30 days of receiving the budget from the school.

(c) For purposes of section 127A.45, subdivision 13, the aid under this subdivision is not subject to the 97.4 percent current fiscal year special education aid entitlement provision.

(d) Final aid payments must be calculated using the actual unreimbursed costs as determined by the department based on year-end financial and student data submitted by the charter school.

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

Sec. 8. Minnesota Statutes 2014, section 125A.01, is amended to read:

**125A.01 DEFINITIONS.**

Subdivision 1. **General application.** For purposes of this chapter, the words defined in section 120A.05 have the same meaning.

Subd. 2. **Dyslexia.** "Dyslexia" means a specific learning disability that is neurological in origin. It is characterized by difficulties with accurate or fluent recognition of words and by poor spelling and decoding abilities. These difficulties typically result from a deficit in the phonological component of language that is often unexpected in relation to other cognitive abilities and the provision of effective classroom instruction. Secondary consequences may include problems in reading comprehension and reduced reading experience that can impede the growth of vocabulary and background knowledge.

Students who have a dyslexia diagnosis must meet the state and federal eligibility criteria in order to qualify for special education services.

Sec. 9. Minnesota Statutes 2014, section 125A.023, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section and section 125A.027, the following terms have the meanings given them:
(a) "Health plan" means:

(1) a health plan under section 62Q.01, subdivision 3;

(2) a county-based purchasing plan under section 256B.692;

(3) a self-insured health plan established by a local government under section 471.617; or

(4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages birth through three, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act;

(ii) the Minnesota children with special health needs program under sections 144.05 and 144.07;

(iii) the Individuals with Disabilities Education Act, Part B, section 619, and Part C as amended;

(iv) medical assistance under title 42, chapter 7, of the Social Security Act;

(v) developmental disabilities services under chapter 256B;

(vi) the Head Start Act under title 42, chapter 105, of the Social Security Act;

(vii) vocational rehabilitation services provided under chapters 248 and 268A and the Rehabilitation Act of 1973;

(viii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;

(ix) Minnesota Comprehensive Children's Mental Health Act under section 245.487;

(x) the community health services grants under sections 145.88 to 145.9266;

(xi) the Local Public Health Act under chapter 145A; and

(xii) the Vulnerable Children and Adults Act, sections 256M.60 to 256M.80;

(2) service provision and funding that can be coordinated through:

(i) the children's mental health collaborative under section 245.493;

(ii) the family services collaborative under section 124D.23;

(iii) the community transition interagency committees under section 125A.22; and
(iv) the interagency early intervention committees under section 125A.259;

(3) financial and other funding programs to be coordinated including medical assistance under title 42, chapter 7, of the Social Security Act, the MinnesotaCare program under chapter 256L, Supplemental Social Security Income, Developmental Disabilities Assistance, and any other employment-related activities associated with the Social Security Administration; and services provided under a health plan in conformity with an individual family service plan or an individualized education program or an individual interagency intervention plan; and

(4) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from (i) the interagency early intervention committee school board or county board and (ii) the child's parent.

(d) "Children with disabilities" has the meaning given in section 125A.02.

(e) A "standardized written plan" means those individual services or programs, with accompanying funding sources, available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individualized education program or the child's individual family service plan.

Sec. 10. Minnesota Statutes 2014, section 125A.023, subdivision 4, is amended to read:

Subd. 4. State Interagency Committee. (a) The commissioner of education, on behalf of the governor, shall convene an interagency committee to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages three to 21 with disabilities. The commissioners of commerce, education, health, human rights, human services, employment and economic development, and corrections shall each appoint two committee members from their departments; and the Association of Minnesota Counties, Minnesota School Boards Association, the Minnesota Administrators of Special Education, and the School Nurse Association of Minnesota shall each appoint one committee member. The committee shall select a chair from among its members.

(b) The committee shall:

(1) identify and assist in removing state and federal barriers to local coordination of services provided to children with disabilities;

(2) identify adequate, equitable, and flexible funding sources to streamline these services;

(3) develop guidelines for implementing policies that ensure a comprehensive and coordinated system of all state and local agency services, including multidisciplinary assessment practices for children with disabilities ages three to 21, including:

(i) develop, consistent with federal law, a standardized written plan for providing services to a child with disabilities;

(ii) identify how current systems for dispute resolution can be coordinated;

(iii) develop an evaluation process to measure the success of state and local interagency efforts in improving the quality and coordination of services to children with disabilities ages three to 21; and

(iv) develop guidelines to assist the governing boards of the interagency early intervention committees school boards and county boards in carrying out the duties assigned in section 125A.027, subdivision 1, paragraph (b); and
(4) carry out other duties necessary to develop and implement within communities a coordinated, multidisciplinary, interagency intervention service system for children with disabilities.

(c) The committee shall consult on an ongoing basis with the state Special Education Advisory Panel and the governor's Interagency Coordinating Council in carrying out its duties under this section, including assisting the governing school boards of the interagency early intervention committees and county boards.

Sec. 11. Minnesota Statutes 2014, section 125A.027, is amended to read:

125A.027 INTERAGENCY EARLY INTERVENTION COMMITTEE RESPONSIBILITIES LOCAL AGENCY COORDINATION RESPONSIBILITIES.

Subdivision 1. Additional duties School board and county board responsibilities. (a) It is the joint responsibility of school and county boards to coordinate, provide, and pay for appropriate services and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 125A.02 and receiving services from two or more public agencies of which one is the public school must be determined in consultation with parents, physicians, and other education, medical health, and human services providers. The services provided must conform with a standardized written plan for each eligible child ages three to 21.

(b) Appropriate services include those services listed on a child's standardized written plan. These services are those that are required to be documented on a plan under federal and state law or rule.

(c) School and county boards shall coordinate interagency services. Service responsibilities for eligible children, ages three to 21, may be established in interagency agreements or joint powers board agreements. In addition, interagency agreements or joint powers board agreements may be developed to establish agency responsibility that ensures that coordinated interagency services are coordinated, provided, and paid for and that payment is facilitated from public and private sources. School boards must provide, pay for, and facilitate payment for special education services as required under sections 125A.03 and 125A.06. County boards must provide, pay for, and facilitate payment for those programs over which they have service and fiscal responsibility as referenced in section 125A.023, subdivision 3, paragraph (c), clause (1).

Subd. 1a. Local governance structure. (a) The governing school boards of the interagency early intervention committees and county boards are responsible for developing and implementing interagency policies and procedures to coordinate services at the local level for children with disabilities ages three to 21 under guidelines established by the state interagency committee under section 125A.023, subdivision 4. Consistent with the requirements in this section and section 125A.023, the governing school boards of the interagency early intervention committees and county boards may organize as a joint powers board under section 471.59 or enter into an interagency agreement that establishes a governance structure.

(b) The governing board of each interagency early intervention committee as defined in section 125A.30, paragraph (a), which may include a juvenile justice professional, shall:

(1) identify state and federal barriers to local coordination of services provided to children with disabilities;

(2) implement policies that ensure a comprehensive and coordinated system of all state and local agency services, including practices on multidisciplinary assessment, standardized written plans, dispute resolution, and system evaluation for children with disabilities ages three to 21;

(3) coordinate services and facilitate payment for services from public and private institutions, agencies, and health plan companies; and
Subd. 2. Appropriate and necessary services. (a) Parents, physicians, other health care professionals including school nurses, and education and human services providers jointly must determine appropriate and necessary services for eligible children with disabilities ages three to 21. The services provided to the child under this section must conform with the child's standardized written plan. The governing school board of an interagency early intervention committee or county board must provide those services contained in a child's individualized education program and those services for which a legal obligation exists. Nothing in this section creates an additional right of appeal beyond the rights granted under sections 125A.091, 125A.25, and 256.045.

(b) Nothing in this section or section 125A.023 increases or decreases the obligation of the state, county, regional agency, local school district, or local agency or organization to pay for education, health care, or social services.

c) A health plan may not exclude any medically necessary covered service solely because the service is or could be identified in a child's individual family service plan, individualized education program, a plan established under section 504 of the federal Rehabilitation Act of 1973, or a student's individual health plan. This paragraph reaffirms the obligation of a health plan company to provide or pay for certain medically necessary covered services, and encourages a health plan company to coordinate this care with any other providers of similar services. Also, a health plan company may not exclude from a health plan any medically necessary covered service such as an assessment or physical examination solely because the resulting information may be used for an individualized education program or a standardized written plan.

Subd. 4. Responsibilities of school and county boards. (a) It is the joint responsibility of school and county boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate service for children eligible under section 125A.02 and receiving service from two or more public agencies of which one is the public school must be determined in consultation with parents, physicians, and other education, medical health, and human services providers. The services provided must be in conformity with a standardized written plan for each eligible child ages 3 to 21.

(b) Appropriate services include those services listed on a child's standardized written plan. These services are those that are required to be documented on a plan under federal and state law or rule.

c) School and county boards shall coordinate interagency services. Service responsibilities for eligible children, ages 3 to 21, may be established in interagency agreements or joint powers board agreements. In addition, interagency agreements or joint powers board agreements may be developed to establish agency responsibility that assures that coordinated interagency services are coordinated, provided, and paid for, and that payment is facilitated from public and private sources. School boards must provide, pay for, and facilitate payment for special education services as required under sections 125A.03 and 125A.06. County boards must provide, pay for, and facilitate payment for those programs over which they have service and fiscal responsibility as referenced in section 125A.023, subdivision 3, paragraph (c), clause (1).

Sec. 12. Minnesota Statutes 2014, section 125A.08, is amended to read:

125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:
(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children with attention deficit disorder or attention deficit hyperactivity disorder. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

c) For all paraprofessionals employed to work in programs for whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon beginning at the time of employment, each paraprofessional develops must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;
(2) annual training opportunities are **available required** to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 13. **[125A.083] STUDENT INFORMATION SYSTEMS; TRANSFERRING RECORDS.**

To efficiently and effectively meet federal and state compliance and accountability requirements using an online case management reporting system, school districts may contract only for a student information system that is Schools Interoperability Framework compliant and compatible with the online system for compliance reporting under section 125A.085 beginning in the 2018-2019 school year and later. A district's information system under this section must facilitate the seamless transfer of student records for a student with disabilities who transfers between school districts, including records containing the student's evaluation report, service plan, and other due process forms and information, regardless of what information system any one district uses.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all district contracts with student information system vendors entered into or modified after that date.

Sec. 14. Minnesota Statutes 2014, section 125A.085, is amended to read:

**125A.085 ONLINE REPORTING OF REQUIRED DATA.**

(a) To ensure a strong focus on outcomes for children with disabilities informs federal and state compliance and accountability requirements and to increase opportunities for special educators and related-services providers to focus on teaching children with disabilities, the commissioner must customize a streamlined, user-friendly statewide online system, with a single model online form, for effectively and efficiently collecting and reporting required special education-related data to individuals with a legitimate educational interest and who are authorized by law to access the data.

(b) The commissioner must consult with qualified experts, including information technology specialists, licensed special education teachers and directors of special education, related-services providers, third-party vendors, a designee of the commissioner of human services, parents of children with disabilities, representatives of advocacy groups representing children with disabilities, and representatives of school districts and special education cooperatives on integrating, field testing, customizing, and sustaining this simple, easily accessible, efficient, and effective online data system for uniform statewide reporting of required due process compliance data. Among other outcomes, the system must:

(1) reduce special education teachers' paperwork burden and thereby increase the teachers' opportunities to focus on teaching children;

(2) to the extent authorized by chapter 13 or other applicable state or federal law governing access to and dissemination of educational records, provide for efficiently and effectively transmitting the records of all transferring children with disabilities, including highly mobile and homeless children with disabilities, among others, and avoid fragmented service delivery;

(3) address language and other barriers and disparities that prevent parents from understanding and communicating information about the needs of their children with disabilities; and
(4) help continuously improve the interface among the online systems serving children with disabilities in order to maintain and reinforce the children's ability to learn.

(c) The commissioner must use the federal Office of Special Education Programs model forms for the (1) individualized education program, (2) notice of procedural safeguards, and (3) prior written notice that are consistent with Part B of IDEA to integrate and customize a state-sponsored universal special education online case management system, consistent with the requirements of state law and this section for customizing a statewide online reporting system. The commissioner must use a request for proposal process to contract for the technology and software needed for customizing the online system in order for the system to be fully functional, consistent with the requirements of this section. This online system must be made available to school districts without charge beginning in the 2015-2016 school year. For the 2015-2016 through 2017-2018 and later school years, school districts may use this online system or may contract with an outside vendor for compliance reporting. Beginning in the 2018-2019 school year and later, school districts must use this online system for compliance reporting.

(d) All data on individuals maintained in the statewide reporting system are classified as provided in chapter 13 or other applicable state or federal law. An authorized individual's ability to enter, update, or access data must be limited through the use of role-based access codes corresponding to that individual's official duties or training level, and the statutory authorization that grants access for a particular purpose. Any action in which data in the system are entered, updated, accessed, or shared or disseminated outside of the system must be recorded in an audit trail. The audit trail must identify the specific user responsible for the action, the date and time the action occurred, and the purpose for the action. Data contained in the audit trail maintain the same classification as the underlying data affected by the action, provided the responsible authority makes the data available to a student or the student's parent upon request, and the responsible authority may access the data to audit the system's user activity and security safeguards. Before entering data on a student, the responsible authority must provide the student or the student's parent written notice of the data practices rights and responsibilities required by this section and a reasonable opportunity to refuse consent to have the student's data included in the system. Upon receiving the student or the student's parent written refusal to consent, the school district must not enter data on that student into the system and must delete any existing data on that student currently in the system.

(e) Consistent with this section, the commissioner must establish a public Internet Web interface to provide information to educators, parents, and the public about the form and content of required special education reports, to respond to queries from educators, parents, and the public about specific aspects of special education reports and reporting, and to use the information garnered from the interface to streamline and revise special education reporting on the online system under this section. The public Internet Web interface must have a prominently linked page describing the rights and responsibilities of students and parents whose data are included in the statewide reporting system, and include information on the data practices rights of students and parents provided by this section and a form students or parents may use to refuse consent to have a student's data included in the system. The public Internet Web interface must not provide access to the educational records of any individual child.

(f) The commissioner annually by February 1 must submit to the legislature a report on the status, recent changes, and sustainability of the online system under this section.

Sec. 15. Minnesota Statutes 2014, section 125A.0942, subdivision 3, is amended to read:

Subd. 3. Physical holding or seclusion. (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) physical holding or seclusion is the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion is not used to discipline a noncompliant child;
(3) physical holding or seclusion ends when the threat of harm ends and the staff determines the child can safely return to the classroom or activity;

(4) staff directly observes the child while physical holding or seclusion is being used;

(5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion documents, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; and

(iv) a brief record of the child's behavioral and physical status;

(6) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others;

(7) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room; and

(8) until August 1, 2015, a school district may use prone restraints with children age five or older if:

(i) the district has provided to the department a list of staff who have had specific training on the use of prone restraints;

(ii) the district provides information on the type of training that was provided and by whom;

(iii) only staff who received specific training use prone restraints;

(iv) each incident of the use of prone restraints is reported to the department within five working days on a form provided by the department; and
(v) the district, before using prone restraints, must review any known medical or psychological limitations that contraindicate the use of prone restraints.

The department must collect data on districts' use of prone restraints and publish the data in a readily accessible format on the department's Web site on a quarterly basis.

(b) By February 1, 2015, and annually thereafter, stakeholders must may, as necessary, recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of prone restraints. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of prone restraints; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The commissioner must consult with interested stakeholders when preparing the report, including representatives of advocacy organizations, special education directors, teachers, paraprofessionals, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. By June 30 each year, districts must report summary data on their use of restrictive procedures to the department, in a form and manner determined by the commissioner. The summary data must include information about the use of restrictive procedures, including use of reasonable force under section 121A.582.

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

Sec. 16. Minnesota Statutes 2014, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. Nonresident tuition rate; other costs. (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.
(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124D.11, subdivision 5b, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.46, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124D.11, subdivision 5. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

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

Sec. 17. Minnesota Statutes 2014, section 125A.21, is amended to read:

125A.21 THIRD-PARTY PAYMENT.

Subdivision 1. Obligation to pay. Nothing in sections 125A.03 to 125A.24 and 125A.65 relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services rendered to a child with a disability, and the child's family. A school district shall pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26. Eligible expenditures must not be made from federal funds or funds used to match other federal funds. Any federal disallowances are the responsibility of the school district. A school district may pay or reimburse co-payments, coinsurance, deductibles, and other enrollee cost-sharing amounts, on behalf of the student or family, in connection with health and related services provided under an individual educational plan or individualized family service plan.

Subd. 2. Third-party reimbursement. (a) Beginning July 1, 2000, districts shall seek reimbursement from insurers and similar third parties for the cost of services provided by the district whenever the services provided by the district are otherwise covered by the child's health coverage. Districts shall request, but may not require, the child's family to provide information about the child's health coverage when a child with a disability begins to receive services from the district of a type that may be reimbursable, and shall request, but may not require, updated information after that as needed.

(b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health coverage, a district shall provide an initial and annual written notice to the enrolled child's parent or legal representative of its intent to seek reimbursement from medical assistance or MinnesotaCare for the individualized education program or individualized family service plan health-related services provided by the district. The initial notice must give the child's parent or legal representative the right to request a copy of the child's education records on the health-related services that the district provided to the child and disclosed to a third-party payer.
(c) The district shall give the parent or legal representative annual written notice of:

(1) the district's intent to seek reimbursement from medical assistance or MinnesotaCare for individualized education program or individualized family service plan health-related services provided by the district;

(2) the right of the parent or legal representative to request a copy of all records concerning individualized education program or individualized family service plan health-related services disclosed by the district to any third party; and

(3) the right of the parent or legal representative to withdraw consent for disclosure of a child's records at any time without consequence.

The written notice shall be provided as part of the written notice required by Code of Federal Regulations, title 34, section 300.504 or 303.520. The district must ensure that the parent of a child with a disability is given notice, in understandable language, of federal and state procedural safeguards available to the parent under this paragraph and paragraph (b).

(d) In order to access the private health care coverage of a child who is covered by private health care coverage in whole or in part, a district must:

(1) obtain annual written informed consent from the parent or legal representative, in compliance with subdivision 5; and

(2) inform the parent or legal representative that a refusal to permit the district or state Medicaid agency to access their private health care coverage does not relieve the district of its responsibility to provide all services necessary to provide free and appropriate public education at no cost to the parent or legal representative.

(e) If the commissioner of human services obtains federal approval to exempt covered individualized education program or individualized family service plan health-related services from the requirement that private health care coverage refuse payment before medical assistance may be billed, paragraphs (b), (c), and (d) shall also apply to students with a combination of private health care coverage and health care coverage through medical assistance or MinnesotaCare.

(f) In the event that Congress or any federal agency or the Minnesota legislature or any state agency establishes lifetime limits, limits for any health care services, cost-sharing provisions, or otherwise provides that individualized education program or individualized family service plan health-related services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the amendments to this subdivision adopted in 2002 are repealed on the effective date of any federal or state law or regulation that imposes the limits. In that event, districts must obtain informed consent consistent with this subdivision as it existed prior to the 2002 amendments and subdivision 5, before seeking reimbursement for children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health care coverage.

Subd. 3. Use of reimbursements. Of the reimbursements received, districts may:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to access third-party payments for individualized education program or individualized family service plan health-related services; or
(3) reallocate reimbursements for the benefit of students with individualized education programs or individualized family service plans in the district.

Subd. 4. **Parents not obligated to use health coverage.** To the extent required by federal law, a school district may not require parents of children with disabilities, if they would incur a financial cost, to use private or public health coverage to pay for the services that must be provided under an individualized education program or individualized family service plan.

Subd. 5. **Informed consent.** When obtaining informed consent, consistent with sections 13.05, subdivision 4a; 256B.77, subdivision 2, paragraph (p); and Code of Federal Regulations, title 34, parts 99 and 300, and 303, to bill health plans for covered services, the school district must notify the legal representative (1) that the cost of the person's private health insurance premium may increase due to providing the covered service in the school setting, (2) that the school district may pay certain enrollee health plan costs, including but not limited to, co-payments, coinsurance, deductibles, premium increases or other enrollee cost-sharing amounts for health and related services required by an individual service plan, or individualized family service plan, and (3) that the school's billing for each type of covered service may affect service limits and prior authorization thresholds. The informed consent may be revoked in writing at any time by the person authorizing the billing of the health plan.

Subd. 6. **District obligation to provide service.** To the extent required by federal law, no school district may deny, withhold, or delay any service that must be provided under an individualized education program or individualized family service plan because a family has refused to provide informed consent to bill a health plan for services or a health plan company has refused to pay any, all, or a portion of the cost of services billed.

Subd. 7. **District disclosure of information.** A school district may disclose information contained in a student's individualized education program, consistent with section 13.32, subdivision 3, paragraph (a), and Code of Federal Regulations, title 34, parts 99 and 300, and 303; including records of the student's diagnosis and treatment, to a health plan company only with the signed and dated consent of the student's parent, or other legally authorized individual. The school district shall disclose only that information necessary for the health plan company to decide matters of coverage and payment. A health plan company may use the information only for making decisions regarding coverage and payment, and for any other use permitted by law.

Sec. 18. Minnesota Statutes 2014, section 125A.28, is amended to read:

**125A.28 STATE INTERAGENCY COORDINATING COUNCIL.**

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 108-446, section 641. The members must be appointed by the governor and reasonably represent the population of Minnesota. Council members must elect the council chair, who may not be a representative of the Department of Education. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 4, apply to the council. The council must meet at least quarterly.
The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Annually, the council must prepare and submit a report to the governor and the secretary of the federal Department of Education on the status of early intervention services and programs for infants and toddlers with disabilities and their families under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part C, Public Law 102-119), as operated in Minnesota. The Minnesota Part C annual performance report may serve as the report.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council does not expire unless federal law no longer requires the existence of the council or committee.

Sec. 19. Minnesota Statutes 2014, section 125A.63, subdivision 2, is amended to read:

Subd. 2. Programs. (a) The resource centers department must offer summer institutes or other training programs throughout the state for deaf or hard-of-hearing, blind or visually impaired, and multiply disabled pupils. The resource centers department must also offer workshops for teachers, and leadership development for teachers.

A program (b) Training and workshop programs offered through the resource centers under paragraph (a) must help promote and develop education programs offered by school districts or other organizations. The program must assist school districts or other organizations to develop innovative programs.

Sec. 20. Minnesota Statutes 2014, section 125A.63, subdivision 3, is amended to read:

Subd. 3. Programs by nonprofits. The resource centers department may contract to have nonprofit organizations provide programs through the resource centers under subdivision 2.

Sec. 21. Minnesota Statutes 2014, section 125A.63, subdivision 4, is amended to read:

Subd. 4. Advisory committees. (a) The commissioner shall establish an advisory committee committees for each resource center the deaf and hard-of-hearing and for the blind and visually impaired. The advisory committees shall develop recommendations regarding the resource centers and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner.

(b) The advisory committee for the Resource Center committees for the deaf and hard of hearing and for the blind and visually impaired shall meet periodically at least four times per year and each submit an annual report to the commissioner, the education policy and finance committees of the legislature, and the Commission of Deaf, DeafBlind, and Hard of Hearing Minnesotans. The report must, at least:
(1) identify and report the aggregate, data-based education outcomes for children with the primary disability classification of deaf and hard of hearing or of blind and visually impaired, consistent with the commissioner's child count reporting practices, the commissioner's state and local outcome data reporting system by district and region, and the school performance report cards under section 120B.36, subdivision 1; and

(2) describe the implementation of a data-based plan for improving the education outcomes of deaf and hard of hearing or blind and visually impaired children that is premised on evidence-based best practices, and provide a cost estimate for ongoing implementation of the plan.

Sec. 22. Minnesota Statutes 2014, section 125A.63, subdivision 5, is amended to read:

Subd. 5. Statewide hearing loss early education intervention coordinator. (a) The coordinator shall:

(1) collaborate with the early hearing detection and intervention coordinator for the Department of Health, the director of the Department of Education Resource Center for Deaf and Hard of Hearing, deaf and hard-of-hearing state specialist, and the Department of Health Early Hearing Detection and Intervention Advisory Council;

(2) coordinate and support Department of Education early hearing detection and intervention teams;

(3) leverage resources by serving as a liaison between interagency early intervention committees; part C coordinators from the Departments of Education, Health, and Human Services; Department of Education regional low-incidence facilitators; service coordinators from school districts; Minnesota children with special health needs in the Department of Health; public health nurses; child find; Department of Human Services Deaf and Hard-of-Hearing Services Division; and others as appropriate;

(4) identify, support, and promote culturally appropriate and evidence-based early intervention practices for infants with hearing loss, and provide training, outreach, and use of technology to increase consistency in statewide service provision;

(5) identify culturally appropriate specialized reliable and valid instruments to assess and track the progress of children with hearing loss and promote their use;

(6) ensure that early childhood providers, parents, and members of the individual family service and intervention plan are provided with child progress data resulting from specialized assessments;

(7) educate early childhood providers and teachers of the deaf and hard-of-hearing to use developmental data from specialized assessments to plan and adjust individual family service plans; and

(8) make recommendations that would improve educational outcomes to the early hearing detection and intervention committee, the commissioners of education and health, the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, and the advisory council for the deaf and hard-of-hearing.

(b) The Department of Education must provide aggregate data regarding outcomes of deaf and hard-of-hearing children who receive early intervention services within the state in accordance with the state performance plan.

Sec. 23. Minnesota Statutes 2014, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For the purposes of this section and section 125A.79, the definitions in this subdivision apply.
(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individualized education programs. Essential personnel does not include administrators and supervisors.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means 1.046 for fiscal years 2012 through 2015, 1.0 for fiscal year 2016, 1.046 for fiscal year 2017, and the product of 1.046 and the program growth factor for the previous year for fiscal year 2018 and later.

(f) "Nonfederal special education expenditure" means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the department under section 125A.75, subdivision 4, excluding expenditures:

1. reimbursed with federal funds;
2. reimbursed with other state aids under this chapter;
3. for general education costs of serving students with a disability;
4. for facilities;
5. for pupil transportation; and
6. for postemployment benefits.

(g) "Old formula special education expenditures" means expenditures eligible for revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

(h) For the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind, expenditures under paragraphs (f) and (g) are limited to the salary and fringe benefits of one-to-one instructional and behavior management aides and one-to-one licensed, certified professionals assigned to a child attending the academy, if the aides or professionals are required by the child's individualized education program.

(i) "Cross subsidy reduction aid percentage" means 1.0 percent for fiscal year 2014 and 2.27 percent for fiscal year 2015.

(j) "Cross subsidy reduction aid limit" means $20 for fiscal year 2014 and $48 for fiscal year 2015.

(k) "Special education aid increase limit" means $80 for fiscal year 2016, $100 for fiscal year 2017, and, for fiscal year 2018 and later, the sum of the special education aid increase limit for the previous fiscal year and $40.
(l) "District" means a school district, a charter school, or a cooperative unit as defined in section 123A.24, subdivision 2. Notwithstanding section 123A.26, cooperative units as defined in section 123A.24, subdivision 2, are eligible to receive special education aid under this section and section 125A.79.

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

Sec. 24. Minnesota Statutes 2014, section 125A.76, subdivision 2c, is amended to read:

Subd. 2c. Special education aid. (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education aid under subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 7.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

(f) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative.

Sec. 25. Minnesota Statutes 2014, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. Definitions. For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus
(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding transportation sparsity revenue, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

Sec. 26. Minnesota Statutes 2014, section 125A.79, subdivision 5, is amended to read:

Subd. 5. Excess cost aid. For fiscal year 2016 and later, a district's excess cost aid equals the greater of:

(1) 56 percent of the difference between (i) the district's unreimbursed nonfederal special education expenditures and (ii) 7.0 percent of the product of the ratio of $5,831 to the formula allowance for the current year and the district's general revenue;

(2) 62 percent of the difference between (i) the district's unreimbursed old formula special education expenditures and (ii) 2.5 percent of the product of the ratio of $5,831 to the formula allowance for the current year and the district's general revenue; or

(3) zero.

Sec. 27. Minnesota Statutes 2014, section 127A.45, subdivision 3, is amended to read:

Subd. 3. Payment dates and percentages. (a) The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (1) the district's other district receipts through the current payment, and (2) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:
<table>
<thead>
<tr>
<th>Payment</th>
<th>Date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>July 15:</td>
<td>5.5</td>
</tr>
<tr>
<td>2</td>
<td>July 30:</td>
<td>8.0</td>
</tr>
<tr>
<td>3</td>
<td>August 15:</td>
<td>17.5</td>
</tr>
<tr>
<td>4</td>
<td>August 30:</td>
<td>20.0</td>
</tr>
<tr>
<td>5</td>
<td>September 15:</td>
<td>22.5</td>
</tr>
<tr>
<td>6</td>
<td>September 30:</td>
<td>25.0</td>
</tr>
<tr>
<td>7</td>
<td>October 15:</td>
<td>27.0</td>
</tr>
<tr>
<td>8</td>
<td>October 30:</td>
<td>30.0</td>
</tr>
<tr>
<td>9</td>
<td>November 15:</td>
<td>32.5</td>
</tr>
<tr>
<td>10</td>
<td>November 30:</td>
<td>36.5</td>
</tr>
<tr>
<td>11</td>
<td>December 15:</td>
<td>42.0</td>
</tr>
<tr>
<td>12</td>
<td>December 30:</td>
<td>45.0</td>
</tr>
<tr>
<td>13</td>
<td>January 15:</td>
<td>50.0</td>
</tr>
<tr>
<td>14</td>
<td>January 30:</td>
<td>54.0</td>
</tr>
<tr>
<td>15</td>
<td>February 15:</td>
<td>58.0</td>
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<tr>
<td>16</td>
<td>February 28:</td>
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<tr>
<td>17</td>
<td>March 15:</td>
<td>68.0</td>
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<tr>
<td>18</td>
<td>March 30:</td>
<td>74.0</td>
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<tr>
<td>19</td>
<td>April 15:</td>
<td>78.0</td>
</tr>
<tr>
<td>20</td>
<td>April 30:</td>
<td>85.0</td>
</tr>
<tr>
<td>21</td>
<td>May 15:</td>
<td>90.0</td>
</tr>
<tr>
<td>22</td>
<td>May 30:</td>
<td>95.0</td>
</tr>
<tr>
<td>23</td>
<td>June 20:</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(b) In addition to the amounts paid under paragraph (a), the commissioner shall pay to a school district or charter school on the dates indicated an amount computed as follows:

<table>
<thead>
<tr>
<th>Payment</th>
<th>Date</th>
<th>Amount Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>August 15:</td>
<td>the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392</td>
</tr>
<tr>
<td>4</td>
<td>August 30:</td>
<td>30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits</td>
</tr>
<tr>
<td>6</td>
<td>September 30:</td>
<td>40 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits</td>
</tr>
<tr>
<td>8</td>
<td>October 30:</td>
<td>30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits</td>
</tr>
</tbody>
</table>

(c) Notwithstanding paragraph (b), if the current year aid payment percentage under subdivision 2, paragraph (d), is less than 90, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:

<table>
<thead>
<tr>
<th>Payment</th>
<th>Date</th>
<th>Amount Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>July 15:</td>
<td>75 percent of the final adjustment for the prior fiscal year for all aid entitlements</td>
</tr>
<tr>
<td>8</td>
<td>October 30:</td>
<td>25 percent of the final adjustment for the prior fiscal year for all aid entitlements</td>
</tr>
</tbody>
</table>

(d) Notwithstanding paragraph (b), if a charter school is an eligible special education charter school under section 124D.11, subdivision 5a, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:
Sec. 28. Minnesota Statutes 2014, section 127A.47, subdivision 7, is amended to read:

Subd. 7. Alternative attendance programs. (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (c), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124D.11, subdivision 5b, calculated as if the charter school received special education aid under section 124D.11, subdivision 5.

(f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124D.11, subdivision 1, paragraph (b), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124D.11, subdivision 1, paragraph (b), and the general education aid that the student would have generated for the charter school under section 124D.11, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability, as defined in section 125A.02 or the definition of a pupil in section 125A.51.
An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (e)(f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

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

Sec. 29. SPECIAL EDUCATION EVALUATION.

Subdivision 1. Special education teachers’ compliance with legal requirements. The Department of Education must identify ways to give teachers working with eligible children with disabilities sufficient written and online resources to make informed decisions about how to effectively comply with legal requirements related to providing special education programs and services, including writing individualized education programs and related documents, among other requirements. The department must work collaboratively with teachers working with eligible children with disabilities, other school and district staff, and representatives of affected organizations, including Education Minnesota, Minnesota School Boards Association, and Minnesota Administrators of Special Education, among others, to identify obstacles to and solutions for teachers’ confusion about complying with legal requirements governing special education programs and services. The department must work with schools and districts to provide staff development training to better comply with applicable legal requirements while meeting the educational needs and improving the educational progress of eligible children with disabilities.

Subd. 2. Efficiencies to reduce paperwork. The Department of Education, in collaboration with teachers and administrators working with eligible children with disabilities in schools and districts, must identify strategies to effectively decrease the amount of time teachers spend completing paperwork for special education programs and services, evaluate whether the strategies are cost-effective, and determine whether other schools and districts are able to effectively use the strategies given available staff and resources. Where an evaluation shows that particular paperwork reduction strategies are cost-effective without undermining the purpose of the paperwork or the integrity of special education requirements, the department must electronically disseminate and promote the strategies to other schools and districts throughout the state.

Subd. 3. Special education forms; reading level. The Department of Education must determine the current reading level of its special education forms, establish a target reading level for such forms, and, based on that target level, determine whether alternative forms are needed to accommodate the lexical and sublexical cognitive processes of individual form users and readers. The department must work with interested special education stakeholders and reading experts in making the determinations and identification required in this subdivision.

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

Sec. 30. APPROPRIATIONS.

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

Subd. 2. Special education; regular. For special education aid under Minnesota Statutes, section 125A.75:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,170,877,000</td>
</tr>
<tr>
<td>2017</td>
<td>$1,229,758,000</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $137,932,000 for 2015 and $1,032,945,000 for 2016.

The 2017 appropriation includes $145,407,000 for 2016 and $1,084,351,000 for 2017.
Subd. 3. Travel for home-based services. For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>$361,000</td>
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<td></td>
</tr>
<tr>
<td>$371,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $35,000 for 2015 and $326,000 for 2016.

The 2017 appropriation includes $36,000 for 2016 and $335,000 for 2017.

Subd. 4. Special education out-of-state tuition. For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$250,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Subd. 5. Aid for children with disabilities. For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,406,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,629,000</td>
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<td></td>
</tr>
</tbody>
</table>

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 6. Court-placed special education revenue. For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
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<tr>
<td>$56,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$57,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sec. 31. REPEALER.

Minnesota Statutes 2014, section 125A.63, subdivision 1, is repealed.

ARTICLE 6
FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, and lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, paragraph (a), excluding long-term facilities maintenance levies under section 123B.595, minus
(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

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

Sec. 2. Minnesota Statutes 2014, section 123B.53, subdivision 4, is amended to read:

Subd. 4. Debt service equalization revenue. (a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.

(b) The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15.74 percent times the adjusted net tax capacity of the district minus the second tier debt service equalization revenue of the district.

(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, excluding alternative facilities levies under section 123B.59, subdivision 5, minus the amount raised by a levy of 26.24 percent times the adjusted net tax capacity of the district.

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

Sec. 3. Minnesota Statutes 2014, section 123B.57, is amended to read:

123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.

Subdivision 1. Health and safety revenue application. (a) To receive health and safety revenue for any fiscal year a district must submit to the commissioner a capital expenditure health and safety revenue application by the date determined by the commissioner. The application must include a health and safety budget adopted and
confirmed by the school district board as being consistent with the district's health and safety policy under subdivision 2. The budget must include the estimated cost of the program per Uniform Financial Accounting and Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the Department of Education, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

(b) Health and safety projects with an estimated cost of $500,000 or more per site are not eligible for health and safety revenue. Health and safety projects with an estimated cost of $500,000 or more per site that meet all other requirements for health and safety funding, are eligible for alternative facilities bonding and levy revenue according to section 123B.59. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue.

(c) The commissioner of education shall not make eligibility for health and safety revenue contingent on a district’s compliance status, level of program development, or training. The commissioner shall not mandate additional performance criteria such as training, certifications, or compliance evaluations as a prerequisite for levy approval.

Subd. 2. Health and safety policy. To qualify for health and safety revenue, a school board must adopt a health and safety policy. The policy must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices including indoor air quality management.

Subd. 3. Health and safety revenue. A district’s health and safety revenue for a fiscal year equals the district’s alternative facilities levy under section 123B.59, subdivision 5, paragraph (b), plus the greater of zero or:

1. the sum of (a) the total approved cost of the district’s hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district’s health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus

2. the sum of (a) the district’s total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district’s health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable.

Subd. 4. Health and safety levy. To receive health and safety revenue, a district may levy an amount equal to the district’s health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the adjusted pupil units in the district for the school year to which the levy is attributable, to $3,165.

Subd. 5. Health and safety aid. A district’s health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may not be reduced as a result of reducing a district’s health and safety levy according to section 123B.79.

Subd. 6. Uses of Health and safety revenue capital projects. (a) Health and safety revenue may be used only for approved capital projects may include expenditures necessary for the correction of fire and life safety hazards; design, purchase, installation, maintenance, and inspection of fire protection and alarm equipment; purchase or construction of appropriate facilities for the storage of combustible and flammable materials; inventories and facility modifications not related to a remodeling project to comply with lab safety requirements under section 121A.31;
inspection, testing, repair, removal or encapsulation, and disposal of asbestos-containing building materials; cleanup and disposal of polychlorinated biphenyls; cleanup and disposal of hazardous and infectious wastes; cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01; correction of occupational safety and health administration regulated hazards; indoor air quality inspections, investigations, and testing; mold abatement; upgrades or replacement of mechanical ventilation systems to meet American Society of Heating, Refrigerating and Air Conditioning Engineers standards and State Mechanical Code; design, materials, and installation of local exhaust ventilation systems, including required make-up air for controlling regulated hazardous substances; correction of Department of Health Food Code violations; correction of swimming pool hazards excluding depth correction; playground safety inspections, repair of unsafe outdoor playground equipment, and the installation of impact surfacing materials; bleacher repair or rebuilding to comply with the order of a building code inspector under section 326B.112; testing and mitigation of elevated radon hazards; lead testing; copper in water testing; cleanup after major weather-related disasters or flooding; reduction of excessive organic and inorganic levels in wells and capping of abandoned wells; installation and testing of boiler backflow valves to prevent contamination of potable water; vaccinations, titer, and preventative supplies for bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents' Right to Know Act; automated external defibrillators and other emergency plan equipment and supplies specific to the district's emergency action plan; compliance with the National Emission Standards for Hazardous Air Pollutants for school generators established by the United States Environmental Protection Agency; and health, safety, and environmental management costs associated with implementing the district's health and safety program including costs to establish and operate safety committees, in school buildings or property owned or being acquired by the district. Testing and calibration activities are permitted for existing mechanical ventilation systems at intervals no less than every five years.

(b) For fiscal years 2014 through 2017, a school district must not include expenses related to emission compliance projects for school generators in its health and safety revenue capital projects unless it reduces its approved spending on other qualified health and safety projects by the same amount.

Subd. 6a. Restrictions on health and safety revenue. Notwithstanding subdivision 6, health and safety revenue must not be used:

(1) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;

(2) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;

(3) for interest or other financing expenses;

(4) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education;

(5) for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, or public announcement systems and emergency communication devices; or

(6) for building and heating, ventilating and air conditioning supplies, maintenance, and cleaning activities. All assessments, investigations, inventories, and support equipment not leading to the engineering or construction of a project shall be included in the health, safety, and environmental management costs in subdivision 8, paragraph (a).
Subd. 6b. Health and safety projects. (a) Health and safety revenue applications defined in subdivision 1 must be accompanied by a description of each project for which funding is being requested. Project descriptions must provide enough detail for an auditor to determine if the work qualifies for revenue. For projects other than fire and life safety projects, playground projects, and health, safety, and environmental management activities, a project description does not need to include itemized details such as material types, room locations, square feet, names, or license numbers. The commissioner may request supporting information and shall approve only projects that comply with subdivisions 6 and 8, as defined by the Department of Education.

(b) Districts may request funding for allowable projects based on self-assessments, safety committee recommendations, insurance inspections, management assistance reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph (b), and subdivision 8, paragraph (b), for projects under $500,000, individual project size for projects authorized by this subdivision is not limited and may include related work in multiple facilities. Health and safety management costs from subdivision 8 may be reported as a single project.

(c) All costs directly related to a project shall be reported in the appropriate Uniform Financial Accounting and Reporting Standards (UFARS) finance code.

(d) For fire and life safety egress and all other projects exceeding $20,000, cited under the Minnesota Fire Code, a fire marshal plan review is required.

(e) Districts shall update project estimates with actual expenditures for each fiscal year. If a project's final cost is significantly higher than originally approved, the commissioner may request additional supporting information.

Subd. 6c. Appeals process. In the event a district is denied funding approval for a project the district believes complies with subdivisions 6 and 8, and is not otherwise excluded, a district may appeal the decision. All such requests must be in writing. The commissioner shall respond in writing. A written request must contain the following: project number; description and amount; reason for denial; unresolved questions for consideration; reasons for reconsideration; and a specific statement of what action the district is requesting.

Subd. 7. Proration. In the event that the health and safety aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Subd. 8. Health, safety, and environmental management cost. (a) “Health, safety, and environmental management” is defined in section 123B.56.

(b) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(c) The department may contract with regional service organizations, private contractors, Minnesota Safety Council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects. The commissioner shall not mandate management assistance or exclude private contractors from the opportunity to provide any health and safety services to school districts.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.
Sec. 4. [123B.595] LONG-TERM FACILITIES MAINTENANCE REVENUE.

Subd. 1. Long-term facilities maintenance revenue. (a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) $193 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) $292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue equals the greater of (1) $380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of $100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

Subd. 2. Long-term facilities maintenance revenue for a charter school. (a) For fiscal year 2017 only, long-term facilities maintenance revenue for a charter school equals $34 times the adjusted pupil units.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue for a charter school equals $85 times the adjusted pupil units.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue for a charter school equals $132 times the adjusted pupil units.

Subd. 3. Intermediate districts and other cooperative units. Upon approval through the adoption of a resolution by each member district school board of an intermediate district or other cooperative units under section 123A.24, subdivision 2, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district or cooperative unit. The cooperative unit may issue bonds to finance the project costs or levy for the costs, using long-term maintenance revenue transferred from member districts to make debt service payments or pay project costs. Authority under this subdivision is in addition to the authority for individual district projects under subdivision 1.

Subd. 4. Facilities plans. (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management.

(b) The district must annually update the plan, biennially submit a facility maintenance plan to the commissioner, and indicate whether the district will issue bonds to finance the plan or levy for the costs.
(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 6, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) The portion of revenue under this section for bonded debt must be recognized in the debt service fund.

Subd. 6. **Levy authorization.** A district may levy for costs related to an approved plan under subdivision 4 as follows:

(1) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued under subdivision 5 after reduction for any aid receivable under subdivision 9;

(2) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan after reduction for any aid receivable under subdivision 9; or

(3) if the debt service revenue for a district required to pay the principal and interest on bonds issued under subdivision 5 exceeds the district's long-term facilities maintenance revenue for the same fiscal year, the district's general fund levy must be reduced by the amount of the excess.

Subd. 7. **Long-term facilities maintenance equalization revenue.** (a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) $193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(b) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) $292 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(c) For fiscal year 2019 and later, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) $380 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

Subd. 8. **Long-term facilities maintenance equalized levy.** For fiscal year 2017 and later, a district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to 123 percent of the state average adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified.
Subd. 9. **Long-term facilities maintenance equalized aid.** For fiscal year 2017 and later, a district's long-term facilities maintenance equalized aid equals its long-term facilities maintenance revenue minus its long-term facilities maintenance equalized levy times the ratio of the actual amount levied to the permitted levy.

Subd. 10. **Allowed uses for long-term facilities maintenance revenue.** (a) A district may use revenue under this section for any of the following:

(1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;

(2) increasing accessibility of school facilities; or

(3) health and safety capital projects under section 123B.57.

(b) A charter school may use revenue under this section for any purpose related to the school.

Subd. 11. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision 11, long-term facilities maintenance revenue may not be used:

(1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;

(2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;

(3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education; or

(4) for violence prevention and facility security, ergonomics, or emergency communication devices.

Subd. 12. **Reserve account.** The portion of long-term facilities maintenance revenue not recognized under subdivision 5, paragraph (c), must be maintained in a reserve account within the general fund.

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

Sec. 5. Minnesota Statutes 2014, section 125B.26, subdivision 2, is amended to read:

Subd. 2. **E-rates.** To be eligible for aid under this section, a district, charter school, or intermediate school district is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department. Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Sec. 6. Minnesota Statutes 2014, section 126C.01, subdivision 2, is amended to read:

Subd. 2. **Adjusted net tax capacity.** (a) Except as provided in paragraph (b), "adjusted net tax capacity" means the net tax capacity of the taxable property of the district as adjusted by the commissioner of revenue under sections 127A.48 and 273.1325. The adjusted net tax capacity for any given calendar year must be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.
(b) For purposes of the long-term maintenance facilities equalization levy under section 123B.595, subdivision 8, "adjusted net tax capacity" means the value described in paragraph (a) reduced by 50 percent of the value of class 2a agricultural land determined under that paragraph before the application of the growth limit under section 127A.48, subdivision 7.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2016 and later.

Sec. 7. Minnesota Statutes 2014, section 297A.70, subdivision 2, is amended to read:

Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the following governments and political subdivisions, or to the listed agencies or instrumentalities of governments and political subdivisions, are exempt:

(1) the United States and its agencies and instrumentalities;

(2) school districts, local governments, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts Education, and an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools;

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of tangible personal property and taxable services used at or by hospitals and nursing homes;

(4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt through December 31, 2016;

(5) other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

(6) public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the Legislative Reference Library.

(b) This exemption does not apply to the sales of the following products and services:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except for leases entered into by the United States or its agencies or instrumentalities;

(4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic beverages purchased directly by the United States or its agencies or instrumentalities; or
(5) goods or services purchased by a local government as inputs to a liquor store, gas or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf course, marina, campground, cafe, or laundromat.

c) As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, and any instrumentality of a school district, as defined in section 471.59.

d) For purposes of the exemption granted under this subdivision, "local governments" has the following meaning:

(1) for the period prior to January 1, 2017, local governments means statutory or home rule charter cities, counties, and townships; and

(2) for the period of January 1, 2016, to December 31, 2016, local governments means statutory or home rule charter cities, counties, and townships; special districts as defined under section 6.465, except for the Metropolitan Council under sections 473.123 to 473.549; any instrumentality of a statutory or home rule charter city, county, or township as defined in section 471.59; and any joint powers board or organization created under section 471.59; and

(3) beginning January 1, 2017, local governments means statutory or home rule charter cities, counties, and townships; special districts as defined under section 6.465; any instrumentality of a statutory or home rule charter city, county, or township as defined in section 471.59; and any joint powers board or organization created under section 471.59.

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

Sec. 8. **COMMISSIONER OF EDUCATION; 1:1 DEVICE PROGRAM GUIDELINES.**

The commissioner of education must research existing 1:1 device programs in Minnesota and across the country to determine best practices for Minnesota schools implementing 1:1 device programs. By February 15, 2016, the commissioner must develop and publish guidelines to ensure maximum effectiveness of 1:1 device programs and make a report on the research findings to the committees of the legislature with jurisdiction over kindergarten through grade 12 education.

Sec. 9. **FAIR SCHOOL CRYSTAL TRANSITION.**

Subdivision 1. **Student enrollment.** A student enrolled in the FAIR School Crystal during the 2014-2015 school year and a student accepted for enrollment during the 2015-2016 school year may continue to enroll in the FAIR School Crystal in any year through the 2019-2020 school year. For the 2015-2016 school year and later, other students may apply for enrollment under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue; literacy aid; alternative compensation revenue.** For the 2015-2016 school year only, the Department of Education must calculate compensatory revenue, literacy aid, and alternative compensation revenue for the FAIR School Crystal based on the October 1, 2014, enrollment counts.

Subd. 3. **Pupil transportation.** The district may transport a pupil enrolled in the 2014-2015 school year and a pupil accepted for enrollment during the 2015-2016 school year to and from the FAIR School Crystal in succeeding school years regardless of the pupil's district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

**EFFECTIVE DATE.** This section is effective the day following the date on which the real and personal property of the FAIR School Crystal in Crystal is conveyed to Independent School District No. 281, Robbinsdale.
Sec. 10. FAIR SCHOOL DOWNTOWN TRANSITION.

Subdivision 1. **Student enrollment.** A student enrolled in the FAIR School downtown during the 2014-2015 school year and a student accepted for enrollment during the 2015-2016 school year may continue to enroll in the FAIR School downtown in any year through the 2018-2019 school year. For the 2015-2016 school year and later, other students may apply for enrollment under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue; literacy aid; alternative compensation revenue.** For the 2015-2016 school year only, the Department of Education must calculate compensatory revenue, literacy aid, and alternative compensation revenue for the FAIR School downtown based on the October 1, 2014, enrollment counts.

Subd. 3. **Pupil transportation.** The district may transport a pupil enrolled in the 2014-2015 school year and a pupil accepted for enrollment during the 2015-2016 school year to and from the FAIR School downtown in succeeding school years regardless of the pupil’s district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

**EFFECTIVE DATE.** This section is effective the day following the date on which the real and personal property of the FAIR School downtown in Minneapolis is conveyed to Special School District No. 1, Minneapolis.

Sec. 11. INFORMATION TECHNOLOGY CERTIFICATION PARTNERSHIP.

Subdivision 1. **Request for proposals.** The commissioner of education shall issue a request for proposals no later than July 1, 2015, and award a contract no later than September 1, 2015, to a provider for the program under subdivision 3.

Subd. 2. **Eligible schools.** A school district, intermediate district, or charter school is eligible to participate in the program under this section, as long as funds are available.

Subd. 3. **Program description; provider duties.** (a) The provider must partner with eligible schools to make available a program to teach information technology skills and competencies that are essential for career and college readiness. By December 1, 2015, the provider must contact each eligible school and indicate how the school can access program services under this section.

(b) The provider shall recruit up to 200 schools to participate in the program as long as funds are available. The provider must engage schools on a first-come, first-served basis, except that no more than half of the total funds available may be used to deliver the program to schools located in the seven-county metropolitan area.

(c) The provider shall deliver to each participating school:

(1) a research-based information technology curriculum;

(2) online access to the curriculum;

(3) instructional software for classroom and student use;

(4) training for teachers who will be using the curriculum or instructional software;

(5) industry-recognized certification of skills and competencies in a broad array of information technology-related skill areas; and
(6) project management, deployment, and program support, including, but not limited to, integration with academic standards under Minnesota Statutes, section 120B.021 or 120B.022.

Subd. 4. Department support. The Department of Education must make support available to the provider, including acting as the primary liaison between schools and the provider and providing direction and oversight, consistent with the purposes of this section.

Subd. 5. Report required. By February 1, 2018, the provider and commissioner must jointly develop and deliver to the committees of the legislature with jurisdiction over kindergarten through grade 12 education, a summary report on program activities and outcomes, including a description of the number and location of participating schools and students, and the number and type of certifications earned by students.

Sec. 12. CANCELLATION OF PREVIOUS BIENNium APPROPRIATION.

The appropriation made by Laws 2014, chapter 312, article 16, section 16, subdivision 5, is canceled.

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

Sec. 13. APPROPRIATIONS.

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

Subd. 2. Long-term maintenance equalization aid. For long-term maintenance equalization aid under Minnesota Statutes, section 123B.595:

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The 2017 appropriation includes $0 for 2016 and $52,088,000 for 2017.

Subd. 3. Debt service equalization. For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

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The 2016 appropriation includes $2,295,000 for 2015 and $18,054,000 for 2016.

The 2017 appropriation includes $2,005,000 for 2016 and $20,166,000 for 2017.

Subd. 4. Alternative facilities bonding aid. For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>$19,287,000</td>
<td>.</td>
<td></td>
</tr>
<tr>
<td>$1,928,000</td>
<td>.</td>
<td></td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $1,928,000 for 2015 and $17,359,000 for 2016.

The 2017 appropriation includes $1,928,000 for 2016 and $0 for 2017.
Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,750,000</td>
<td>2016</td>
</tr>
<tr>
<td>$3,750,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2016 and 2017 shall be prorated.

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

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,520,000</td>
<td>2016</td>
</tr>
<tr>
<td>$345,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $409,000 for 2015 and $3,111,000 for 2016.

The 2017 appropriation includes $345,000 for 2016 and $0 for 2017.

Subd. 7. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$501,000</td>
<td>2016</td>
</tr>
<tr>
<td>$48,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $66,000 for 2015 and $435,000 for 2016.

The 2017 appropriation includes $48,000 for 2016 and $0 for 2017.

Subd. 8. **Information technology certification partnership.** For an information technology certification partnership:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000</td>
<td>2016</td>
</tr>
<tr>
<td>$0</td>
<td>2017</td>
</tr>
</tbody>
</table>

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year. Of this appropriation, five percent is for departmental costs related to providing support for the information technology certification partnership.

Subd. 9. **Innovative Technology Cooperative.** For a grant to the Innovative Technology Cooperative under Minnesota Statutes, section 123A.215, to provide professional development related to technology:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>2016</td>
</tr>
<tr>
<td>$150,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 is $0.
Sec. 14. **REPEALER.**

Minnesota Statutes 2014, sections 123B.59; and 123B.591, are repealed.

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

**ARTICLE 7**

**NUTRITION AND ACCOUNTING**

Section 1. Minnesota Statutes 2014, section 123A.24, subdivision 1, is amended to read:

Subdivision 1. **Distribution of assets and liabilities.** (a) If a district withdraws from a cooperative unit defined in subdivision 2, the distribution of assets and assignment of liabilities to the withdrawing district shall be determined according to this subdivision.

(b) The withdrawing district remains responsible for its share of debt incurred by the cooperative unit according to section 123B.02, subdivision 3. The district and cooperative unit may mutually agree, through a board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

(c) If the cooperative unit and the district cannot agree on the terms and conditions, the commissioner shall resolve the dispute by determining the district's proportionate share of assets and liabilities based on the district's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the commissioner. If the dispute requires the commissioner to involve an administrative law judge, any fees due to the Office of Administrative Hearings must be equally split between the district and cooperative unit. The assets must be disbursed to the withdrawing district in a manner that minimizes financial disruption to the cooperative unit.

(d) Assets related to an insurance pool shall not be disbursed to a member district under paragraph (c).

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

Sec. 2. Minnesota Statutes 2014, section 123B.77, subdivision 3, is amended to read:

Subd. 3. **Statement for comparison and correction.** (a) By November 30 of each year, a school district must annually report the district's special education litigation costs, including attorney fees and costs of due process hearings, to the commissioner of education, consistent with the Uniform Financial Accounting and Reporting Standards.
(b) By January 15 February 1 of each year, the commissioner shall report school district special education litigation costs to the house of representatives and the senate committees having jurisdiction over kindergarten through grade 12 education finance.

Sec. 4. Minnesota Statutes 2014, section 127A.05, subdivision 6, is amended to read:

Subd. 6. Survey of districts. The commissioner of education shall survey the state’s school districts and teacher preparation programs and report to the education committees of the legislature by January 15 February 1 of each odd-numbered year on the status of teacher early retirement patterns, the teacher shortage, and the substitute teacher shortage, including patterns and shortages in subject areas and regions of the state. The report must also include how districts are making progress in hiring teachers and substitutes in the areas of shortage and a five-year projection of teacher demand for each district.

Sec. 5. Minnesota Statutes 2014, section 127A.49, subdivision 1, is amended to read:

Subdivision 1. Omissions. No adjustments to any aid payments made pursuant to this chapter or chapters 120B, 122A, 123A, 123B, 124D, 125A, and 126C resulting from omissions in district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 30 15 of the next school year, unless otherwise specifically provided by law.

Sec. 6. Laws 2013, chapter 116, article 7, section 19, is amended to read:

Sec. 19. FUND TRANSFER; FISCAL YEARS YEAR 2014 AND 2015 THROUGH FISCAL YEAR 2017 ONLY. (a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years year 2014 and 2015 through fiscal year 2017 only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund, the food service fund, or the reserved account for staff development under section 122A.61.

(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

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

Sec. 7. APPROPRIATIONS.

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

Subd. 2. School lunch. For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,661,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$15,818,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Subd. 3. School breakfast. For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,731,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$10,361,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Subd. 4. Kindergarten milk. For kindergarten milk aid under Minnesota Statutes, section 124D.118:

$942,000 . . . . . . 2016
$942,000 . . . . . . 2017

Subd. 5. Summer school service replacement aid. For summer food service replacement aid under Minnesota Statutes, section 124D.119:

$150,000 . . . . . . 2016
$150,000 . . . . . . 2017

ARTICLE 8
LIBRARIES

Section 1. Minnesota Statutes 2014, section 134.355, subdivision 8, is amended to read:

Subd. 8. Eligibility. A regional public library system may apply for regional library telecommunications aid. The aid must be used for data and video access management, equipment, or installation of telecommunications lines on behalf of itself and member public libraries. The aid must be used for connections and other eligible nonvoice related e-rate program category one services. Aid may be used for e-rate program category two services as identified in the Federal Communication Commission’s eligible services list for the current and preceding four funding years, if sufficient funds remain once category one needs are met in each funding year. To be eligible, a regional public library system must be officially designated by the commissioner of education as a regional public library system as defined in section 134.34, subdivision 3, and each of its participating cities and counties must meet local support levels defined in section 134.34, subdivision 1. A public library building that receives aid under this section must be open a minimum of 20 hours per week. Exceptions to the minimum open hours requirement may be granted by the Department of Education on request of the regional public library system for the following circumstances: short-term closing for emergency maintenance and repairs following a natural disaster; in response to exceptional economic circumstances; building repair or maintenance that requires public services areas to be closed; or to adjust hours of public service to respond to documented seasonal use patterns.

Sec. 2. Minnesota Statutes 2014, section 134.355, subdivision 9, is amended to read:

Subd. 9. Telecommunications aid. An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies;

(3) that the regional library system and member libraries included in the application have filed or are included in an e-rate application; and

(4) other information, as determined by the commissioner of education, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies.
Sec. 3. Minnesota Statutes 2014, section 134.355, subdivision 10, is amended to read:

Subd. 10. Award of funds. The commissioner of education shall develop an application and a reporting form and procedures for regional library telecommunications aid. Aid shall be based on actual costs of including, but not limited to, connections, as documented in e-rate funding commitment decision letters for category one services and acceptable documentation for category two services and funds available for this purpose. The commissioner shall make payments directly to the regional public library system.

Sec. 4. APPROPRIATIONS.

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

Subd. 2. Basic system support. For basic system support aid under Minnesota Statutes, section 134.355:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$13,570,000</td>
</tr>
<tr>
<td>2017</td>
<td>$13,570,000</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $1,357,000 for 2015 and $12,213,000 for 2016.

The 2017 appropriation includes $1,357,000 for 2016 and $12,213,000 for 2017.

Subd. 3. Multicounty, multitype library systems. For aid under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>2017</td>
<td>$1,300,000</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $130,000 for 2015 and $1,170,000 for 2016.

The 2017 appropriation includes $130,000 for 2016 and $1,170,000 for 2017.

Subd. 4. Electronic library for Minnesota. For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$900,000</td>
</tr>
<tr>
<td>2017</td>
<td>$900,000</td>
</tr>
</tbody>
</table>

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

Subd. 5. Regional library telecommunications aid. For regional library telecommunications aid under Minnesota Statutes, section 134.355:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$2,300,000</td>
</tr>
<tr>
<td>2017</td>
<td>$2,300,000</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $230,000 for 2015 and $2,070,000 for 2016.

The 2017 appropriation includes $230,000 for 2016 and $2,070,000 for 2017.
ARTICLE 9
EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2014, section 121A.17, subdivision 5, is amended to read:

Subd. 5. Developmental screening program information. (a) The board must inform each resident family with a child eligible to participate in the developmental screening program, and a charter school that provides screening must inform families that apply for admission to the charter school, about the availability of the program and the state's requirement that a child receive a developmental screening or provide health records indicating that the child received a comparable developmental screening from a public or private health care organization or individual health care provider not later than 30 days after the first day of attending kindergarten in a public school. A school district must inform all resident families with eligible children under age seven, and a charter school that provides screening must inform families that apply for admission to the charter school, that their children may receive a developmental screening conducted either by the school district or by a public or private health care organization or individual health care provider and that the screening is not required if a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened.

(b) A school district that enrolls students from an adjoining state under section 124D.041 may inform a nonresident child whose family resides at a Minnesota address as assigned by the United States Postal Service about the availability of the developmental screening program and may provide screening under this section to that child.

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

Sec. 2. Minnesota Statutes 2014, section 124D.041, subdivision 1, is amended to read:

Subdivision 1. Agreements. (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota and the adjoining state may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.
(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A, including early childhood special education services. Any additional terms must apply equally to both states.

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

Sec. 3. Minnesota Statutes 2014, section 124D.041, subdivision 2, is amended to read:

**Subd. 2. Pupil accounting.** (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

(c) A prekindergarten child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service and is receiving early childhood special education services from a Minnesota school district is considered enrolled in a Minnesota school district.

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

Sec. 4. Minnesota Statutes 2014, section 124D.15, subdivision 5, is amended to read:

**Subd. 5. Services with new or existing providers.** A district may contract with a charter school or community-based organization to provide eligible children developmentally appropriate services that meet the program requirements in subdivision 3. In the alternative, a district may pay tuition or fees to place an eligible child in an existing program. A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3. Districts must submit a copy of each contract to the commissioner with the biennial plan. Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not restrict participation to district residents.

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

Sec. 5. Minnesota Statutes 2014, section 124D.16, subdivision 2, is amended to read:

**Subd. 2. Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) A district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.
For fiscal year 2015 and later, the total school readiness aid entitlement equals $12,170,000 for fiscal year 2016 and $23,558,000 for fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.165, subdivision 2, is amended to read:

Subd. 2. Family eligibility. (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have a child three or four years of age on September 1 of the current school year, who has not yet started kindergarten; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child’s current participation in the free and reduced-price lunch program or child and adult care food program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212.

(b) Notwithstanding the other provisions of this section, a parent under age 21 who is pursuing a high school or general education equivalency diploma is eligible for an early learning scholarship if the parent has a child age zero to five years old and meets the income eligibility guidelines in this subdivision.

(c) Any siblings between the ages zero to five years old of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request, provided the sibling attends the same program as long as funds are available.

(d) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(e) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(f) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

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

Sec. 7. Minnesota Statutes 2014, section 125A.03, is amended to read:

125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.

(a) As defined in paragraph (b), every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under Code of Federal Regulations, title 34, section 300.121, paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled as set forth in section 125A.02. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities. "Free appropriate public education" means special education and related services that:
(1) are provided at public expense, under public supervision and direction, and without charge;

(2) meet the standards of the state, including the requirements of the Individuals with Disabilities Education Act, Part B or C;

(3) include an appropriate preschool, elementary school, or secondary school education; and

(4) are provided to children ages three through 21 in conformity with an individualized education program that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 303.300 to 303.346, and provided to infants and toddlers in conformity with an individualized family service plan that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 300.320 to 300.324.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.

(c) At the board's discretion, a school district that participates in a reciprocity agreement with a neighboring state under section 124D.041 may enroll and provide special instruction and services to a child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service if the district has completed child identification procedures for that child to determine the child's eligibility for special education services, and the child has received developmental screening under sections 121A.16 to 121A.19.

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

Sec. 8. **APPROPRIATIONS.**

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

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$22,420,000</td>
</tr>
<tr>
<td>2017</td>
<td>$32,670,000</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $1,217,000 for 2015 and $21,203,000 for 2016.

The 2017 appropriation includes $2,355,000 for 2016 and $30,315,000 for 2017.

Subd. 3. **Early learning scholarships.** For the early learning scholarship program under Minnesota Statutes, section 124D.165:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$38,184,000</td>
</tr>
<tr>
<td>2017</td>
<td>$48,384,000</td>
</tr>
</tbody>
</table>

Up to $950,000 each year is for administration of this program.

Any balance in the first year does not cancel but is available in the second year.
Subd. 4. Head Start program. For Head Start programs under Minnesota Statutes, section 119A.52:

\[
\begin{array}{ccc}
\text{} & \text{2016} & \\
$20,100,000 & \ldots & \\
$20,100,000 & \ldots & \\
\end{array}
\]

Subd. 5. Early childhood family education aid. For early childhood family education aid under Minnesota Statutes, section 124D.135:

\[
\begin{array}{ccc}
\text{} & \text{2016} & \\
$28,220,000 & \ldots & \\
$29,915,000 & \ldots & \\
\end{array}
\]

The 2016 appropriation includes $2,713,000 for 2015 and $25,507,000 for 2016.

The 2017 appropriation includes $2,834,000 for 2016 and $27,081,000 for 2017.

Subd. 6. Developmental screening aid. For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\[
\begin{array}{ccc}
\text{} & \text{2016} & \\
$3,363,000 & \ldots & \\
$3,369,000 & \ldots & \\
\end{array}
\]

The 2016 appropriation includes $338,000 for 2015 and $3,025,000 for 2016.

The 2017 appropriation includes $336,000 for 2016 and $3,033,000 for 2017.

Subd. 7. Parent-child home program. For a grant to the parent-child home program:

\[
\begin{array}{ccc}
\text{} & \text{2016} & \\
$350,000 & \ldots & \\
$350,000 & \ldots & \\
\end{array}
\]

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2016 and 2017.

Subd. 8. Kindergarten entrance assessment initiative and intervention program. For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\[
\begin{array}{ccc}
\text{} & \text{2016} & \\
$281,000 & \ldots & \\
$281,000 & \ldots & \\
\end{array}
\]

Subd. 9. Quality Rating System. For transfer to the commissioner of human services for the purposes of expanding the Quality Rating and Improvement System under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the Quality Rating and Improvement System:

\[
\begin{array}{ccc}
\text{} & \text{2016} & \\
$1,200,000 & \ldots & \\
$2,300,000 & \ldots & \\
\end{array}
\]

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 and later is $1,750,000.
Subd. 10. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$68,000</td>
</tr>
<tr>
<td>2017</td>
<td>$68,000</td>
</tr>
</tbody>
</table>

Subd. 11. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$49,000</td>
</tr>
<tr>
<td>2017</td>
<td>$49,000</td>
</tr>
</tbody>
</table>

ARTICLE 10
PREVENTION

Section 1. Minnesota Statutes 2014, section 121A.17, subdivision 3, is amended to read:

Subd. 3. **Screening program.** (a) A screening program must include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, the date of the child's most recent comprehensive vision examination, if any, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The district and the person performing or supervising the screening must provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice must state "Early childhood developmental screening helps a school district identify children who may benefit from district and community resources available to help in their development. Early childhood developmental screening includes a vision screening that helps detect potential eye problems but is not a substitute for a comprehensive eye exam." The notice must clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the district and the person performing or supervising the screening must convey the information in another manner. The notice must also inform the parent or guardian that a child need not submit to the district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice must be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and must be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. A developmental screening program must not provide laboratory tests or a physical examination to any child. The district must request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening. For the purposes of this section, "comprehensive vision examination" means a vision examination performed by an optometrist or ophthalmologist.

(c) If a child is without health coverage, the school district must refer the child to an appropriate health care provider.

(d) A board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.
(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having
general control and supervision of the school that the child has not been screened because of conscientiously held
beliefs of the parent or guardian, the screening is not required.

Sec. 2. COMPREHENSIVE VISION EXAMINATION REPORT.

By January 15, 2017, the commissioner must submit to the committees of the legislature with jurisdiction over
kindergarten through grade 12 education a report describing the number and proportion of children in each school
district who report having had a comprehensive vision examination, disaggregated by age at the time of early
childhood developmental screening under Minnesota Statutes, section 121A.17.

Sec. 3. APPROPRIATIONS.

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

Subd. 2. Community education aid. For community education aid under Minnesota Statutes, section 124D.20:

$788,000 . . . . 2016
$554,000 . . . . 2017

The 2016 appropriation includes $107,000 for 2015 and $681,000 for 2016.
The 2017 appropriation includes $75,000 for 2016 and $479,000 for 2017.

Subd. 3. Adults with disabilities program aid. For adults with disabilities programs under Minnesota Statutes,
section 124D.56:

$710,000 . . . . 2016
$710,000 . . . . 2017

The 2016 appropriation includes $71,000 for 2015 and $639,000 for 2016.
The 2017 appropriation includes $71,000 for 2016 and $639,000 for 2017.

Subd. 4. Hearing-impaired adults. For programs for hearing-impaired adults under Minnesota Statutes,
section 124D.57:

$70,000 . . . . 2016
$70,000 . . . . 2017

Subd. 5. School-age care revenue. For extended day aid under Minnesota Statutes, section 124D.22:

$1,000 . . . . 2016
$1,000 . . . . 2017

The 2016 appropriation includes $0 for 2015 and $1,000 for 2016.
The 2017 appropriation includes $0 for 2016 and $1,000 for 2017.
ARTICLE 11
SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2014, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 2.10 percent of the first $6,180 of earned income. The credit is reduced by 2.01 percent of earned income or adjusted gross income, whichever is greater, in excess of $8,130, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first $11,120 of earned income. The credit is reduced by 6.02 percent of earned income or adjusted gross income, whichever is greater, in excess of $21,190, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals 11 percent of the first $18,240 of earned income. The credit is reduced by 10.82 percent of earned income or adjusted gross income, whichever is greater, in excess of $25,130, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, and for tax years beginning after December 31, 2017, the $8,130 in paragraph (b), the $21,190 in paragraph (c), and the $25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by $3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the $3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest $10. If the amount ends in $5, the amount is rounded up to the nearest $10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h)(1) For tax years beginning after December 31, 2012, and before January 1, 2014, the $5,770 in paragraph (b), the $15,080 in paragraph (c), and the $17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are increased by $5,340 for married taxpayers filing joint returns; and (2) for tax years beginning after December 31, 2013, and before January 1, 2018, the $8,130 in paragraph (b), the $21,190 in paragraph (c), and the $25,130 in
paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by $5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2013, and before January 1, 2018, the commissioner shall annually adjust the $5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest $10. If the amount ends in $5, the amount is rounded up to the nearest $10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2014.

Sec. 2. Minnesota Statutes 2014, section 290.0671, subdivision 6a, is amended to read:

Subd. 6a. **TANF appropriation for working family credit expansion.** (a) On an annual basis the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota Working Family Credit provided under this section that qualifies for payment with funds from the federal Temporary Assistance for Needy Families (TANF) block grant. Of this total amount, the commissioner of revenue shall estimate the portion entailed by the expansion of the credit rates provided in Laws 2000, chapter 490, article 4, section 17, for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12.

(b) An amount sufficient to pay the refunds entailed by the expansion of the credit rates provided in Laws 2000, chapter 490, article 4, section 17, for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12, as estimated in paragraph (a), is appropriated to the commissioner of human services from the federal Temporary Assistance for Needy Families (TANF) block grant funds, for transfer to the commissioner of revenue for deposit in the general fund.

**EFFECTIVE DATE.** This section is effective retroactively for transfers in fiscal year 2015 and thereafter.

Sec. 3. **APPROPRIATIONS.**

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

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$49,118,000</td>
<td>2016</td>
</tr>
<tr>
<td>$50,592,000</td>
<td>2017</td>
</tr>
</tbody>
</table>

The 2016 appropriation includes $4,782,000 for 2015 and $44,336,000 for 2016.

The 2017 appropriation includes $4,926,000 for 2016 and $45,666,000 for 2017.

Subd. 3. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$125,000</td>
<td>2016</td>
</tr>
<tr>
<td>$125,000</td>
<td>2017</td>
</tr>
</tbody>
</table>
ARTICLE 12
STATE AGENCIES

Section 1. Minnesota Statutes 2014, section 5A.03, is amended to read:

5A.03 ORGANIZATION APPLICATION FOR REGISTRATION.

Subdivision 1. Placing high school students in Minnesota. (a) An application for registration as an international student exchange visitor placement organization must be submitted in the form prescribed by the secretary of state. The application must include:

(1) evidence that the organization meets the standards established by the secretary of state by rule;

(2) the name, address, and telephone number of the organization, its chief executive officer, and the person within the organization who has primary responsibility for supervising placements within the state;

(3) the organization's unified business identification number, if any;

(4) the organization's Office of Exchange Coordination and Designation, United States Department of State number, if any;

(5) evidence of Council on Standards for International Educational Travel listing, if any;

(6) whether the organization is exempt from federal income tax; and

(7) a list of the organization's placements in Minnesota for the previous academic year including the number of students placed, their home countries, the school districts in which they were placed, and the length of their placements.

(b) The application must be signed by the chief executive officer of the organization and the person within the organization who has primary responsibility for supervising placements within Minnesota. If the secretary of state determines that the application is complete, the secretary of state shall file the application and the applicant is registered.

(c) Organizations that have registered shall inform the secretary of state of any changes in the information required under paragraph (a), clause (1), within 30 days of the change. There is no fee to amend a registration.

(d) Registration under this chapter is valid for one year. The registration may be renewed annually. The fee to renew a registration is $50 per year.

(e) Organizations registering for the first time in Minnesota must pay an initial registration fee of $150.

(f) Fees collected by the secretary of state under this section must be deposited in the state treasury and credited to the general fund.

Subd. 2. Placing Minnesota students in travel abroad programs. (a) A school district or charter school with enrolled students who participate in a foreign exchange or study or other travel abroad program under a written agreement between the district or charter school and the program provider must use a form developed by the Department of Education to annually report to the department by November 1 the following data from the previous school year:
(1) the number of Minnesota student deaths that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program;

(2) the number of Minnesota students hospitalized due to accidents and the illnesses that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program; and

(3) the name and type of the foreign exchange or study or other travel abroad program and the city or region where the reported death, hospitalization due to accident, or the illness occurred.

(b) School districts and charter schools must ask but must not require enrolled eligible students and the parents or guardians of other enrolled students who complete a foreign exchange or study or other travel abroad program to disclose the information under paragraph (a).

(c) When reporting the data under paragraph (a), a school district or charter school may supplement the data with a brief explanatory statement. The Department of Education annually must aggregate and publish the reported data on the department Web site in a format that facilitates public access to the aggregated data and include links to both the United States Department of State's Consular Information Program that informs the public of conditions abroad that may affect students' safety and security and the publicly available reports on sexual assaults and other criminal acts affecting students participating in a foreign exchange or study or other travel abroad program.

(d) School districts and charter schools with enrolled students who participate in foreign exchange or study or other travel abroad programs under a written agreement between the district or charter school and the program provider are encouraged to adopt policies supporting the programs and to include program standards in their policies to ensure students' health and safety.

(e) To be eligible under this subdivision to provide a foreign exchange or study or other travel abroad program to Minnesota students enrolled in a school district or charter school, a program provider annually must register with the secretary of state and provide the following information on a form developed by the secretary of state: the name, address, and telephone number of the program provider, its chief executive officer, and the person within the provider's organization who is primarily responsible for supervising programs within the state; the program provider's unified business identification number, if any; whether the program provider is exempt from federal income tax; a list of the program provider's placements in foreign countries for the previous school year including the number of Minnesota students placed, where Minnesota students were placed, and the length of their placement; the terms and limits of the medical and accident insurance available to cover participating students and the process for filing a claim; and the signatures of the program provider's chief executive officer and the person primarily responsible for supervising Minnesota students' placements in foreign countries. If the secretary of state determines the registration is complete, the secretary of state shall file the registration and the program provider is registered. Registration with the secretary of state must not be considered or represented as an endorsement of the program provider by the secretary of state. The secretary of state annually must publish on its Web site aggregated data under paragraph (c) received from the Department of Education.

(f) Program providers, annually by August 1, must provide the data required under paragraph (a), clauses (1) to (3), to the districts and charter schools with enrolled students participating in the provider's program.

(g) The Department of Education must publish the information it has under paragraph (c), but it is not responsible for any errors or omissions in the information provided to it by a school district or charter school. A school district or charter school is not responsible for omissions in the information provided to it by students and programs.

EFFECTIVE DATE. This section is effective for the 2015-2016 school year and later.
Sec. 9. Minnesota Statutes 2014, section 127A.353, subdivision 2, is amended to read:

Subd. 2. Qualifications. The governor shall select the school trust lands director on the basis of outstanding professional qualifications and knowledge of finance, business practices, minerals, forest and real estate management, and the fiduciary responsibilities of a trustee to the beneficiaries of a trust. The school trust lands director serves in the unclassified service for a term of four years. The first term shall end on December 31, 2016. The governor may remove the school trust lands director for cause. If a director resigns or is removed for cause, the governor shall appoint a director for the remainder of the term.

Sec. 4. APPROPRIATIONS; DEPARTMENT OF EDUCATION.

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

Subd. 2. Department. (a) For the Department of Education:

\[
\begin{align*}
\text{Year} & \quad \text{Amount} \\
2016 & \quad \$20,805,000 \\
2017 & \quad \$21,253,000
\end{align*}
\]

Of these amounts:

(1) $718,000 each year is for the Board of Teaching;

(2) $228,000 in fiscal year 2016 and $231,000 in fiscal year 2017 are for the Board of School Administrators;

(3) $1,000,000 each year is for Regional Centers of Excellence under Minnesota Statutes, section 120B.115;

(4) $500,000 each year is for the School Safety Technical Assistance Center under Minnesota Statutes, section 127A.052; and

(5) $250,000 each year is for the School Finance Division to enhance financial data analysis.

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

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D. C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(f) The agency's base budget in fiscal year 2018 is $21,427,000. The agency's base budget in fiscal year 2019 is $21,405,000.

Sec. 5. APPROPRIATIONS; MINNESOTA STATE ACADEMIES.

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\[
\begin{align*}
\text{Year} & \quad \text{Amount} \\
2016 & \quad \$12,853,000 \\
2017 & \quad \$12,819,000
\end{align*}
\]
(b) Of the amounts appropriated in paragraph (a), $708,000 in fiscal year 2016 and $490,000 in fiscal year 2017 are for technology enhancements and may be used for: (1) computer hardware; (2) computer software; (3) connectivity, communications, and infrastructure; (4) assistive technology; (5) access to electronic books and other online materials, licenses, and subscriptions; and (6) technology staff and training costs.

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

(d) The agency's budget base in fiscal year 2018 is $12,804,000.

(e) The agency's budget base in fiscal year 2019 is $12,786,000.

Sec. 6. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.

(a) The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$6,872,000</td>
</tr>
<tr>
<td>2017</td>
<td>$6,973,000</td>
</tr>
</tbody>
</table>

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

ARTICLE 13
FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2013, chapter 116, article 1, section 58, subdivision 2, as amended by Laws 2013, chapter 144, section 7, and Laws 2014, chapter 312, article 15, section 26, is amended to read:

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$6,851,419,000</td>
</tr>
<tr>
<td>2015</td>
<td>$6,464,199,000</td>
</tr>
</tbody>
</table>

The 2014 appropriation includes $780,095,000 for 2013 and $6,071,263,000 for 2014.

The 2015 appropriation includes $580,000 for 2014 and $5,875,104,000 for 2015.

Sec. 2. Laws 2013, chapter 116, article 1, section 58, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 1, is amended to read:

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$37,000</td>
</tr>
<tr>
<td>2015</td>
<td>$40,000</td>
</tr>
</tbody>
</table>
Sec. 3. Laws 2013, chapter 116, article 1, section 58, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 2, is amended to read:

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

\[
\begin{array}{ccc}
\text{Year} & \text{Amount} & \text{Year} \\
2014 & \$2,876,000 & 2015 & \$3,103,000 \\
2014 & \$2,796,000 & 2015 & \\
\end{array}
\]

The 2014 appropriation includes $301,000 for 2013 and $2,575,000 for 2014.

The 2015 appropriation includes $286,000 for 2014 and $2,817,000 $2,510,000 for 2015.

Sec. 4. Laws 2013, chapter 116, article 1, section 58, subdivision 5, as amended by Laws 2014, chapter 312, section 3, is amended to read:

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

\[
\begin{array}{ccc}
\text{Year} & \text{Amount} & \text{Year} \\
2014 & \$585,000 & 2015 & \$254,000 \\
2014 & \$263,000 & 2015 & \\
\end{array}
\]

The 2014 appropriation includes $40,000 for 2013 and $545,000 for 2014.

The 2015 appropriation includes $60,000 for 2014 and $194,000 $203,000 for 2015.

Sec. 5. Laws 2013, chapter 116, article 1, section 58, subdivision 6, as amended by Laws 2014, chapter 312, article 15, section 27, is amended to read:

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

\[
\begin{array}{ccc}
\text{Year} & \text{Amount} & \text{Year} \\
2014 & \$15,867,000 & 2015 & \$14,580,000 \\
2014 & \$15,569,000 & 2015 & \\
\end{array}
\]

The 2014 appropriation includes $1,898,000 for 2013 and $13,969,000 for 2014.

The 2015 appropriation includes $1,394,000 for 2014 and $14,175,000 for 2015.

Sec. 6. Laws 2013, chapter 116, article 1, section 58, subdivision 7, as amended by Laws 2014, chapter 312, article 15, section 28, is amended to read:

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

\[
\begin{array}{ccc}
\text{Year} & \text{Amount} & \text{Year} \\
2014 & \$18,500,000 & 2015 & \$16,352,000 \\
2014 & \$18,118,000 & 2015 & \\
\end{array}
\]

The 2014 appropriation includes $2,602,000 for 2013 and $15,898,000 for 2014.

The 2015 appropriation includes $1,766,000 for 2014 and $15,944,000 $16,352,000 for 2015.
Sec. 7. Laws 2013, chapter 116, article 1, section 58, subdivision 11, as amended by Laws 2014, chapter 312, article 22, section 4, is amended to read:

Subd. 11. Career and technical aid. For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

$3,959,000 . . . . 2014
$4,172,000 5,617,000 . . . . 2015

The 2014 appropriation includes $0 for 2013 and $3,959,000 for 2014.

The 2015 appropriation includes $439,000 $445,000 for 2014 and $4,733,000 $5,172,000 for 2015.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2013, chapter 116, article 3, section 37, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 5, is amended to read:

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

$55,609,000 . . . . 2014
$62,692,000 63,831,000 . . . . 2015

The 2014 appropriation includes $0 for 2013 and $55,609,000 for 2014.

The 2015 appropriation includes $6,178,000 $6,386,000 for 2014 and $56,514,000 $57,445,000 for 2015.

Sec. 9. Laws 2013, chapter 116, article 3, section 37, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 6, is amended to read:

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

$50,998,000 . . . . 2014
$47,458,000 44,839,000 . . . . 2015

The 2014 appropriation includes $6,607,000 for 2013 and $44,391,000 for 2014.

The 2015 appropriation includes $4,932,000 for 2014 and $42,526,000 $39,907,000 for 2015.

Sec. 10. Laws 2013, chapter 116, article 3, section 37, subdivision 5, as amended by Laws 2014, chapter 312, article 22, section 7, is amended to read:

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

$13,521,000 . . . . 2014
$14,248,000 14,261,000 . . . . 2015
Sec. 11. Laws 2013, chapter 116, article 3, section 37, subdivision 20, as amended by Laws 2013, chapter 144, section 10, and Laws 2014, chapter 312, article 22, section 9, is amended to read:

Subd. 20. Alternative compensation. For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\[
\begin{align*}
&71,599,000 & 69,899,000 \\
&\ldots & 2015
\end{align*}
\]

The 2015 appropriation includes $0 for 2014 and $71,599,000 $69,899,000 for 2015.

C. CHARTER SCHOOLS

Sec. 12. Laws 2013, chapter 116, article 4, section 9, subdivision 2, as amended by Laws 2014, chapter 312, article 22, section 10, is amended to read:

Subd. 2. Charter school building lease aid. For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\[
\begin{align*}
&54,625,000 \\
&\ldots & 2014 \\
&8,294,000 & 59,565,000 \\
&\ldots & 2015
\end{align*}
\]

The 2014 appropriation includes $6,681,000 for 2013 and $47,944,000 for 2014.

The 2015 appropriation includes $5,327,000 $5,270,000 for 2014 and $52,967,000 $54,295,000 for 2015.

D. SPECIAL PROGRAMS

Sec. 13. Laws 2013, chapter 116, article 5, section 31, subdivision 2, as amended by Laws 2013, chapter 144, section 14, and Laws 2014, chapter 312, article 22, section 11, is amended to read:

Subd. 2. Special education; regular. For special education aid under Minnesota Statutes, section 125A.75:

\[
\begin{align*}
&1,038,465,000 \\
&\ldots & 2014 \\
&1,109,144,000 & 1,109,144,000 \\
&\ldots & 2015
\end{align*}
\]

The 2014 appropriation includes $118,183,000 for 2013 and $920,282,000 for 2014.

The 2015 appropriation includes $129,549,000 $129,317,000 for 2014 and $982,092,000 $979,827,000 for 2015.

Sec. 14. Laws 2013, chapter 116, article 5, section 31, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 12, is amended to read:

Subd. 3. Aid for children with disabilities. For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\[
\begin{align*}
&1,548,000 \\
&\ldots & 2014 \\
&1,367,000 & 1,367,000 \\
&\ldots & 2015
\end{align*}
\]

If the appropriation for either year is insufficient, the appropriation for the other year is available.
Sec. 15. Laws 2013, chapter 116, article 5, section 31, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 13, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$351,000</td>
</tr>
<tr>
<td>2015</td>
<td>$346,000</td>
</tr>
</tbody>
</table>

The 2014 appropriation includes $45,000 for 2013 and $306,000 for 2014.

The 2015 appropriation includes $33,000 for 2014 and $313,000 for 2015.

E. FACILITIES AND TECHNOLOGY

Sec. 16. Laws 2013, chapter 116, article 6, section 12, subdivision 2, as amended by Laws 2014, chapter 312, article 22, section 15, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$471,000</td>
</tr>
<tr>
<td>2015</td>
<td>$651,000</td>
</tr>
</tbody>
</table>

The 2014 appropriation includes $24,000 for 2013 and $447,000 for 2014.

The 2015 appropriation includes $49,000 for 2014 and $602,000 for 2015.

Sec. 17. Laws 2013, chapter 116, article 6, section 12, subdivision 6, as amended by Laws 2014, chapter 312, article 22, section 18, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$3,877,000</td>
</tr>
<tr>
<td>2015</td>
<td>$4,024,000</td>
</tr>
</tbody>
</table>

The 2014 appropriation includes $475,000 for 2013 and $3,402,000 for 2014.

The 2015 appropriation includes $378,000 for 2014 and $3,646,000 for 2015.

F. NUTRITION AND LIBRARIES

Sec. 18. Laws 2013, chapter 116, article 7, section 21, subdivision 2, as amended by Laws 2014, chapter 312, article 19, section 5, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$12,417,000</td>
</tr>
<tr>
<td>2015</td>
<td>$16,185,000</td>
</tr>
</tbody>
</table>

$15,506,000
Sec. 19. Laws 2013, chapter 116, article 7, section 21, subdivision 3, as amended by Laws 2014, chapter 312, article 19, section 6, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\[
\begin{align*}
\text{2014} & : \$5,308,000 \\
\text{2015} & : \$6,176,000 \\
\end{align*}
\]

Sec. 20. Laws 2013, chapter 116, article 7, section 21, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 19, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\[
\begin{align*}
\text{2014} & : \$992,000 \\
\text{2015} & : \$1,002,000 \\
\end{align*}
\]

G. EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Sec. 21. Laws 2013, chapter 116, article 8, section 5, subdivision 3, as amended by Laws 2014, chapter 312, article 20, section 17, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\[
\begin{align*}
\text{2014} & : \$22,797,000 \\
\text{2015} & : \$26,651,000 \\
\end{align*}
\]

The 2014 appropriation includes $3,008,000 for 2013 and $19,789,000 for 2014.

The 2015 appropriation includes $2,198,000 for 2014 and $24,453,000 for 2015.

Sec. 22. Laws 2013, chapter 116, article 8, section 5, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 23, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\[
\begin{align*}
\text{2014} & : \$3,524,000 \\
\text{2015} & : \$3,390,000 \\
\end{align*}
\]

The 2014 appropriation includes $471,000 for 2013 and $3,053,000 for 2014.

The 2015 appropriation includes $339,000 for 2014 and $3,051,000 for 2015.

Sec. 23. Laws 2013, chapter 116, article 8, section 5, subdivision 14, as amended by Laws 2014, chapter 312, article 20, section 20, is amended to read:

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\[
\begin{align*}
\text{2014} & : \$48,776,000 \\
\text{2015} & : \$48,415,000 \\
\end{align*}
\]

The 2014 appropriation includes $6,278,000 for 2013 and $42,498,000 for 2014.

The 2015 appropriation includes $4,712,000 for 2014 and $43,038,000 for 2015.”
Amend the title as follows:

Page 1, delete lines 2 to 7 and insert "relating to state government; providing for funding and policy in early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, standards and assessments, charter schools, special education, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; modifying an income tax credit; modifying a sales tax exemption; requiring rulemaking; requiring reports; appropriating money;"

Correct the title numbers accordingly

We request the adoption of this report and repassage of the bill.

House Conferees: JENIFER LOON, SONDRA ERICKSON, RON KRESHA, BOB DETTMER and ROZ PETERSON.

Senate Conferees: CHARLES W. WIGER, ALICE M. JOHNSON, LEROY A. STUMPF, KEVIN L. DAHLE and ERIC R. PRATT.

Speaker pro tempore Mack called Davids to the Chair.

Loon moved that the report of the Conference Committee on H. F. No. 844 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

Dill was excused for the remainder of today’s session.

CALL OF THE HOUSE

On the motion of Thissen and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Albright, Cornish, Halverson, Knoblach, Mariani, O'Driscoll
Allen, Daniels, Hancock, Koznick, Marquart, O'Neill
Anderson, M., Davids, Hansen, Kresha, Masin, Pelowski
Anderson, P., Davnie, Hausman, Laine, McDonald, Peppin
Anderson, S., Dean, M., Heintzman, Lenczewski, Lesch, Mellingers
Anzelc, Dehn, R., Hertaus, Liebling, Metsa, Persell
Applebaum, Dettmer, Hilstrom, Lesch, Miller, Petersburg
Backer, Drazkowski, Hoppe, Lien, Moran, Pierson
Baker, Erhardt, Hornstein, Lillie, Mullery, Pinto
Barrett, Erickson, Hortman, Loeffler, Murphy, E., Poppe
Bennett, Fenton, Howe, Lohmer, Murphy, M., Pugh
Bernardy, Fischer, Isaacsion, Loon, Nash, Quam
Bly, Franson, Johnson, B., Loonan, Nelson, Rarick
Carlson, Freiberg, Johnson, C., Lucero, Newberger, Rosenthal
Christensen, Green, Johnson, S., Lueck, Newton, Runbeck
Clark, Gruenhagen, Kelly, Mack, Normes, Sanders
Considine, Gunther, Kiel, Mahoney, Norton, Schoen
Peppin moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Daudt and Garofalo were excused between the hours of 2:45 a.m. and 3:10 a.m.

Knoblach was excused for the remainder of today’s session.

The question recurred on the Loon motion and the roll was called. There were 71 yeas and 59 nays as follows:

Those who voted in the affirmative were:

- Albright
- Anderson, M.
- Anderson, P.
- Anderson, S.
- Backer
- Baker
- Barrett
- Bennett
- Christensen
- Cornish
- Daniels
- Davids
- Dean, M.
- Dettmer
- Drazkowski
- Erickson
- Fabian
- Fenton
- Franson
- Garofalo
- Green
- Gruenhagen
- Gunther
- Hack Barth
- Hamilton
- Hancock
- Heintzman
- Hertaus
- Hoppe
- Howe
- Johnson, B.
- Kelly
- Kiel
- Koznick
- Kresha
- Lohmer
- Loon
- Loonan
- Lucero
- Mack
- McDonald
- McNamara
- Miller
- Nash
- Newberger
- Nornes
- O’Driscoll
- O’Neill
- Peppin
- Peppin
- Petersburg
- Petersen
- Pierson
- Pugh
- Quam
- Runbeck
- Sanders
- Schomacker
- Scren
- Smith
- Smith
- Smith
- Smith
- Sundin
- Sundin
- Thissen
- Thissen
- Wagenius
- Ward
- Yarusso
- Yarusso
- Youakim
- Youakim
- Spk. Daudt

Those who voted in the negative were:

- Allen
- Anzelc
- Applebaum
- Bernardy
- Bly
- Carlson
- Clark
- Considine
- Davnie
- Dehn, R.
- Erhardt
- Fischer
- Freiber
- Halverson
- Hansen
- Hausman
- Hilstrom
- Hornstein
- Hortman
- Isaacson
- Johnson, C.
- Johnson, S.
- Laine
- Lenczewski
- Lesch
- Liebling
- Lien
- Lilie
- Loeffler
- Mahoney
- Mariani
- Marquart
- Masin
- Melin
- Metsa
- Moran
- Mullery
- Murphy, E.
- Murphy, M.
- Nelson
- Newton
- Norton
- Pelowski
- Persell
- Pinto
- Poppe
- Rosenthal
- Schoen
- Schultz
- Selcer
- Simonson
- Slocum
- Sundin
- Thissen
- Wagenius
- Ward
- Winkler
- Yarusso
- Spk. Daudt

The motion prevailed.

Garofalo was excused between the hours of 3:15 a.m. and 3:55 a.m.

H. F. No. 844, A bill for an act relating to education; providing for funding and policy in early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, standards and assessments, charter schools, special education, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast
adjustments; requiring rulemaking; appropriating money; amending Minnesota Statutes 2014, sections 5A.03; 16A.103, subdivision 1c; 120A.41; 120B.02, subdivision 2; 120B.021, subdivision 4; 120B.022, subdivisions 1, 1a, 1b; 120B.024, subdivision 2; 120B.11, subdivision 1a; 120B.12, subdivision 4a; 120B.125; 120B.13, subdivision 4; 120B.30, subdivisions 1, 1a, 3; 120B.31, subdivision 4; 120B.36, subdivision 1; 121A.17, subdivision 5; 122A.09, subdivision 4, by adding subdivisions; 122A.14, subdivisions 3, 9, by adding a subdivision; 122A.18, subdivisions 2, 7c, 8; 122A.20, subdivision 1; 122A.21, subdivisions 1, 2; 122A.23; 122A.245, subdivisions 1, 3, 7; 122A.25; 122A.30; 122A.31, subdivisions 1, 2; 122A.40, subdivisions 5, 8, 10, 11, 13; 122A.41, subdivisions 2, 5, 6, 14; 122A.414, subdivision 2; 122A.60; 122A.61, subdivision 1; 122A.69; 122A.70, subdivision 1; 122A.75, subdivision 1; 123B.045; 123B.59, subdivisions 6, 7; 123B.77, subdivision 3; 123B.88, subdivision 1, by adding a subdivision; 124D.041, subdivisions 1, 2; 124D.09, subdivisions 5, 5a, 8, 9, 12; 124D.091, subdivision 1; 124D.10, subdivisions 1, 3, 4, 8, 9, 12, 14, 16, 23, by adding a subdivision; 124D.11, subdivisions 1, 9; 124D.121; 124D.122; 124D.126, subdivision 1; 124D.127; 124D.128, subdivision 1; 124D.13; 124D.135; 124D.16; 124D.165; 124D.531, subdivisions 1, 2, 3; 124D.73, subdivisions 3, 4; 124D.74, subdivisions 1, 3, 6; 124D.75, subdivisions 1, 3, 9; 124D.76; 124D.78; 124D.79, subdivisions 1, 2; 124D.791, subdivision 4; 124D.861; 124D.862; 125A.01; 125A.023, subdivisions 3, 4; 125A.027; 125A.03; 125A.085; 125A.0942, subdivision 3; 125A.21; 125A.28; 125A.63, subdivisions 2, 3, 4, 5; 125A.75, subdivision 9; 125A.76, subdivisions 1, 2c; 125B.26, subdivision 2; 126C.10, subdivisions 1, 2, 2a, 2e, 3, 13a, 18, 24; 126C.13, subdivision 4; 126C.15, subdivisions 1, 2, 3; 126C.17, subdivisions 1, 2; 127A.05, subdivision 6; 127A.49, subdivision 1; 134.355, subdivisions 8, 9, 10; 135A.101, by adding a subdivision; 179A.20, by adding a subdivision; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 11, as amended; article 3, section 37, subdivisions 3, as amended, 4, as amended, 5, as amended, 20, as amended; article 4, section 9, subdivision 2, as amended; article 5, section 31, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, section 12, subdivisions 2, as amended, 6, as amended; article 7, sections 19; 21, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 5, subdivisions 3, as amended, 4, as amended, 14, as amended; Laws 2014, chapter 312, article 16, section 15; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 124D; 125A; repealing Minnesota Statutes 2014, sections 120B.128; 122A.40, subdivision 11; 125A.63, subdivision 1; 126C.12, subdivision 6; 126C.13, subdivisions 3a, 3b, 3c; 126C.41, subdivision 1; Minnesota Rules, part 3500.1000.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 71 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Albright
Anderson, M.
Anderson, P.
Anderson, S.
Backer
Baker
Barrett
Bennett
Christensen
Cornish
Daniels
Davids
Dean, M.
Dettmer
Drazkowski
Erickson
Fabian
Fenton
Frison
Garofalo
Green
Gruenhagen
Gunter
Hackbart
Hamilton
Hancock
Heintzman
Hertaus
Hoppe
Howe
Johnson, B.
Kelly
Kiel
Koznick
Kresha
Lohmer
Loon
Loonan
Lucero
Lueck
Mack
McDonald
McNamara
Miller
Nash
O'Neill
Peppin
Petersburg
Peterson
Pierson
Pugh
Quam
Rarick
Runbeck
Sanders
Schomacker
Scott
Smith
Swedzinski
Theis
Uglen
Urdahl
Vogel
Zerwas
Spk. Daudt

Those who voted in the negative were:

Allen
Anzelc
Applebaum
Arndt
Bernardy
Clark
Dehn, R.
Freiberg
Hausman

Anzelc
Bly
Considine
Erhardt
Halverson
Hilstrom

Applebaum
Carlson
Davnie
Fischer
Hansen
Hornstein
The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1458.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

JOANNE M. ZOFF, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. No. 1458

A bill for an act relating to state government; establishing the health and human services budget; modifying provisions governing children and family services, chemical and mental health services, withdrawal management programs, direct care and treatment, health care, continuing care, Department of Health programs, health care delivery, health licensing boards, and MNsure; making changes to medical assistance, general assistance, MFIP, Northstar Care for Children, MinnesotaCare, child care assistance, and group residential housing programs; establishing uniform requirements for public assistance programs related to income calculation, reporting income, and correcting overpayments and underpayments; creating the Department of MNsure; modifying requirements for reporting maltreatment of minors; establishing the Minnesota ABLE plan and accounts; modifying child support provisions; establishing standards for withdrawal management programs; modifying requirements for background studies; making changes to provisions governing the health information exchange; authorizing rulemaking; requiring reports; making technical changes; modifying certain fees for Department of Health programs; modifying fees of certain health-related licensing boards; making human services forecast adjustments; appropriating money; amending Minnesota Statutes 2014, sections 13.3806, subdivision 4; 13.46, subdivisions 2, 7; 13.461, by adding a subdivision; 15.01; 15A.0815, subdivision 2; 16A.724, subdivision 2; 43A.241; 62A.02, subdivision 2; 62A.045; 62J.497, subdivisions 1, 3, 4, 5; 62J.498; 62J.4981; 62J.4982, subdivisions 4, 5; 62J.692, subdivision 4; 62M.01, subdivision 2; 62M.02, subdivisions 12, 14, 15, 17, by adding subdivisions; 62M.05, subdivisions 3a, 3b, 4; 62M.06, subdivisions 2, 3; 62M.07; 62M.09, subdivision 3; 62M.10, subdivision 7; 62M.11; 62Q.02; 62U.02, subdivisions 1,
2, 3, 4; 62U.04, subdivision 11; 62V.02, subdivisions 2, 11, by adding a subdivision; 62V.03; 62V.05; 62V.06; 62V.07; 62V.08; 119B.011, subdivision 15; 119B.025, subdivision 1; 119B.035, subdivision 4; 119B.07; 119B.09, subdivision 4; 119B.10, subdivision 1; 119B.11, subdivision 2a; 119B.125, by adding a subdivision; 144.057, subdivision 1; 144.1501, subdivisions 1, 2, 3, 4; 144.215, by adding a subdivision; 144.225, subdivision 4; 144.291, subdivision 2; 144.293, subdivisions 6, 8; 144.298, subdivisions 2, 3; 144.3831, subdivision 1; 144.9501, subdivisions 6d, 22b, 26b, by adding subdivisions; 144.9505; 144.9508; 144A.70, subdivision 6, by adding a subdivision; 144A.71; 144A.72; 144A.73; 144D.01, by adding a subdivision; 144E.001, by adding a subdivision; 4s 1, as amended, 2, 3, 6a, 7, subdivision 5; 518A.41, subdivisions 1, 3, 4, 6; 518A.43, by adding a subdivision; 518A.46, subdivision 32; 518A.49, subdivision 4; 518A.4913, subdivision 4; 57, 58, by adding subdivisions; 256B.69, subdivision 3; 256.741, subdivisions 1, 2; 256.962, subdivision 5, by adding a subdivision; 256.969, subdivisions 1b, 3, 4, 5; 256.975, subdivision 8; 256B.056, subdivision 5c; 256B.057, subdivision 9; 256B.059, subdivision 5; 256B.06, by adding a subdivision; 256B.0615, subdivision 3; 256B.0622, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10, by adding a subdivision; 256B.0624, subdivision 7; 256B.0625, subdivisions 3b, 9, 13, 13e, 13h, 14, 17, 17a, 18a, 18e, 18i, 18j, 18k, 18l, 28, by adding subdivisions; 256B.0631; 256B.072; 256B.0757; 256B.0916, subdivisions 2, 11, by adding a subdivision; 256B.441, by adding a subdivision; 256B.49, subdivision 26, by adding a subdivision; 256B.4913, subdivisions 4a, 5; 256B.4914, subdivisions 2, 8, 10, 14, 15; 256B.69, subdivisions 5a, 5b, 6, 9c, 9d, by adding a subdivision; 256B.75; 256B.76, subdivisions 2, 4, 7; 256B.767; 256D.01, subdivision 1a; 256D.02, subdivision 8, by adding subdivisions; 256D.06, subdivision 1; 256D.085, subdivision 3; 256D.35, subdivision 2, by adding a subdivision; 256I.03, subdivisions 3, 7, by adding subdivisions; 256L.04; 256L.05, subdivisions 1c, 1g; 256L.06, subdivisions 2, 6, 7, 8; 256L.08, subdivisions 26, 86; 256L.24, subdivisions 5, 5a; 256L.30, subdivisions 1, 9; 256L.35; 256L.40; 256L.45, subdivision 19; 256L.49, subdivisions 1a, 6; 256L.01, subdivisions 3a, 5; 256L.03, subdivision 5; 256L.04, subdivisions 1a, 1c, 7b; 256L.05, subdivision 3, 3a, 4, by adding a subdivision; 256L.06, subdivision 3; 256L.11, by adding a subdivision; 256L.121, subdivision 1; 256L.15, subdivision 2; 256N.22, subdivisions 9, 10; 256N.24, subdivision 4; 256N.25, subdivision 1; 256N.27, subdivision 2; 256P.001; 256P.01, subdivision 3, by adding subdivisions; 256P.02, by adding a subdivision; 256P.03, subdivision 1; 256P.04, subdivisions 1, 4; 256P.05, subdivision 1; 257.0755, subdivisions 1, 2; 257.0761, subdivision 1; 257.0766, subdivision 1; 257.0769, subdivision 1; 257.75, subdivisions 3, 5; 259A.75; 260C.007, subdivisions 27, 32; 260C.203; 260C.212, subdivision 1, by adding subdivisions; 260C.221; 260C.331, subdivision 1; 260C.451, subdivisions 2, 6; 260C.515, subdivision 5; 260C.521, subdivisions 1, 2; 260C.607, subdivision 4; 282.241, subdivision 1; 290.0671, subdivision 6; 297A.70, subdivision 7; 514.73; 514.98, subdivision 2; 518A.26, subdivision 14; 518A.32, subdivision 2; 518A.39, subdivision 1, by adding a subdivision; 518A.41, subdivisions 1, 3, 4, 14, 15; 518A.43, by adding a subdivision; 518A.46, subdivision 3, by adding a subdivision; 518A.51; 518A.53, subdivisions 1, 4, 10; 518A.60; 518C.802; 580.032, subdivision 1; 626.556, subdivisions 1, as amended, 2, 3, 6a, 7, as amended, 10, 10e, 10j, 10m, 11c, by adding subdivisions; Laws 2008, chapter 363, article 18, section 3, subdivision 5; Laws 2013, chapter 108, article 14, section 12, as amended; Laws 2014, chapter 189, sections 5; 10; 11; 16; 17; 18; 19; 23; 24; 27; 28; 29; 31; 43; 50; 51; 73; Laws 2014, chapter 312, article 24, section 45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 15; 62A; 62M; 62Q; 62V; 144; 144D; 245; 246B; 256E; 256M; 518A; proposing coding for new law as Minnesota Statutes, chapters 245F; 256Q; repealing Minnesota Statutes 2014, sections 62V.04; 62V.09; 62V.11; 144E.52; 148E.060, subdivision 12; 256.969, subdivisions 23, 30; 256B.69, subdivision 32; 256D.0513; 256D.06, subdivision 8; 256D.09, subdivision 6; 256D.49; 256J.38; 256L.02, subdivision 3; 256L.05, subdivisions 1b, 1c, 3c, 5; 256L.11, subdivision 7; 257.0768; 290.0671, subdivision 6a; Minnesota Rules, parts 3400.0170, subparts 5, 6, 12, 13; 8840.5900, subparts 12, 14.
The Honorable Sandra L. Pappas  
President of the Senate

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

We, the undersigned conferees for S. F. No. 1458 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1458 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
CHILDREN AND FAMILY SERVICES

Section 1. Minnesota Statutes 2014, section 119B.125, is amended by adding a subdivision to read:

Subd. 7. **Failure to comply with attendance record requirements.** (a) In establishing an overpayment claim for failure to provide attendance records in compliance with section 119B.125, subdivision 6, the county or commissioner is limited to the six years prior to the date the county or the commissioner requested the attendance records.

(b) The commissioner may periodically audit child care providers to determine compliance with section 119B.125, subdivision 6.

(c) When the commissioner or county establishes an overpayment claim against a current or former provider, the commissioner or county must provide notice of the claim to the provider. A notice of overpayment claim must specify the reason for the overpayment, the authority for making the overpayment claim, the time period in which the overpayment occurred, the amount of the overpayment, and the provider's right to appeal.

(d) The commissioner or county shall seek to recoup or recover overpayments paid to a current or former provider.

(e) When a provider has been disqualified or convicted of fraud under section 256.98, theft under section 609.52, or a federal crime relating to theft of state funds or fraudulent billing for a program administered by the commissioner or a county, recoupment or recovery must be sought regardless of the amount of overpayment.

Sec. 2. Minnesota Statutes 2014, section 119B.13, subdivision 6, is amended to read:

Subd. 6. **Provider payments.** (a) The provider shall bill for services provided within ten days of the end of the service period. If bills are submitted within ten days of the end of the service period, payments under the child care fund shall be made within 30 days of receiving a bill from the provider. Counties or the state may establish policies that make payments on a more frequent basis.

(b) If a provider has received an authorization of care and been issued a billing form for an eligible family, the bill must be submitted within 60 days of the last date of service on the bill. A bill submitted more than 60 days after the last date of service must be paid if the county determines that the provider has shown good cause why the bill was not submitted within 60 days. Good cause must be defined in the county’s child care fund plan under section 119B.08, subdivision 3, and the definition of good cause must include county error. Any bill submitted more than a year after the last date of service on the bill must not be paid.
(c) If a provider provided care for a time period without receiving an authorization of care and a billing form for an eligible family, payment of child care assistance may only be made retroactively for a maximum of six months from the date the provider is issued an authorization of care and billing form.

(d) A county or the commissioner may refuse to issue a child care authorization to a licensed or legal nonlicensed provider, revoke an existing child care authorization to a licensed or legal nonlicensed provider, stop payment issued to a licensed or legal nonlicensed provider, or refuse to pay a bill submitted by a licensed or legal nonlicensed provider if:

1. the provider admits to intentionally giving the county materially false information on the provider's billing forms;
2. a county or the commissioner finds by a preponderance of the evidence that the provider intentionally gave the county materially false information on the provider's billing forms, or provided false attendance records to a county or the commissioner;
3. the provider is in violation of child care assistance program rules, until the agency determines those violations have been corrected;
4. the provider is operating after receipt of:
   1. an order of suspension or of the provider's license issued by the commissioner;
   2. an order of revocation of the provider's license;
   3. a final order of conditional license issued by the commissioner for as long as the conditional license is in effect;
5. the provider submits false attendance reports or refuses to provide documentation of the child's attendance upon request; or
6. the provider gives false child care price information.

(e) For purposes of paragraph (d), clauses (3), (5), and (6), the county or the commissioner may withhold the provider's authorization or payment for a period of time not to exceed three months beyond the time the condition has been corrected.

(f) A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

Sec. 3. Minnesota Statutes 2014, section 245C.03, is amended by adding a subdivision to read:

Subd. 10. Providers of group residential housing or supplementary services. The commissioner shall conduct background studies on any individual required under section 256L.04 to have a background study completed under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2016.
Sec. 4. Minnesota Statutes 2014, section 245C.03, is amended by adding a subdivision to read:

Subd. 11. **Child protection workers or social services staff having responsibility for child protective duties.** The commissioner must complete background studies, according to paragraph (b) and 245C.04, subdivision 10, when initiated by a county social services agency or by a local welfare agency according to section 626.559, subdivision 1b.

(b) For background studies completed by the commissioner under this subdivision, the commissioner shall not make a disqualification decision, but shall provide the background study information received to the county that initiated the study.

Sec. 5. Minnesota Statutes 2014, section 245C.04, is amended by adding a subdivision to read:

Subd. 10. **Child protection workers or social services staff having responsibility for child protective duties.** The commissioner shall conduct background studies of employees of county social services and local welfare agencies having responsibility for child protection duties when the background study is initiated according to section 626.559, subdivision 1b.

Sec. 6. Minnesota Statutes 2014, section 245C.10, is amended by adding a subdivision to read:

Subd. 11. **Providers of group residential housing or supplementary services.** The commissioner shall recover the cost of background studies initiated by providers of group residential housing or supplementary services under section 256I.04 through a fee of no more than $20 per study. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

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

Sec. 7. Minnesota Statutes 2014, section 245C.10, is amended by adding a subdivision to read:

Subd. 12. **Child protection workers or social services staff having responsibility for child protective duties.** The commissioner shall recover the cost of background studies initiated by county social services agencies and local welfare agencies for individuals who are required to have a background study under section 626.559, subdivision 1b, through a fee of no more than $20 per study. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 8. Minnesota Statutes 2014, section 256.01, is amended by adding a subdivision to read:

Subd. 12a. **Department of Human Services child fatality and near fatality review team.** The commissioner shall establish a Department of Human Services child fatality and near fatality review team to review child fatalities and near fatalities due to child maltreatment and child fatalities and near fatalities that occur in licensed facilities and are not due to natural causes. The review team shall assess the entire child protection services process from the point of a mandated reporter reporting the alleged maltreatment through the ongoing case management process. Department staff shall lead and conduct on-site local reviews and utilize supervisors from local county and tribal child welfare agencies as peer reviewers. The review process must focus on critical elements of the case and on the involvement of the child and family with the county or tribal child welfare agency. The review team shall identify necessary program improvement planning to address any practice issues identified and training and technical assistance needs of the local agency. Summary reports of each review shall be provided to the state child mortality review panel when completed.
Sec. 9. Minnesota Statutes 2014, section 256.017, subdivision 1, is amended to read:

Subdivision 1. **Authority and purpose.** The commissioner shall administer a compliance system for the Minnesota family investment program, the food stamp or food support program, emergency assistance, general assistance, medical assistance, emergency general assistance, Minnesota supplemental assistance, group residential housing, preadmission screening, alternative care grants, the child care assistance program, and all other programs administered by the commissioner or on behalf of the commissioner under the powers and authorities named in section 256.01, subdivision 2. The purpose of the compliance system is to permit the commissioner to supervise the administration of public assistance programs and to enforce timely and accurate distribution of benefits, completeness of service and efficient and effective program management and operations, to increase uniformity and consistency in the administration and delivery of public assistance programs throughout the state, and to reduce the possibility of sanctions and fiscal disallowances for noncompliance with federal regulations and state statutes. The commissioner, or the commissioner's representative, may issue administrative subpoenas as needed in administering the compliance system.

The commissioner shall utilize training, technical assistance, and monitoring activities, as specified in section 256.01, subdivision 2, to encourage county agency compliance with written policies and procedures.

Sec. 10. Minnesota Statutes 2014, section 256.741, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The term "direct support" as used in this chapter and chapters 257, 518, 518A, and 518C refers to an assigned support payment from an obligor which is paid directly to a recipient of public assistance.

(b) The term "public assistance" as used in this chapter and chapters 257, 518, 518A, and 518C, includes any form of assistance provided under the AFDC program formerly codified in sections 256.72 to 256.87, MFIP and MFIP-R formerly codified under chapter 256, MFIP under chapter 256J, work first program formerly codified under chapter 256K; child care assistance provided through the child care fund under chapter 119B; any form of medical assistance under chapter 256B; MinnesotaCare under chapter 256L; and foster care as provided under title IV-E of the Social Security Act. MinnesotaCare and health plans subsidized by federal premium tax credits or federal cost-sharing reductions are not considered public assistance for purposes of a child support referral.

(c) The term "child support agency" as used in this section refers to the public authority responsible for child support enforcement.

(d) The term "public assistance agency" as used in this section refers to a public authority providing public assistance to an individual.

(e) The terms "child support" and "arrears" as used in this section have the meanings provided in section 518A.26.

(f) The term "maintenance" as used in this section has the meaning provided in section 518.003.

Sec. 11. Minnesota Statutes 2014, section 256.741, subdivision 2, is amended to read:

Subd. 2. **Assignment of support and maintenance rights.** (a) An individual receiving public assistance in the form of assistance under any of the following programs: the AFDC program formerly codified in sections 256.72 to 256.87, MFIP under chapter 256J, MFIP-R and MFIP formerly codified under chapter 256, or work first program formerly codified under chapter 256K is considered to have assigned to the state at the time of application all rights to child support and maintenance from any other person the applicant or recipient may have in the individual’s own behalf or in the behalf of any other family member for whom application for public assistance is made. An assistance unit is ineligible for the Minnesota family investment program unless the caregiver assigns all rights to child support and maintenance benefits according to this section.
(1) The assignment is effective as to any current child support and current maintenance.

(2) Any child support or maintenance arrears that accrue while an individual is receiving public assistance in the form of assistance under any of the programs listed in this paragraph are permanently assigned to the state.

(3) The assignment of current child support and current maintenance ends on the date the individual ceases to receive or is no longer eligible to receive public assistance under any of the programs listed in this paragraph.

(b) An individual receiving public assistance in the form of medical assistance, including MinnesotaCare, is considered to have assigned to the state at the time of application all rights to medical support from any other person the individual may have in the individual’s own behalf or in the behalf of any other family member for whom medical assistance is provided.

(1) An assignment made after September 30, 1997, is effective as to any medical support accruing after the date of medical assistance or MinnesotaCare eligibility.

(2) Any medical support arrears that accrue while an individual is receiving public assistance in the form of medical assistance, including MinnesotaCare, are permanently assigned to the state.

(3) The assignment of current medical support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of medical assistance or MinnesotaCare.

(c) An individual receiving public assistance in the form of child care assistance under the child care fund pursuant to chapter 119B is considered to have assigned to the state at the time of application all rights to child care support from any other person the individual may have in the individual’s own behalf or in the behalf of any other family member for whom child care assistance is provided.

(1) The assignment is effective as to any current child care support.

(2) Any child care support arrears that accrue while an individual is receiving public assistance in the form of child care assistance under the child care fund in chapter 119B are permanently assigned to the state.

(3) The assignment of current child care support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of child care assistance under the child care fund under chapter 119B.

Sec. 12. [256E.28] CHILD PROTECTION GRANTS TO ADDRESS CHILD WELFARE DISPARITIES.

Subdivision 1. Child welfare disparities grant program established. The commissioner may award grants to eligible entities for the development, implementation, and evaluation of activities to address racial disparities and disproportionality in the child welfare system by:

(1) identifying and addressing structural factors that contribute to inequities in outcomes;

(2) identifying and implementing strategies to reduce racial disparities in treatment and outcomes;

(3) using cultural values, beliefs, and practices of families, communities, and tribes for case planning, service design, and decision-making processes;

(4) using placement and reunification strategies to maintain and support relationships and connections between parents, siblings, children, kin, significant others, and tribes; and

(5) supporting families in the context of their communities and tribes to safely divert them from the child welfare system, whenever possible.
Subd. 2. **State-community partnerships; plan.** The commissioner, in partnership with the legislative task force on child protection; culturally based community organizations; the Indian Affairs Council under section 3.922; the Council on Affairs of Chicano/Latino People under section 3.9223; the Council on Black Minnesotans under section 3.9225; the Council on Asian-Pacific Minnesotans under section 3.9226; the American Indian Child Welfare Advisory Council under section 260.835; counties; and tribal governments, shall develop and implement a comprehensive, coordinated plan to award funds under this section for the priority areas identified in subdivision 1.

Subd. 3. **Measurable outcomes.** The commissioner, in consultation with the state-community partners listed in subdivision 2, shall establish measurable outcomes to determine the effectiveness of the grants and other activities funded under this section in reducing disparities identified in subdivision 1. The development of measurable outcomes must be completed before any funds are distributed under this section.

Subd. 4. **Process.** (a) The commissioner, in consultation with the state-community partners listed in subdivision 2, shall develop the criteria and procedures to allocate competitive grants under this section. In developing the criteria, the commissioner shall establish an administrative cost limit for grant recipients. A county awarded a grant shall not spend more than three percent of the grant on administrative costs. When a grant is awarded, the commissioner must provide a grant recipient with information on the outcomes established according to subdivision 3.

(b) A grant recipient must coordinate its activities with other entities receiving funds under this section that are in the grant recipient’s service area.

(c) Grant funds must not be used to supplant any state or federal funds received for child welfare services.

Subd. 5. **Grant program criteria.** (a) The commissioner shall award competitive grants to eligible applicants for local or regional projects and initiatives directed at reducing disparities in the child welfare system.

(b) The commissioner may award up to 20 percent of the funds available as planning grants. Planning grants must be used to address such areas as community assessment, coordination activities, and development of community-supported strategies.

(c) Eligible applicants may include, but are not limited to, faith-based organizations, social service organizations, community nonprofit organizations, counties, and tribal governments. Applicants must submit proposals to the commissioner. A proposal must specify the strategies to be implemented to address one or more of the priority areas in subdivision 1 and must be targeted to achieve the outcomes established according to subdivision 3.

(d) The commissioner shall give priority to applicants who demonstrate that their proposed project or initiative:

1. is supported by the community the applicant will serve;
2. is evidence-based;
3. is designed to complement other related community activities;
4. utilizes strategies that positively impact priority areas;
5. reflects culturally appropriate approaches; or
6. will be implemented through or with community-based organizations that reflect the culture of the population to be reached.
Subd. 6. **Evaluation.** (a) Using the outcomes established according to subdivision 3, the commissioner shall conduct a biennial evaluation of the grant program funded under this section. Grant recipients shall cooperate with the commissioner in the evaluation and shall provide the commissioner with the information needed to conduct the evaluation.

(b) The commissioner shall consult with the legislative task force on child protection during the evaluation process and shall submit a biennial evaluation report to the task force and to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over child protection funding.

Subd. 7. **American Indian child welfare projects.** Of the amount appropriated for purposes of this section, the commissioner shall award $75,000 to each tribe authorized to provide tribal delivery of child welfare services under section 256.01, subdivision 14b. To receive funds under this subdivision, a participating tribe is not required to apply to the commissioner for grant funds. Participating tribes are also eligible for competitive grant funds under this section.

Sec. 13. Minnesota Statutes 2014, section 256E.35, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Eligible educational institution" means the following:

1. an institution of higher education described in section 101 or 102 of the Higher Education Act of 1965; or

2. an area vocational education school, as defined in subparagraph (C) or (D) of United States Code, title 20, chapter 44, section 2302 (the Carl D. Perkins Vocational and Applied Technology Education Act), which is located within any state, as defined in United States Code, title 20, chapter 44, section 2302 (3). This clause is applicable only to the extent section 2302 is in effect on August 1, 2008.

(c) "Family asset account" means a savings account opened by a household participating in the Minnesota family assets for independence initiative.

(d) "Fiduciary organization" means:

1. a community action agency that has obtained recognition under section 256E.31;

2. a federal community development credit union serving the seven-county metropolitan area; or

3. a women-oriented economic development agency serving the seven-county metropolitan area.

(e) "Financial coach" means a person who:

1. has completed an intensive financial literacy training workshop that includes curriculum on budgeting to increase savings, debt reduction and asset building, building a good credit rating, and consumer protection;

2. participates in ongoing statewide family assets for independence in Minnesota (FAIM) network training meetings under FAIM program supervision; and

3. provides financial coaching to program participants under subdivision 4a.
(f) "Financial institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(g) "Household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

(h) "Permissible use" means:

1. Postsecondary educational expenses at an eligible educational institution as defined in paragraph (g) (b), including books, supplies, and equipment required for courses of instruction;

2. Acquisition costs of acquiring, constructing, or reconstructing a residence, including any usual or reasonable settlement, financing, or other closing costs;

3. Business capitalization expenses for expenditures on capital, plant, equipment, working capital, and inventory expenses of a legitimate business pursuant to a business plan approved by the fiduciary organization; and

4. Acquisition costs of a principal residence within the meaning of section 1034 of the Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e)(2) and (3) of the Internal Revenue Code of 1986.

(f) "Household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

(g) "Eligible educational institution" means the following:

1. An institution of higher education described in section 101 or 102 of the Higher Education Act of 1965;

2. An area vocational education school, as defined in subparagraph (C) or (D) of United States Code, title 20, chapter 44, section 2302 (3) (the Carl D. Perkins Vocational and Applied Technology Education Act), which is located within any state, as defined in United States Code, title 20, chapter 44, section 2302 (30). This clause is applicable only to the extent section 2302 is in effect on August 1, 2008.

Sec. 14. Minnesota Statutes 2014, section 256E.35, is amended by adding a subdivision to read:

Subd. 4a. Financial coaching. A financial coach shall provide the following to program participants:

1. Financial education relating to budgeting, debt reduction, asset-specific training, and financial stability activities;

2. Asset-specific training related to buying a home, acquiring postsecondary education, or starting or expanding a small business; and

3. Financial stability education and training to improve and sustain financial security.

Sec. 15. Minnesota Statutes 2014, section 256I.03, subdivision 3, is amended to read:

Subd. 3. Group residential housing. "Group residential housing" means a group living situation that provides at a minimum room and board to unrelated persons who meet the eligibility requirements of section 256I.04. This definition includes foster care settings or community residential settings for a single adult. To receive payment for a group residence rate, the residence must meet the requirements under section 256I.04, subdvision subdivisions 2a to 2f.
Sec. 16. Minnesota Statutes 2014, section 256I.03, subdivision 7, is amended to read:

Subd. 7. **Countable income.** "Countable income" means all income received by an applicant or recipient less any applicable exclusions or disregards. For a recipient of any cash benefit from the SSI program, countable income means the SSI benefit limit in effect at the time the person is in a GRH a recipient of group residential housing, less the medical assistance personal needs allowance under section 256B.35. If the SSI limit has been or benefit is reduced for a person due to events occurring prior to the person entering the GRH setting other than receipt of additional income, countable income means actual income less any applicable exclusions and disregards.

Sec. 17. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 9. **Direct contact.** "Direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to recipients of group residential housing.

Sec. 18. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 10. **Habitability inspection.** "Habitability inspection" means an inspection to determine whether the housing occupied by an individual meets the habitability standards specified by the commissioner. The standards must be provided to the applicant in writing and posted on the Department of Human Services Web site.

Sec. 19. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 11. **Long-term homelessness.** "Long-term homelessness" means lacking a permanent place to live:

(1) continuously for one year or more; or

(2) at least four times in the past three years.

Sec. 20. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 12. **Professional statement of need.** "Professional statement of need" means a statement about an individual's illness, injury, or incapacity that is signed by a qualified professional. The statement must specify that the individual has an illness or incapacity which limits the individual's ability to work and provide self-support. The statement must also specify that the individual needs assistance to access or maintain housing, as evidenced by the need for two or more of the following services:

(1) tenancy supports to assist an individual with finding the individual's own home, landlord negotiation, securing furniture and household supplies, understanding and maintaining tenant responsibilities, conflict negotiation, and budgeting and financial education;

(2) supportive services to assist with basic living and social skills, household management, monitoring of overall well-being, and problem solving;

(3) employment supports to assist with maintaining or increasing employment, increasing earnings, understanding and utilizing appropriate benefits and services, improving physical or mental health, moving toward self-sufficiency, and achieving personal goals; or

(4) health supervision services to assist in the preparation and administration of medications other than injectables, the provision of therapeutic diets, taking vital signs, or providing assistance in dressing, grooming, bathing, or with walking devices.
Sec. 21. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 13. **Prospective budgeting.** "Prospective budgeting" means estimating the amount of monthly income a person will have in the payment month.

Sec. 22. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 14. **Qualified professional.** "Qualified professional" means an individual as defined in section 256J.08, subdivision 73a, or Minnesota Rules, part 9530.6450, subpart 3, 4, or 5; or an individual approved by the director of human services or a designee of the director.

Sec. 23. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 15. **Supportive housing.** "Supportive housing" means housing with support services according to the continuum of care coordinated assessment system established under Code of Federal Regulations, title 24, section 578.3.

Sec. 24. Minnesota Statutes 2014, section 256I.04, subdivision 1, is amended to read:

Subdivision 1. **Individual eligibility requirements.** An individual is eligible for and entitled to a group residential housing payment to be made on the individual's behalf if the agency has approved the individual's residence in a group residential housing setting and the individual meets the requirements in paragraph (a) or (b).

(a) The individual is aged, blind, or is over 18 years of age and disabled as determined under the criteria used by the title II program of the Social Security Act, and meets the resource restrictions and standards of section 256P.02, and the individual's countable income after deducting the (1) exclusions and disregards of the SSI program, (2) the medical assistance personal needs allowance under section 256B.35, and (3) an amount equal to the income actually made available to a community spouse by an elderly waiver participant under the provisions of sections 256B.0575, paragraph (a), clause (4), and 256B.058, subdivision 2, is less than the monthly rate specified in the agency's agreement with the provider of group residential housing in which the individual resides.

(b) The individual meets a category of eligibility under section 256D.05, subdivision 1, paragraph (a), clauses (1), (3), (5) to (9), and (14), and paragraph (b), if applicable, and the individual's resources are less than the standards specified by section 256P.02, and the individual's countable income as determined under sections 256D.01 to 256D.21, less the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the agency's agreement with the provider of group residential housing in which the individual resides.

EFFECTIVE DATE. This section is effective September 1, 2015.

Sec. 25. Minnesota Statutes 2014, section 256I.04, subdivision 1a, is amended to read:

Subd. 1a. **County approval.** (a) A county agency may not approve a group residential housing payment for an individual in any setting with a rate in excess of the MSA equivalent rate for more than 30 days in a calendar year unless the county agency has developed or approved individual has a plan for the individual which specifies that:

(1) the individual has an illness or incapacity which prevents the person from living independently in the community; and

(2) the individual's illness or incapacity requires the services which are available in the group residence.
The plan must be signed or countersigned by any of the following employees of the county of financial responsibility: the director of human services or a designee of the director; a social worker; or a case aide.

(b) If a county agency determines that an applicant is ineligible due to not meeting eligibility requirements under this section, a county agency may accept a signed personal statement from the applicant in lieu of documentation verifying ineligibility.

(c) Effective July 1, 2016, to be eligible for supplementary service payments, providers must enroll in the provider enrollment system identified by the commissioner.

Sec. 26. Minnesota Statutes 2014, section 256I.04, subdivision 2a, is amended to read:

Subd. 2a. License required; staffing qualifications. A county agency may not enter into an agreement with an establishment to provide group residential housing unless:

(1) the establishment is licensed by the Department of Health as a hotel and restaurant; a board and lodging establishment; a residential care home; a boarding care home before March 1, 1985; or a supervised living facility, and the service provider for residents of the facility is licensed under chapter 245A. However, an establishment licensed by the Department of Health to provide lodging need not also be licensed to provide board if meals are being supplied to residents under a contract with a food vendor who is licensed by the Department of Health;

(2) the residence is: (i) licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265; (ii) certified by a county human services agency prior to July 1, 1992, using the standards under Minnesota Rules, parts 9555.5050 to 9555.6265; (iii) a residence licensed by the commissioner under Minnesota Rules, parts 2960.0010 to 2960.0120, with a variance under section 245A.04, subdivision 9; or (iv) licensed under section 245D.02, subdivision 4a, as a community residential setting by the commissioner of human services; or

(3) the establishment is registered under chapter 144D and provides three meals a day, or is an establishment voluntarily registered under section 144D.025 as a supportive housing establishment; or

(4) an establishment voluntarily registered under section 144D.025, other than a supportive housing establishment under clause (3), is not eligible to provide group residential housing.

(b) The requirements under clauses (1) to (4) of paragraph (a) do not apply to establishments exempt from state licensure because they are:

(1) located on Indian reservations and subject to tribal health and safety requirements; or

(2) a supportive housing establishment that has an approved habitability inspection and an individual lease agreement and that serves people who have experienced long-term homelessness and were referred through a coordinated assessment in section 256I.03, subdivision 15.

(c) Supportive housing establishments and emergency shelters must participate in the homeless management information system.

(d) Effective July 1, 2016, an agency shall not have an agreement with a provider of group residential housing or supplementary services unless all staff members who have direct contact with recipients:

(1) have skills and knowledge acquired through one or more of the following:
(i) a course of study in a health- or human services-related field leading to a bachelor of arts, bachelor of science, or associate's degree;

(ii) one year of experience with the target population served;

(iii) experience as a certified peer specialist according to section 256B.0615; or

(iv) meeting the requirements for unlicensed personnel under sections 144A.43 to 144A.483;

(2) hold a current Minnesota driver's license appropriate to the vehicle driven if transporting recipients;

(3) complete training on vulnerable adults mandated reporting and child maltreatment mandated reporting, where applicable; and

(4) complete group residential housing orientation training offered by the commissioner.

Sec. 27. Minnesota Statutes 2014, section 256I.04, subdivision 2b, is amended to read:

Subd. 2b. **Group residential housing agreements**. (a) Agreements between county agencies and providers of group residential housing or supplementary services must be in writing on a form developed and approved by the commissioner and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the Department of Health or the Department of Human Services; the specific license or registration from the Department of Health or the Department of Human Services held by the provider and the number of beds subject to that license; the address of the location or locations at which group residential housing is provided under this agreement; the per diem and monthly rates that are to be paid from group residential housing or supplementary service funds for each eligible resident at each location; the number of beds at each location which are subject to the group residential housing agreement; whether the license holder is a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code; and a statement that the agreement is subject to the provisions of sections 256I.01 to 256I.06 and subject to any changes to those sections.

(b) Providers are required to verify the following minimum requirements in the agreement:

(1) current license or registration, including authorization if managing or monitoring medications;

(2) all staff who have direct contact with recipients meet the staff qualifications;

(3) the provision of group residential housing;

(4) the provision of supplementary services, if applicable;

(5) reports of adverse events, including recipient death or serious injury; and

(6) submission of residency requirements that could result in recipient eviction.

Group residential housing (c) Agreements may be terminated with or without cause by either the county commissioner, the agency, or the provider with two calendar months prior notice. The commissioner may immediately terminate an agreement under subdivision 2d.
Sec. 28. Minnesota Statutes 2014, section 256I.04, subdivision 2c, is amended to read:

Subd. 2c. **Crisis shelters Background study requirements.** Secure crisis shelters for battered women and their children designated by the Minnesota Department of Corrections are not group residences under this chapter. Effective July 1, 2016, a provider of group residential housing or supplementary services must initiate background studies in accordance with chapter 245C of the following individuals:

(1) controlling individuals as defined in section 245A.02;

(2) managerial officials as defined in section 245A.02; and

(3) all employees and volunteers of the establishment who have direct contact with recipients, or who have unsupervised access to recipients, their personal property, or their private data.

(b) The provider of group residential housing or supplementary services must maintain compliance with all requirements established for entities initiating background studies under chapter 245C.

(c) Effective July 1, 2017, a provider of group residential housing or supplementary services must demonstrate that all individuals required to have a background study according to paragraph (a) have a notice stating either that:

(1) the individual is not disqualified under section 245C.14; or

(2) the individual is disqualified, but the individual has been issued a set-aside of the disqualification for that setting under section 245C.22.

Sec. 29. Minnesota Statutes 2014, section 256I.04, is amended by adding a subdivision to read:

Subd. 2d. **Conditions of payment; commissioner's right to suspend or terminate agreement.** (a) Group residential housing or supplementary services must be provided to the satisfaction of the commissioner, as determined at the sole discretion of the commissioner's authorized representative, and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations, including business registration requirements of the Office of the Secretary of State. A provider shall not receive payment for services or housing found by the commissioner to be performed or provided in violation of federal, state, or local law, ordinance, rule, or regulation.

(b) The commissioner has the right to suspend or terminate the agreement immediately when the commissioner determines the health or welfare of the housing or service recipients is endangered, or when the commissioner has reasonable cause to believe that the provider has breached a material term of the agreement under subdivision 2b.

(c) Notwithstanding paragraph (b), if the commissioner learns of a curable material breach of the agreement by the provider, the commissioner shall provide the provider with a written notice of the breach and allow ten days to cure the breach. If the provider does not cure the breach within the time allowed, the provider shall be in default of the agreement and the commissioner may terminate the agreement immediately thereafter. If the provider has breached a material term of the agreement and cure is not possible, the commissioner may immediately terminate the agreement.

Sec. 30. Minnesota Statutes 2014, section 256I.04, is amended by adding a subdivision to read:

Subd. 2e. **Providers holding health or human services licenses.** (a) Except for facilities with only a board and lodging license, when group residential housing or supplementary service staff are also operating under a license issued by the Department of Health or the Department of Human Services, the minimum staff qualification requirements for the setting shall be the qualifications listed under the related licensing standards.
(b) A background study completed for the licensed service must also satisfy the background study requirements under this section, if the provider has established the background study contact person according to chapter 245C and as directed by the Department of Human Services.

Sec. 31. Minnesota Statutes 2014, section 256I.04, is amended by adding a subdivision to read:

Subd. 2f. Required services. In licensed and registered settings under subdivision 2a, providers shall ensure that participants have at a minimum:

(1) food preparation and service for three nutritional meals a day on site;
(2) a bed, clothing storage, linen, bedding, laundering, and laundry supplies or service;
(3) housekeeping, including cleaning and lavatory supplies or service; and
(4) maintenance and operation of the building and grounds, including heat, water, garbage removal, electricity, telephone for the site, cooling, supplies, and parts and tools to repair and maintain equipment and facilities.

Sec. 32. Minnesota Statutes 2014, section 256I.04, is amended by adding a subdivision to read:

Subd. 2g. Crisis shelters. Secure crisis shelters for battered women and their children designated by the Minnesota Department of Corrections are not group residences under this chapter.

Sec. 33. Minnesota Statutes 2014, section 256I.04, subdivision 3, is amended to read:

Subd. 3. Moratorium on development of group residential housing beds. (a) County Agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except:

(1) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with developmental disabilities at regional treatment centers;
(2) up to 80 beds in a single, specialized facility located in Hennepin County that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the Housing Finance Agency under section 462A.05, subdivision 20a, paragraph (b);
(3) notwithstanding the provisions of subdivision 2a, for up to 190 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey County for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, has been discharged from a regional treatment center, or a state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), and receives a federal or state housing subsidy, the group residential housing rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the
person's countable income that exceeds the MSA equivalent rate from the group residential housing supplementary rate. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a group residential housing payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a;

(4) for an additional two beds, resulting in a total of 32 beds, for a facility located in Hennepin County providing services for recovering and chemically dependent men that has had a group residential housing contract with the county and has been licensed as a board and lodge facility with special services since 1980;

(5) for a group residential housing provider located in the city of St. Cloud, or a county contiguous to the city of St. Cloud, that operates a 40-bed facility, that received financing through the Minnesota Housing Finance Agency Ending Long-Term Homelessness Initiative and serves chemically dependent clientele, providing 24-hour-a-day supervision;

(6) for a new 65-bed facility in Crow Wing County that will serve chemically dependent persons, operated by a group residential housing provider that currently operates a 304-bed facility in Minneapolis, and a 44-bed facility in Duluth;

(7) for a group residential housing provider that operates two ten-bed facilities, one located in Hennepin County and one located in Ramsey County, that provide community support and 24-hour-a-day supervision to serve the mental health needs of individuals who have chronically lived unsheltered; and

(8) for a group residential facility in Hennepin County with a capacity of up to 48 beds that has been licensed since 1978 as a board and lodging facility and that until August 1, 2007, operated as a licensed chemical dependency treatment program.

(b) An agency may enter into a group residential housing agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one agency to another can only occur by the agreement of both agencies.

Sec. 34. Minnesota Statutes 2014, section 256I.04, subdivision 4, is amended to read:

Subd. 4. Rental assistance. For participants in the Minnesota supportive housing demonstration program under subdivision 3, paragraph (a), clause (5), notwithstanding the provisions of section 256I.06, subdivision 8, the amount of the group residential housing payment for room and board must be calculated by subtracting 30 percent of the recipient's adjusted income as defined by the United States Department of Housing and Urban Development for the Section 8 program from the fair market rent established for the recipient's living unit by the federal Department of Housing and Urban Development. This payment shall be regarded as a state housing subsidy for the purposes of subdivision 3. Notwithstanding the provisions of section 256I.06, subdivision 6, the recipient's countable income will only be adjusted when a change of greater than $100 in a month occurs or upon annual redetermination of eligibility, whichever is sooner. The commissioner is directed to study the feasibility of developing a rental assistance program to serve persons traditionally served in group residential housing settings and report to the legislature by February 15, 1999.
Sec. 35. Minnesota Statutes 2014, section 256I.05, subdivision 1c, is amended to read:

Subd. 1c. Rate increases. A county An agency may not increase the rates negotiated for group residential housing above those in effect on June 30, 1993, except as provided in paragraphs (a) to (f).

(a) A county An agency may increase the rates for group residential housing settings to the MSA equivalent rate for those settings whose current rate is below the MSA equivalent rate.

(b) A county An agency may increase the rates for residents in adult foster care whose difficulty of care has increased. The total group residential housing rate for these residents must not exceed the maximum rate specified in subdivisions 1 and 1a. County Agencies must not include nor increase group residential housing difficulty of care rates for adults in foster care whose difficulty of care is eligible for funding by home and community-based waiver programs under title XIX of the Social Security Act.

(c) The room and board rates will be increased each year when the MSA equivalent rate is adjusted for SSI cost-of-living increases by the amount of the annual SSI increase, less the amount of the increase in the medical assistance personal needs allowance under section 256B.35.

(d) When a group residential housing rate is used to pay for an individual’s room and board, or other costs necessary to provide room and board, the rate payable to the residence must continue for up to 18 calendar days per incident that the person is temporarily absent from the residence, not to exceed 60 days in a calendar year, if the absence or absences have received the prior approval of the county agency's social service staff. Prior approval is not required for emergency absences due to crisis, illness, or injury.

(e) For facilities meeting substantial change criteria within the prior year. Substantial change criteria exists if the group residential housing establishment experiences a 25 percent increase or decrease in the total number of its beds, if the net cost of capital additions or improvements is in excess of 15 percent of the current market value of the residence, or if the residence physically moves, or changes its licensure, and incurs a resulting increase in operation and property costs.

(f) Until June 30, 1994, a county an agency may increase by up to five percent the total rate paid for recipients of assistance under sections 256D.01 to 256D.21 or 256D.33 to 256D.54 who reside in residences that are licensed by the commissioner of health as a boarding care home, but are not certified for the purposes of the medical assistance program. However, an increase under this clause must not exceed an amount equivalent to 65 percent of the 1991 medical assistance reimbursement rate for nursing home resident class A, in the geographic grouping in which the facility is located, as established under Minnesota Rules, parts 9549.0050 to 9549.0058.

Sec. 36. Minnesota Statutes 2014, section 256I.05, subdivision 1g, is amended to read:

Subd. 1g. Supplementary service rate for certain facilities. On or after July 1, 2005, a county An agency may negotiate a supplementary service rate for recipients of assistance under section 256I.04, subdivision 1, paragraph (a) or (b), who relocate from a homeless shelter licensed and registered prior to December 31, 1996, by the Minnesota Department of Health under section 157.17, to have experienced long-term homelessness and who live in a supportive housing establishment developed and funded in whole or in part with funds provided specifically as part of the plan to end long-term homelessness required under Laws 2003, chapter 128, article 15, section 9, not to exceed $456.75 under section 256I.04, subdivision 2a, paragraph (b), clause (2).

Sec. 37. Minnesota Statutes 2014, section 256I.06, subdivision 2, is amended to read:

Subd. 2. Time of payment. A county agency may make payments to a group residence in advance for an individual whose stay in the group residence is expected to last beyond the calendar month for which the payment is made and who does not expect to receive countable earned income during the month for which the payment is made.
Group residential housing payments made by a county agency on behalf of an individual who is not expected to remain in the group residence beyond the month for which payment is made must be made subsequent to the individual's departure from the group residence. Group residential housing payments made by a county agency on behalf of an individual with countable earned income must be made subsequent to receipt of a monthly household report form.

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

Sec. 38. Minnesota Statutes 2014, section 256I.06, subdivision 6, is amended to read:

Subd. 6. **Reports.** Recipients must report changes in circumstances that affect eligibility or group residential housing payment amounts, other than changes in earned income, within ten days of the change. Recipients with countable earned income must complete a monthly household report form at least once every six months. If the report form is not received before the end of the month in which it is due, the county agency must terminate eligibility for group residential housing payments. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month eligibility was terminated, the individual is considered to have continued an application for group residential housing payment effective the first day of the month the eligibility was terminated.

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

Sec. 39. Minnesota Statutes 2014, section 256I.06, subdivision 7, is amended to read:

Subd. 7. **Determination of rates.** The agency in the county in which a group residence is located shall determine the amount of group residential housing rate to be paid on behalf of an individual in the group residence regardless of the individual’s county agency of financial responsibility.

Sec. 40. Minnesota Statutes 2014, section 256I.06, subdivision 8, is amended to read:

Subd. 8. **Amount of group residential housing payment.** (a) The amount of a group residential housing payment to be made on behalf of an eligible individual is determined by subtracting the individual's countable income under section 256I.04, subdivision 1, for a whole calendar month from the group residential housing charge for that same month. The group residential housing charge is determined by multiplying the group residential housing rate times the period of time the individual was a resident or temporarily absent under section 256I.05, subdivision 1c, paragraph (d).

(b) For an individual with earned income under paragraph (a), prospective budgeting must be used to determine the amount of the individual's payment for the following six-month period. An increase in income shall not affect an individual's eligibility or payment amount until the month following the reporting month. A decrease in income shall be effective the first day of the month after the month in which the decrease is reported.

**EFFECTIVE DATE.** Paragraph (b) is effective April 1, 2016.

Sec. 41. Minnesota Statutes 2014, section 256J.21, subdivision 2, as amended by Laws 2015, chapter 21, article 1, section 60, is amended to read:

Subd. 2. **Income exclusions.** The following must be excluded in determining a family's available income:

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9555.5050 to 9555.6265, 9560.0521, and 9560.0650 to 9560.0655, payments for family foster care for children under section 260C.4411 or chapter 256N, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;
(2) reimbursements for employment training received through the Workforce Investment Act of 1998, United States Code, title 20, chapter 73, section 9201;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

(11) reimbursements for medical expenses that cannot be paid by medical assistance;

(12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;

(13) in-kind income, including any payments directly made by a third party to a provider of goods and services;

(14) assistance payments to correct underpayments, but only for the month in which the payment is received;

(15) payments for short-term emergency needs under section 256J.626, subdivision 2;

(16) funeral and cemetery payments as provided by section 256.935;

(17) nonrecurring cash gifts of $30 or less, not exceeding $30 per participant in a calendar month;
(18) any form of energy assistance payment made through Public Law 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;

(19) Supplemental Security Income (SSI), including retroactive SSI payments and other income of an SSI recipient, except as described in section 256J.37, subdivision 3b;

(20) Minnesota supplemental aid, including retroactive payments;

(21) proceeds from the sale of real or personal property;

(22) adoption or kinship assistance payments under chapter 256N or 259A and Minnesota permanency demonstration title IV-E waiver payments;

(23) state-funded family subsidy program payments made under section 252.33 to help families care for children with developmental disabilities, consumer support grant funds under section 256.476, and resources and services for a disabled household member under one of the home and community-based waiver services programs under chapter 256B;

(24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;

(25) rent rebates;

(26) income earned by a minor caregiver, minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;

(27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;

(28) MFIP child care payments under section 119B.05;

(29) all other payments made through MFIP to support a caregiver’s pursuit of greater economic stability;

(30) income a participant receives related to shared living expenses;

(31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;
(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Laws 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's parents and stepparents when determining the grant for the minor parent in households that include a minor parent living with parents or stepparents on MFIP with other children;

(43) income of the minor parent's parents and stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with parents or stepparents not on MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash;

(46) the principal portion of a contract for deed payment;

(47) cash payments to individuals enrolled for full-time service as a volunteer under AmeriCorps programs including AmeriCorps VISTA, AmeriCorps State, AmeriCorps National, and AmeriCorps NCCC;

(48) housing assistance grants under section 256J.35, paragraph (a); and

(49) child support payments of up to $100 for an assistance unit with one child and up to $200 for an assistance unit with two or more children.

Sec. 42. Minnesota Statutes 2014, section 256J.24, subdivision 5a, is amended to read:

Subd. 5a. Food portion of MFIP transitional standard. The commissioner shall adjust the food portion of the MFIP transitional standard as needed to reflect adjustments to the Supplemental Nutrition Assistance Program and maintain compliance with federal waivers related to the Supplemental Nutrition Assistance Program under the United States Department of Agriculture. The commissioner shall publish the transitional standard including a breakdown of the cash and food portions for an assistance unit of sizes one to ten in the State Register whenever an adjustment is made.

Sec. 43. Minnesota Statutes 2014, section 256J.33, subdivision 4, is amended to read:

Subd. 4. Monthly income test. A county agency must apply the monthly income test retrospectively for each month of MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the MFIP standard of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:
(1) gross earned income from employment, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36, unless the employment income is specifically excluded under section 256J.21, subdivision 2;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36, unless the income has been specifically excluded in section 256J.21, subdivision 2;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support received by an assistance unit, excluded under section 256J.21, subdivision 2, clause (49), or section 256P.06, subdivision 3, clause (2), item (xvi);

(6) spousal support received by an assistance unit;

(7) the income of a parent when that parent is not included in the assistance unit;

(8) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(9) the unearned income of a minor child included in the assistance unit.

Sec. 44. Minnesota Statutes 2014, section 256K.45, subdivision 1a, is amended to read:

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

(b) "Commissioner" means the commissioner of human services.

(c) "Homeless youth" means a person 21 years of age or younger who is unaccompanied by a parent or guardian and is without shelter where appropriate care and supervision are available, whose parent or legal guardian is unable or unwilling to provide shelter and care, or who lacks a fixed, regular, and adequate nighttime residence. The following are not fixed, regular, or adequate nighttime residences:

(1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations;

(2) an institution or a publicly or privately operated shelter designed to provide temporary living accommodations;

(3) transitional housing;

(4) a temporary placement with a peer, friend, or family member that has not offered permanent residence, a residential lease, or temporary lodging for more than 30 days; or

(5) a public or private place not designed for, nor ordinarily used as, a regular sleeping accommodation for human beings.

Homeless youth does not include persons incarcerated or otherwise detained under federal or state law.
(d) "Youth at risk of homelessness" means a person 24 years of age or younger whose status or circumstances indicate a significant danger of experiencing homelessness in the near future. Status or circumstances that indicate a significant danger may include: (1) youth exiting out-of-home placements; (2) youth who previously were homeless; (3) youth whose parents or primary caregivers are or were previously homeless; (4) youth who are exposed to abuse and neglect in their homes; (5) youth who experience conflict with parents due to chemical or alcohol dependency, mental health disabilities, or other disabilities; and (6) runaways.

(e) "Runaway" means an unmarried child under the age of 18 years who is absent from the home of a parent or guardian or other lawful placement without the consent of the parent, guardian, or lawful custodian.

Sec. 45. Minnesota Statutes 2014, section 256K.45, subdivision 6, is amended to read:

Subd. 6. Funding. Funds appropriated for this section may be expended on programs described under subdivisions 3 to 5, technical assistance, and capacity building to meet the greatest need on a statewide basis. The commissioner will provide outreach, technical assistance, and program development support to increase capacity to new and existing service providers to better meet needs statewide, particularly in areas where services for homeless youth have not been established, especially in greater Minnesota.

Sec. 46. [256M.41] CHILD PROTECTION GRANT ALLOCATION.

Subdivision 1. Formula for county staffing funds. (a) The commissioner shall allocate state funds appropriated under this section to each county board on a calendar year basis in an amount determined according to the following formula:

(1) 50 percent must be distributed on the basis of the child population residing in the county as determined by the most recent data of the state demographer;

(2) 25 percent must be distributed on the basis of the number of screened-in reports of child maltreatment under sections 626.556 and 626.5561, and in the county as determined by the most recent data of the commissioner; and

(3) 25 percent must be distributed on the basis of the number of open child protection case management cases in the county as determined by the most recent data of the commissioner.

(b) Notwithstanding this subdivision, no county shall be awarded an allocation of less than $75,000.

Subd. 2. Prohibition on supplanting existing funds. Funds received under this section must be used to address staffing for child protection or expand child protection services. Funds must not be used to supplant current county expenditures for these purposes.

Subd. 3. Payments based on performance. (a) The commissioner shall make payments under this section to each county board on a calendar year basis in an amount determined under paragraph (b).

(b) Calendar year allocations under subdivision 1 shall be paid to counties in the following manner:

(1) 80 percent of the allocation as determined in subdivision 1 must be paid to counties on or before July 10 of each year;

(2) ten percent of the allocation shall be withheld until the commissioner determines if the county has met the performance outcome threshold of 90 percent based on face-to-face contact with alleged child victims. In order to receive the performance allocation, the county child protection workers must have a timely face-to-face contact with at least 90 percent of all alleged child victims of screened-in maltreatment reports. The standard requires that each
initial face-to-face contact occur consistent with timelines defined in section 626.556, subdivision 10, paragraph (i). The commissioner shall make threshold determinations in January of each year and payments to counties meeting the performance outcome threshold shall occur in February of each year. Any withheld funds from this appropriation for counties that do not meet this requirement shall be reallocated by the commissioner to those counties meeting the requirement; and

(3) ten percent of the allocation shall be withheld until the commissioner determines that the county has met the performance outcome threshold of 90 percent based on face-to-face visits by the case manager. In order to receive the performance allocation, the total number of visits made by caseworkers on a monthly basis to children in foster care and children receiving child protection services while residing in their home must be at least 90 percent of the total number of such visits that would occur if every child were visited once per month. The commissioner shall make such determinations in January of each year and payments to counties meeting the performance outcome threshold shall occur in February of each year. Any withheld funds from this appropriation for counties that do not meet this requirement shall be reallocated by the commissioner to those counties meeting the requirement. For 2015, the commissioner shall only apply the standard for monthly foster care visits.

(c) The commissioner shall work with stakeholders and the Human Services Performance Council under section 402A.16 to develop recommendations for specific outcome measures that counties should meet in order to receive funds withheld under paragraph (b), and include in those recommendations a determination as to whether the performance measures under paragraph (b) should be modified or phased out. The commissioner shall report the recommendations to the legislative committees having jurisdiction over child protection issues by January 1, 2018.

Sec. 47. Minnesota Statutes 2014, section 256N.22, subdivision 9, is amended to read:

Subd. 9. Death or incapacity of relative custodian or dissolution modification of custody. The Northstar kinship assistance agreement ends upon death or dissolution incapacity of the relative custodian or modification of the order for permanent legal and physical custody of both relative custodians in the case of assignment of custody to two individuals, or the sole relative custodian in the case of assignment of custody to one individual in which legal or physical custody is removed from the relative custodian. In the case of a relative custodian’s death or incapacity, Northstar kinship assistance eligibility may be continued according to subdivision 10.

Sec. 48. Minnesota Statutes 2014, section 256N.22, subdivision 10, is amended to read:

Subd. 10. Assigning a successor relative custodian for a child’s Northstar kinship assistance to a court-appointed guardian or custodian. (a) Northstar kinship assistance may be continued with the written consent of the commissioner to In the event of the death or incapacity of the relative custodian, eligibility for Northstar kinship assistance and title IV-E assistance, if applicable, is not affected if the relative custodian is replaced by a successor named in the Northstar kinship assistance benefit agreement. Northstar kinship assistance shall be paid to a named successor who is not the child’s legal parent, biological parent or stepparent, or other adult living in the home of the legal parent, biological parent, or stepparent.

(b) In order to receive Northstar kinship assistance, a named successor must:

(1) meet the background study requirements in subdivision 4;

(2) renegotiate the agreement consistent with section 256N.25, subdivision 2, including cooperating with an assessment under section 256N.24;

(3) be ordered by the court to be the child’s legal relative custodian in a modification proceeding under section 260C.521, subdivision 2; and
(4) satisfy the requirements in this paragraph within one year of the relative custodian's death or incapacity unless the commissioner certifies that the named successor made reasonable attempts to satisfy the requirements within one year and failure to satisfy the requirements was not the responsibility of the named successor.

(c) Payment of Northstar kinship assistance to the successor guardian may be temporarily approved through the policies, procedures, requirements, and deadlines under section 256N.28, subdivision 2. Ongoing payment shall begin in the month when all the requirements in paragraph (b) are satisfied.

(d) Continued payment of Northstar kinship assistance may occur in the event of the death or incapacity of the relative custodian when no successor has been named in the benefit agreement when the commissioner gives written consent to an individual who is a guardian or custodian appointed by a court for the child upon the death of both relative custodians in the case of assignment of custody to two individuals, or the sole relative custodian in the case of assignment of custody to one individual, unless the child is under the custody of a county, tribal, or child-placing agency.

(e) Temporary assignment of Northstar kinship assistance may be approved for a maximum of six consecutive months from the death or incapacity of the relative custodian as provided in paragraph (a) and must adhere to the policies and procedures, requirements, and deadlines under section 256N.28, subdivision 2, that are prescribed by the commissioner. If a court has not appointed a permanent legal guardian or custodian within six months, the Northstar kinship assistance must terminate and must not be resumed.

(f) Upon assignment of assistance payments under this subdivision paragraphs (d) and (e), assistance must be provided from funds other than title IV-E.

Sec. 49. Minnesota Statutes 2014, section 256N.24, subdivision 4, is amended to read:

Subd. 4. Extraordinary levels. (a) The assessment tool established under subdivision 2 must provide a mechanism through which up to five levels can be added to the supplemental difficulty of care for a particular child under section 256N.26, subdivision 4. In establishing the assessment tool, the commissioner must design the tool so that the levels applicable to the portions of the assessment other than the extraordinary levels can accommodate the requirements of this subdivision.

(b) These extraordinary levels are available when all of the following circumstances apply:

(1) the child has extraordinary needs as determined by the assessment tool provided for under subdivision 2, and the child meets other requirements established by the commissioner, such as a minimum score on the assessment tool;

(2) the child's extraordinary needs require extraordinary care and intense supervision that is provided by the child's caregiver as part of the parental duties as described in the supplemental difficulty of care rate, section 256N.02, subdivision 21. This extraordinary care provided by the caregiver is required so that the child can be safely cared for in the home and community, and prevents residential placement;

(3) the child is physically living in a foster family setting, as defined in Minnesota Rules, part 2960.3010, subpart 23, in a foster residence setting, or physically living in the home with the adoptive parent or relative custodian; and

(4) the child is receiving the services for which the child is eligible through medical assistance programs or other programs that provide necessary services for children with disabilities or other medical and behavioral conditions to live with the child's family, but the agency with caregiver's input has identified a specific support gap that cannot be met through home and community support waivers or other programs that are designed to provide support for children with special needs.
c) The agency completing an assessment, under subdivision 2, that suggests an extraordinary level must document as part of the assessment, the following:

(1) the assessment tool that determined that the child's needs or disabilities require extraordinary care and intense supervision;

(2) a summary of the extraordinary care and intense supervision that is provided by the caregiver as part of the parental duties as described in the supplemental difficulty of care rate, section 256N.02, subdivision 21;

(3) confirmation that the child is currently physically residing in the foster family setting or in the home with the adoptive parent or relative custodian;

(4) the efforts of the agency, caregiver, parents, and others to request support services in the home and community that would ease the degree of parental duties provided by the caregiver for the care and supervision of the child. This would include documentation of the services provided for the child's needs or disabilities, and the services that were denied or not available from the local social service agency, community agency, the local school district, local public health department, the parent, or child's medical insurance provider;

(5) the specific support gap identified that places the child's safety and well-being at risk in the home or community and is necessary to prevent residential placement; and

(6) the extraordinary care and intense supervision provided by the foster, adoptive, or guardianship caregivers to maintain the child safely in the child's home and prevent residential placement that cannot be supported by medical assistance or other programs that provide services, necessary care for children with disabilities, or other medical or behavioral conditions in the home or community.

d) An agency completing an assessment under subdivision 2 that suggests an extraordinary level is appropriate must forward the assessment and required documentation to the commissioner. If the commissioner approves, the extraordinary levels must be retroactive to the date the assessment was forwarded.

Sec. 50. Minnesota Statutes 2014, section 256N.25, subdivision 1, is amended to read:

Subdivision 1. Agreement; Northstar kinship assistance; adoption assistance. (a) In order to receive Northstar kinship assistance or adoption assistance benefits on behalf of an eligible child, a written, binding agreement between the caregiver or caregivers, the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, and the commissioner must be established prior to finalization of the adoption or a transfer of permanent legal and physical custody. The agreement must be negotiated with the caregiver or caregivers under subdivision 2 and renegotiated under subdivision 3, if applicable.

(b) The agreement must be on a form approved by the commissioner and must specify the following:

(1) duration of the agreement;

(2) the nature and amount of any payment, services, and assistance to be provided under such agreement;

(3) the child's eligibility for Medicaid services;

(4) the terms of the payment, including any child care portion as specified in section 256N.24, subdivision 3;

(5) eligibility for reimbursement of nonrecurring expenses associated with adopting or obtaining permanent legal and physical custody of the child, to the extent that the total cost does not exceed $2,000 per child;
(6) that the agreement must remain in effect regardless of the state of which the adoptive parents or relative custodians are residents at any given time;

(7) provisions for modification of the terms of the agreement, including renegotiation of the agreement; and

(8) the effective date of the agreement; and

(9) the successor relative custodian or custodians for Northstar kinship assistance, when applicable. The successor relative custodian or custodians may be added or changed by mutual agreement under subdivision 3.

c) The caregivers, the commissioner, and the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, must sign the agreement. A copy of the signed agreement must be given to each party. Once signed by all parties, the commissioner shall maintain the official record of the agreement.

d) The effective date of the Northstar kinship assistance agreement must be the date of the court order that transfers permanent legal and physical custody to the relative. The effective date of the adoption assistance agreement is the date of the finalized adoption decree.

e) Termination or disruption of the preadoptive placement or the foster care placement prior to assignment of custody makes the agreement with that caregiver void.

Sec. 51. Minnesota Statutes 2014, section 256N.27, subdivision 2, is amended to read:

Subd. 2. State share. The commissioner shall pay the state share of the maintenance payments as determined under subdivision 4, and an identical share of the pre-Northstar Care foster care program under section 260C.4411, subdivision 1, the relative custody assistance program under section 257.85, and the pre-Northstar Care for Children adoption assistance program under chapter 259A. The commissioner may transfer funds into the account if a deficit occurs.

Sec. 52. Minnesota Statutes 2014, section 257.75, subdivision 3, is amended to read:

Subd. 3. Effect of recognition. (a) Subject to subdivision 2 and section 257.55, subdivision 1, paragraph (g) or (h), the recognition has the force and effect of a judgment or order determining the existence of the parent and child relationship under section 257.66. If the conditions in section 257.55, subdivision 1, paragraph (g) or (h), exist, the recognition creates only a presumption of paternity for purposes of sections 257.51 to 257.74. Once a recognition has been properly executed and filed with the state registrar of vital statistics, if there are no competing presumptions of paternity, a judicial or administrative court may not allow further action to determine parentage regarding the signator of the recognition. An action to determine custody and parenting time may be commenced pursuant to chapter 518 without an adjudication of parentage. Until a temporary or permanent order is entered granting custody to another, the mother has sole custody.

(b) Following commencement of an action to determine custody or parenting time under chapter 518, the court may, pursuant to section 518.131, grant temporary parenting time rights and temporary custody to either parent.

c) The recognition is:

(1) a basis for bringing an action for the following:

(i) to award temporary custody or parenting time pursuant to section 518.131;
(ii) to award permanent custody or parenting time to either parent;

(iii) establishing a child support obligation which may include up to the two years immediately preceding the commencement of the action;

(iv) ordering a contribution by a parent under section 256.87;

(v) ordering a contribution to the reasonable expenses of the mother's pregnancy and confinement, as provided under section 257.66, subdivision 3 or

(vi) ordering reimbursement for the costs of blood or genetic testing, as provided under section 257.69, subdivision 2;

(2) determinative for all other purposes related to the existence of the parent and child relationship; and

(3) entitled to full faith and credit in other jurisdictions.

EFFECTIVE DATE. This section is effective March 1, 2016.

Sec. 53. Minnesota Statutes 2014, section 257.75, subdivision 5, is amended to read:

Subd. 5. Recognition form. (a) The commissioner of human services shall prepare a form for the recognition of parentage under this section. In preparing the form, the commissioner shall consult with the individuals specified in subdivision 6. The recognition form must be drafted so that the force and effect of the recognition, the alternatives to executing a recognition, and the benefits and responsibilities of establishing paternity, and the limitations of the recognition of parentage for purposes of exercising and enforcing custody or parenting time are clear and understandable. The form must include a notice regarding the finality of a recognition and the revocation procedure under subdivision 2. The form must include a provision for each parent to verify that the parent has read or viewed the educational materials prepared by the commissioner of human services describing the recognition of paternity. The individual providing the form to the parents for execution shall provide oral notice of the rights, responsibilities, and alternatives to executing the recognition. Notice may be provided by audiotape, videotape, or similar means. Each parent must receive a copy of the recognition.

(b) The form must include the following:

(1) a notice regarding the finality of a recognition and the revocation procedure under subdivision 2;

(2) a notice, in large print, that the recognition does not establish an enforceable right to legal custody, physical custody, or parenting time until such rights are awarded pursuant to a court action to establish custody and parenting time;

(3) a notice stating that when a court awards custody and parenting time under chapter 518, there is no presumption for or against joint physical custody, except when domestic abuse, as defined in section 518B.01, subdivision 2, paragraph (a), has occurred between the parties;

(4) a notice that the recognition of parentage is a basis for:

(i) bringing a court action to award temporary or permanent custody or parenting time;

(ii) establishing a child support obligation that may include the two years immediately preceding the commencement of the action;
(iii) ordering a contribution by a parent under section 256.87;

(iv) ordering a contribution to the reasonable expenses of the mother's pregnancy and confinement, as provided under section 257.66, subdivision 3; and

(v) ordering reimbursement for the costs of blood or genetic testing, as provided under section 257.69, subdivision 2; and

(5) a provision for each parent to verify that the parent has read or viewed the educational materials prepared by the commissioner of human services describing the recognition of paternity.

c) The individual providing the form to the parents for execution shall provide oral notice of the rights, responsibilities, and alternatives to executing the recognition. Notice may be provided in audio or video format, or by other similar means. Each parent must receive a copy of the recognition.

EFFECTIVE DATE. This section is effective March 1, 2016.

Sec. 54. Minnesota Statutes 2014, section 259A.75, is amended to read:

259A.75 REIMBURSEMENT OF CERTAIN AGENCY COSTS; PURCHASE OF SERVICE CONTRACTS AND TRIBAL CUSTOMARY ADOPTIONS.

Subdivision 1. General information. (a) Subject to the procedures required by the commissioner and the provisions of this section, a Minnesota county or tribal social services agency shall receive a reimbursement from the commissioner equal to 100 percent of the reasonable and appropriate cost for contracted adoption placement services identified for a specific child that are not reimbursed under other federal or state funding sources.

(b) The commissioner may spend up to $16,000 for each purchase of service contract. Only one contract per child per adoptive placement is permitted. Funds encumbered and obligated under the contract for the child remain available until the terms of the contract are fulfilled or the contract is terminated.

(c) The commissioner shall set aside an amount not to exceed five percent of the total amount of the fiscal year appropriation from the state for the adoption assistance program to reimburse a Minnesota county or tribal social services agency for child-specific adoption placement services. When adoption assistance payments for children's needs exceed 95 percent of the total amount of the fiscal year appropriation from the state for the adoption assistance program, the amount of reimbursement available to placing agencies for adoption services is reduced correspondingly.

Subd. 2. Purchase of service contract child eligibility criteria. (a) A child who is the subject of a purchase of service contract must:

(1) have the goal of adoption, which may include an adoption in accordance with tribal law;

(2) be under the guardianship of the commissioner of human services or be a ward of tribal court pursuant to section 260.755, subdivision 20; and

(3) meet all of the special needs criteria according to section 259A.10, subdivision 2.

(b) A child under the guardianship of the commissioner must have an identified adoptive parent and a fully executed adoption placement agreement according to section 260C.613, subdivision 1, paragraph (a).
Subd. 3. **Agency eligibility criteria.** (a) A Minnesota county or tribal social services agency shall receive reimbursement for child-specific adoption placement services for an eligible child that it purchases from a private adoption agency licensed in Minnesota or any other state or tribal social services agency.

(b) Reimbursement for adoption services is available only for services provided prior to the date of the adoption decree.

Subd. 4. **Application and eligibility determination.** (a) A county or tribal social services agency may request reimbursement of costs for adoption placement services by submitting a complete purchase of service application, according to the requirements and procedures and on forms prescribed by the commissioner.

(b) The commissioner shall determine eligibility for reimbursement of adoption placement services. If determined eligible, the commissioner of human services shall sign the purchase of service agreement, making this a fully executed contract. No reimbursement under this section shall be made to an agency for services provided prior to the fully executed contract.

(c) Separate purchase of service agreements shall be made, and separate records maintained, on each child. Only one agreement per child per adoptive placement is permitted. For siblings who are placed together, services shall be planned and provided to best maximize efficiency of the contracted hours.

Subd. 5. **Reimbursement process.** (a) The agency providing adoption services is responsible to track and record all service activity, including billable hours, on a form prescribed by the commissioner. The agency shall submit this form to the state for reimbursement after services have been completed.

(b) The commissioner shall make the final determination whether or not the requested reimbursement costs are reasonable and appropriate and if the services have been completed according to the terms of the purchase of service agreement.

Subd. 6. **Retention of purchase of service records.** Agencies entering into purchase of service contracts shall keep a copy of the agreements, service records, and all applicable billing and invoicing according to the department’s record retention schedule. Agency records shall be provided upon request by the commissioner.

Subd. 7. **Tribal customary adoptions.** (a) The commissioner shall enter into grant contracts with Minnesota tribal social services agencies to provide child-specific recruitment and adoption placement services for Indian children under the jurisdiction of tribal court.

(b) Children served under these grant contracts must meet the child eligibility criteria in subdivision 2.

Sec. 55. Minnesota Statutes 2014, section 260C.007, subdivision 27, is amended to read:

**Subd. 27. Relative.** "Relative" means a person related to the child by blood, marriage, or adoption; the legal parent, guardian, or custodian of the child's siblings; or an individual who is an important friend with whom the child has resided or had significant contact. For an Indian child, relative includes members of the extended family as defined by the law or custom of the Indian child's tribe or, in the absence of law or custom, nieces, nephews, or first or second cousins, as provided in the Indian Child Welfare Act of 1978, United States Code, title 25, section 1903.

Sec. 56. Minnesota Statutes 2014, section 260C.007, subdivision 32, is amended to read:

**Subd. 32. Sibling.** "Sibling" means one of two or more individuals who have one or both parents in common through blood, marriage, or adoption. This includes siblings as defined by the child's tribal code or custom. Sibling also includes an individual who would have been considered a sibling but for a termination of parental rights of one or both parents, suspension of parental rights under tribal code, or other disruption of parental rights such as the death of a parent.
Sec. 57. Minnesota Statutes 2014, section 260C.203, is amended to read:

**260C.203 ADMINISTRATIVE OR COURT REVIEW OF PLACEMENTS.**

(a) Unless the court is conducting the reviews required under section 260C.202, there shall be an administrative review of the out-of-home placement plan of each child placed in foster care no later than 180 days after the initial placement of the child in foster care and at least every six months thereafter if the child is not returned to the home of the parent or parents within that time. The out-of-home placement plan must be monitored and updated at each administrative review. The administrative review shall be conducted by the responsible social services agency using a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review. The administrative review shall be open to participation by the parent or guardian of the child and the child, as appropriate.

(b) As an alternative to the administrative review required in paragraph (a), the court may, as part of any hearing required under the Minnesota Rules of Juvenile Protection Procedure, conduct a hearing to monitor and update the out-of-home placement plan pursuant to the procedure and standard in section 260C.201, subdivision 6, paragraph (d). The party requesting review of the out-of-home placement plan shall give parties to the proceeding notice of the request to review and update the out-of-home placement plan. A court review conducted pursuant to section 260C.141, subdivision 2; 260C.193; 260C.201, subdivision 1; 260C.202; 260C.204; 260C.317; or 260D.06 shall satisfy the requirement for the review so long as the other requirements of this section are met.

(c) As appropriate to the stage of the proceedings and relevant court orders, the responsible social services agency or the court shall review:

1. the safety, permanency needs, and well-being of the child;
2. the continuing necessity for and appropriateness of the placement;
3. the extent of compliance with the out-of-home placement plan;
4. the extent of progress that has been made toward alleviating or mitigating the causes necessitating placement in foster care;
5. the projected date by which the child may be returned to and safely maintained in the home or placed permanently away from the care of the parent or parents or guardian; and
6. the appropriateness of the services provided to the child.

(d) When a child is age 16 or older, in addition to any administrative review conducted by the agency, at the in-court review required under section 260C.317, subdivision 3, clause (3), or 260C.515, subdivision 5 or 6, the court shall review the independent living plan required under section 260C.212, subdivision 1, paragraph (c), clause (11) or (12), and the provision of services to the child related to the well-being of the child as the child prepares to leave foster care. The review shall include the actual plans related to each item in the plan necessary to the child’s future safety and well-being when the child is no longer in foster care.

(e) At the court review required under paragraph (d) for a child age 16 or older, the following procedures apply:

1. six months before the child is expected to be discharged from foster care, the responsible social services agency shall give the written notice required under section 260C.451, subdivision 1, regarding the right to continued access to services for certain children in foster care past age 18 and of the right to appeal a denial of social services
under section 256.045. The agency shall file a copy of the notice, including the right to appeal a denial of social services, with the court. If the agency does not file the notice by the time the child is age 17-1/2, the court shall require the agency to give it;

(2) consistent with the requirements of the independent living plan, the court shall review progress toward or accomplishment of the following goals:

(i) the child has obtained a high school diploma or its equivalent;

(ii) the child has completed a driver's education course or has demonstrated the ability to use public transportation in the child's community;

(iii) the child is employed or enrolled in postsecondary education;

(iv) the child has applied for and obtained postsecondary education financial aid for which the child is eligible;

(v) the child has health care coverage and health care providers to meet the child's physical and mental health needs;

(vi) the child has applied for and obtained disability income assistance for which the child is eligible;

(vii) the child has obtained affordable housing with necessary supports, which does not include a homeless shelter;

(viii) the child has saved sufficient funds to pay for the first month's rent and a damage deposit;

(ix) the child has an alternative affordable housing plan, which does not include a homeless shelter, if the original housing plan is unworkable;

(x) the child, if male, has registered for the Selective Service; and

(xi) the child has a permanent connection to a caring adult; and

(3) the court shall ensure that the responsible agency in conjunction with the placement provider assists the child in obtaining the following documents prior to the child's leaving foster care: a Social Security card; the child's birth certificate; a state identification card or driver's license, tribal enrollment identification card, green card, or school visa; the child's school, medical, and dental records; a contact list of the child's medical, dental, and mental health providers; and contact information for the child's siblings, if the siblings are in foster care.

(f) For a child who will be discharged from foster care at age 18 or older, the responsible social services agency is required to develop a personalized transition plan as directed by the youth. The transition plan must be developed during the 90-day period immediately prior to the expected date of discharge. The transition plan must be as detailed as the child may elect and include specific options on housing, health insurance, education, local opportunities for mentors and continuing support services, and work force supports and employment services. The agency shall ensure that the youth receives, at no cost to the youth, a copy of the youth's consumer credit report as defined in section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report. The plan must include information on the importance of designating another individual to make health care treatment decisions on behalf of the child if the child becomes unable to participate in these decisions and the child does not have, or does not want, a relative who would otherwise be authorized to make these decisions. The plan must provide the child with the option to execute a health care directive as provided under chapter 145C. The agency shall also provide the youth with appropriate contact information if the youth needs more information or needs help dealing with a crisis situation through age 21.
Sec. 58. Minnesota Statutes 2014, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. Out-of-home placement; plan. (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in foster care by court order or a voluntary placement agreement between the responsible social services agency and the child's parent pursuant to section 260C.227 or chapter 260D.

(b) An out-of-home placement plan means a written document which is prepared by the responsible social services agency jointly with the parent or parents or guardian of the child and in consultation with the child's guardian ad litem, the child's tribe, if the child is an Indian child, the child's foster parent or representative of the foster care facility, and, where appropriate, the child. When a child is age 14 or older, the child may include two other individuals on the team preparing the child's out-of-home placement plan. For a child in voluntary foster care for treatment under chapter 260D, preparation of the out-of-home placement plan shall additionally include the child's mental health treatment provider. As appropriate, the plan shall be:

(1) submitted to the court for approval under section 260C.178, subdivision 7;

(2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and

(3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.

(c) The out-of-home placement plan shall be explained to all persons involved in its implementation, including the child who has signed the plan, and shall set forth:

(1) a description of the foster care home or facility selected, including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like, setting available which is in close proximity to the home of the parent or parents or guardian of the child when the case plan goal is reunification, and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);

(2) the specific reasons for the placement of the child in foster care, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home and the changes the parent or parents must make in order for the child to safely return home;

(3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:

   (i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and

   (ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;

(4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;
(5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 27, and siblings of the child if the siblings are not placed together in foster care, and whether visitation is consistent with the best interest of the child, during the period the child is in foster care;

(6) when a child cannot return to or be in the care of either parent, documentation of steps to finalize adoption as the permanency plan for the child, including: (i) through reasonable efforts to place the child for adoption. At a minimum, the documentation must include consideration of whether adoption is in the best interests of the child, child-specific recruitment efforts such as relative search and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b); and

(ii) documentation necessary to support the requirements of the kinship placement agreement under section 256N.22 when adoption is determined not to be in the child's best interests; (7) when a child cannot return to or be in the care of either parent, documentation of steps to finalize the transfer of permanent legal and physical custody to a relative as the permanency plan for the child. This documentation must support the requirements of the kinship placement agreement under section 256N.22 and must include the reasonable efforts used to determine that it is not appropriate for the child to return home or be adopted, and reasons why permanent placement with a relative through a Northstar kinship assistance arrangement is in the child's best interest; how the child meets the eligibility requirements for Northstar kinship assistance payments; agency efforts to discuss adoption with the child's relative foster parent and reasons why the relative foster parent chose not to pursue adoption, if applicable; and agency efforts to discuss with the child's parent or parents the permanent transfer of permanent legal and physical custody or the reasons why these efforts were not made;

(7) (8) efforts to ensure the child's educational stability while in foster care, including:

(i) efforts to ensure that the child remains in the same school in which the child was enrolled prior to placement or upon the child's move from one placement to another, including efforts to work with the local education authorities to ensure the child's educational stability; or

(ii) if it is not in the child's best interest to remain in the same school that the child was enrolled in prior to placement or move from one placement to another, efforts to ensure immediate and appropriate enrollment for the child in a new school;

(8) (9) the educational records of the child including the most recent information available regarding:

(i) the names and addresses of the child's educational providers;

(ii) the child's grade level performance;

(iii) the child's school record;

(iv) a statement about how the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement; and

(v) any other relevant educational information;

(9) (10) the efforts by the local agency to ensure the oversight and continuity of health care services for the foster child, including:

(i) the plan to schedule the child's initial health screens;
(ii) how the child's known medical problems and identified needs from the screens, including any known communicable diseases, as defined in section 144.4172, subdivision 2, will be monitored and treated while the child is in foster care;

(iii) how the child's medical information will be updated and shared, including the child's immunizations;

(iv) who is responsible to coordinate and respond to the child's health care needs, including the role of the parent, the agency, and the foster parent;

(v) who is responsible for oversight of the child's prescription medications;

(vi) how physicians or other appropriate medical and nonmedical professionals will be consulted and involved in assessing the health and well-being of the child and determine the appropriate medical treatment for the child; and

(vii) the responsibility to ensure that the child has access to medical care through either medical insurance or medical assistance;

(11) the health records of the child including information available regarding:

(i) the names and addresses of the child's health care and dental care providers;

(ii) a record of the child's immunizations;

(iii) the child's known medical problems, including any known communicable diseases as defined in section 144.4172, subdivision 2;

(iv) the child's medications; and

(v) any other relevant health care information such as the child's eligibility for medical insurance or medical assistance;

(12) an independent living plan for a child age 14 or older. The plan should include, but not be limited to, the following objectives:

(i) educational, vocational, or employment planning;

(ii) health care planning and medical coverage;

(iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;

(iv) money management, including the responsibility of the agency to ensure that the youth annually receives, at no cost to the youth, a consumer report as defined under section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report;

(v) planning for housing;

(vi) social and recreational skills; and

(vii) establishing and maintaining connections with the child's family and community; and
(viii) regular opportunities to engage in age-appropriate or developmentally appropriate activities typical for the child's age group, taking into consideration the capacities of the individual child; and

(12) (13) for a child in voluntary foster care for treatment under chapter 260D, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

Upon discharge from foster care, the parent, adoptive parent, or permanent legal and physical custodian, as appropriate, and the child, if appropriate, must be provided with a current copy of the child's health and education record.

Sec. 59. Minnesota Statutes 2014, section 260C.212, is amended by adding a subdivision to read:

Subd. 13. Protecting missing and runaway children and youth at risk of sex trafficking. (a) The local social services agency shall expeditiously locate any child missing from foster care.

(b) The local social services agency shall report immediately, but no later than 24 hours, after receiving information on a missing or abducted child to the local law enforcement agency for entry into the National Crime Information Center (NCIC) database of the Federal Bureau of Investigation, and to the National Center for Missing and Exploited Children.

(c) The local social services agency shall not discharge a child from foster care or close the social services case until diligent efforts have been exhausted to locate the child and the court terminates the agency's jurisdiction.

(d) The local social services agency shall determine the primary factors that contributed to the child's running away or otherwise being absent from care and, to the extent possible and appropriate, respond to those factors in current and subsequent placements.

(e) The local social services agency shall determine what the child experienced while absent from care, including screening the child to determine if the child is a possible sex trafficking victim as defined in section 609.321, subdivision 7b.

(f) The local social services agency shall report immediately, but no later than 24 hours, to the local law enforcement agency any reasonable cause to believe a child is, or is at risk of being, a sex trafficking victim.

(g) The local social services agency shall determine appropriate services as described in section 145.4717 with respect to any child for whom the local social services agency has responsibility for placement, care, or supervision when the local social services agency has reasonable cause to believe the child is, or is at risk of being, a sex trafficking victim.
Sec. 60.  Minnesota Statutes 2014, section 260C.212, is amended by adding a subdivision to read:

Subd. 14. Support age-appropriate and developmentally appropriate activities for foster children. Responsible social services agencies and child-placing agencies shall support a foster child's emotional and developmental growth by permitting the child to participate in activities or events that are generally accepted as suitable for children of the same chronological age or are developmentally appropriate for the child. Foster parents and residential facility staff are permitted to allow foster children to participate in extracurricular, social, or cultural activities that are typical for the child's age by applying reasonable and prudent parenting standards. Reasonable and prudent parenting standards are characterized by careful and sensible parenting decisions that maintain the child's health and safety, and are made in the child's best interest.

Sec. 61.  Minnesota Statutes 2014, section 260C.221, is amended to read:

260C.221 RELATIVE SEARCH.

(a) The responsible social services agency shall exercise due diligence to identify and notify adult relatives prior to placement or within 30 days after the child's removal from the parent. The county agency shall consider placement with a relative under this section without delay and whenever the child must move from or be returned to foster care. The relative search required by this section shall be comprehensive in scope. After a finding that the agency has made reasonable efforts to conduct the relative search under this paragraph, the agency has the continuing responsibility to appropriately involve relatives, who have responded to the notice required under this paragraph, in planning for the child and to continue to consider relatives according to the requirements of section 260C.212, subdivision 2. At any time during the course of juvenile protection proceedings, the court may order the agency to reopen its search for relatives when it is in the child's best interest to do so.

(b) The relative search required by this section shall include both maternal relatives and paternal adult relatives of the child; all adult grandparents; all legal parents, guardians or custodians; the child's siblings; and any other adult relatives suggested by the child's parents, subject to the exceptions due to family violence in paragraph (c). The search shall also include getting information from the child in an age-appropriate manner about who the child considers to be family members and important friends with whom the child has resided or had significant contact. The relative search required under this section must fulfill the agency's duties under the Indian Child Welfare Act regarding active efforts to prevent the breakup of the Indian family under United States Code, title 25, section 1912(d), and to meet placement preferences under United States Code, title 25, section 1915. The relatives must be notified:

(1) of the need for a foster home for the child, the option to become a placement resource for the child, and the possibility of the need for a permanent placement for the child;

(2) of their responsibility to keep the responsible social services agency and the court informed of their current address in order to receive notice in the event that a permanent placement is sought for the child and to receive notice of the permanency progress review hearing under section 260C.204. A relative who fails to provide a current address to the responsible social services agency and the court forfeits the right to receive notice of the possibility of permanent placement and of the permanency progress review hearing under section 260C.204. A decision by a relative not to be identified as a potential permanent placement resource or participate in planning for the child at the beginning of the case shall not affect whether the relative is considered for placement of the child with that relative later;

(3) that the relative may participate in the care and planning for the child, including that the opportunity for such participation may be lost by failing to respond to the notice sent under this subdivision. "Participate in the care and planning" includes, but is not limited to, participation in case planning for the parent and child, identifying the strengths and needs of the parent and child, supervising visits, providing respite and vacation visits for the child,
providing transportation to appointments, suggesting other relatives who might be able to help support the case plan, and to the extent possible, helping to maintain the child's familiar and regular activities and contact with friends and relatives;

(4) of the family foster care licensing requirements, including how to complete an application and how to request a variance from licensing standards that do not present a safety or health risk to the child in the home under section 245A.04 and supports that are available for relatives and children who reside in a family foster home; and

(5) of the relatives' right to ask to be notified of any court proceedings regarding the child, to attend the hearings, and of a relative's right or opportunity to be heard by the court as required under section 260C.152, subdivision 5.

(b) (c) A responsible social services agency may disclose private data, as defined in sections 13.02 and 626.556, to relatives of the child for the purpose of locating and assessing a suitable placement and may use any reasonable means of identifying and locating relatives including the Internet or other electronic means of conducting a search. The agency shall disclose data that is necessary to facilitate possible placement with relatives and to ensure that the relative is informed of the needs of the child so the relative can participate in planning for the child and be supportive of services to the child and family. If the child's parent refuses to give the responsible social services agency information sufficient to identify the maternal and paternal relatives of the child, the agency shall ask the juvenile court to order the parent to provide the necessary information. If a parent makes an explicit request that a specific relative not be contacted or considered for placement due to safety reasons including past family or domestic violence, the agency shall bring the parent's request to the attention of the court to determine whether the parent's request is consistent with the best interests of the child and the agency shall not contact the specific relative when the juvenile court finds that contacting the specific relative would endanger the parent, guardian, child, sibling, or any family member.

At a regularly scheduled hearing not later than three months after the child's placement in foster care and as required in section 260C.202, the agency shall report to the court:

(1) its efforts to identify maternal and paternal relatives of the child and to engage the relatives in providing support for the child and family, and document that the relatives have been provided the notice required under paragraph (a); and

(2) its decision regarding placing the child with a relative as required under section 260C.212, subdivision 2, and to ask relatives to visit or maintain contact with the child in order to support family connections for the child, when placement with a relative is not possible or appropriate.

Notwithstanding chapter 13, the agency shall disclose data about particular relatives identified, searched for, and contacted for the purposes of the court's review of the agency's due diligence.

When the court is satisfied that the agency has exercised due diligence to identify relatives and provide the notice required in paragraph (a), the court may find that reasonable efforts have been made to conduct a relative search to identify and provide notice to adult relatives as required under section 260.012, paragraph (e), clause (3). If the court is not satisfied that the agency has exercised due diligence to identify relatives and provide the notice required in paragraph (a), the court may order the agency to continue its search and notice efforts and to report back to the court.

When the placing agency determines that permanent placement proceedings are necessary because there is a likelihood that the child will not return to a parent's care, the agency must send the notice provided in paragraph (g) (h), may ask the court to modify the duty of the agency to send the notice required in paragraph (g) (h), or may ask the court to completely relieve the agency of the requirements of paragraph (g) (h). The relative notification requirements of paragraph (g) (h) do not apply when the child is placed with an appropriate relative or a foster home
that has committed to adopting the child or taking permanent legal and physical custody of the child and the agency approves of that foster home for permanent placement of the child. The actions ordered by the court under this section must be consistent with the best interests, safety, permanency, and welfare of the child.

Sec. 62. Minnesota Statutes 2014, section 260C.331, subdivision 1, is amended to read:

Subdivision 1. Care, examination, or treatment. (a) Except where parental rights are terminated,

(1) whenever legal custody of a child is transferred by the court to a responsible social services agency,

(2) whenever legal custody is transferred to a person other than the responsible social services agency, but under the supervision of the responsible social services agency, or

(3) whenever a child is given physical or mental examinations or treatment under order of the court, and no provision is otherwise made by law for payment for the care, examination, or treatment of the child, these costs are a charge upon the welfare funds of the county in which proceedings are held upon certification of the judge of juvenile court.

(b) The court shall order, and the responsible social services agency shall require, the parents or custodian of a child, while the child is under the age of 18, to use the total income and resources attributable to the child for the period of care, examination, or treatment, except for clothing and personal needs allowance as provided in section 256B.35, to reimburse the county for the cost of care, examination, or treatment. Income and resources attributable to the child include, but are not limited to, Social Security benefits, Supplemental Security Income (SSI), veterans benefits, railroad retirement benefits and child support. When the child is over the age of 18, and continues to receive care, examination, or treatment, the court shall order, and the responsible social services agency shall require, reimbursement from the child for the cost of care, examination, or treatment from the income and resources attributable to the child less the clothing and personal needs allowance. Income does not include earnings from a child over the age of 18 who is working as part of a plan under section 260C.212, subdivision 1, paragraph (c), clause (11), to transition from foster care, or the income and resources from sources other than Supplemental Security Income and child support that are needed to complete the requirements listed in section 260C.203.

(c) If the income and resources attributable to the child are not enough to reimburse the county for the full cost of the care, examination, or treatment, the court shall inquire into the ability of the parents to support the child and, after giving the parents a reasonable opportunity to be heard, the court shall order, and the responsible social services agency shall require, the parents to contribute to the cost of care, examination, or treatment of the child. When determining the amount to be contributed by the parents, the court shall use a fee schedule based upon ability to pay that is established by the responsible social services agency and approved by the commissioner of human services. The income of a stepparent who has not adopted a child shall be excluded in calculating the parental contribution under this section.
(d) The court shall order the amount of reimbursement attributable to the parents or custodian, or attributable to the child, or attributable to both sources, withheld under chapter 518A from the income of the parents or the custodian of the child. A parent or custodian who fails to pay without good reason may be proceeded against for contempt, or the court may inform the county attorney, who shall proceed to collect the unpaid sums, or both procedures may be used.

(e) If the court orders a physical or mental examination for a child, the examination is a medically necessary service for purposes of determining whether the service is covered by a health insurance policy, health maintenance contract, or other health coverage plan. Court-ordered treatment shall be subject to policy, contract, or plan requirements for medical necessity. Nothing in this paragraph changes or eliminates benefit limits, conditions of coverage, co-payments or deductibles, provider restrictions, or other requirements in the policy, contract, or plan that relate to coverage of other medically necessary services.

(f) Notwithstanding paragraph (b), (c), or (d), a parent, custodian, or guardian of the child is not required to use income and resources attributable to the child to reimburse the county for costs of care and is not required to contribute to the cost of care of the child during any period of time when the child is returned to the home of that parent, custodian, or guardian pursuant to a trial home visit under section 260C.201, subdivision 1, paragraph (a).

Sec. 63. Minnesota Statutes 2014, section 260C.451, subdivision 2, is amended to read:

Subd. 2. Independent living plan. Upon the request of any child in foster care immediately prior to the child's 18th birthday and who is in foster care at the time of the request, the responsible social services agency shall, in conjunction with the child and other appropriate parties, update the independent living plan required under section 260C.212, subdivision 1, paragraph (c), clause (11), related to the child's employment, vocational, educational, social, or maturational needs. The agency shall provide continued services and foster care for the child including those services that are necessary to implement the independent living plan.

Sec. 64. Minnesota Statutes 2014, section 260C.451, subdivision 6, is amended to read:

Subd. 6. Reentering foster care and accessing services after age 18. (a) Upon request of an individual between the ages of 18 and 21 who had been under the guardianship of the commissioner and who has left foster care without being adopted, the responsible social services agency which had been the commissioner's agent for purposes of the guardianship shall develop with the individual a plan to increase the individual's ability to live safely and independently using the plan requirements of section 260C.212, subdivision 1, paragraph (c), clause (12), and to assist the individual to meet one or more of the eligibility criteria in subdivision 4 if the individual wants to reenter foster care. The agency shall provide foster care as required to implement the plan. The agency shall enter into a voluntary placement agreement under section 260C.229 with the individual if the plan includes foster care.

(b) Individuals who had not been under the guardianship of the commissioner of human services prior to age 18 and are between the ages of 18 and 21 may ask to reenter foster care after age 18 and, to the extent funds are available, the responsible social services agency that had responsibility for planning for the individual before discharge from foster care may provide foster care or other services to the individual for the purpose of increasing the individual's ability to live safely and independently and to meet the eligibility criteria in subdivision 3a, if the individual:

(1) was in foster care for the six consecutive months prior to the person's 18th birthday and was not discharged home, adopted, or received into a relative's home under a transfer of permanent legal and physical custody under section 260C.515, subdivision 4; or

(2) was discharged from foster care while on runaway status after age 15.
(c) In conjunction with a qualifying and eligible individual under paragraph (b) and other appropriate persons, the responsible social services agency shall develop a specific plan related to that individual's vocational, educational, social, or maturational needs and, to the extent funds are available, provide foster care as required to implement the plan. The agency shall enter into a voluntary placement agreement with the individual if the plan includes foster care.

(d) Youth who left foster care while under guardianship of the commissioner of human services retain eligibility for foster care for placement at any time between the ages of 18 and 21.

Sec. 65. Minnesota Statutes 2014, section 260C.515, subdivision 5, is amended to read:

Subd. 5. Permanent custody to agency. The court may order permanent custody to the responsible social services agency for continued placement of the child in foster care but only if it approves the responsible social services agency's compelling reasons that no other permanency disposition order is in the child's best interests and:

1. the child has reached age 16 and has been asked about the child's desired permanency outcome;

2. the child is a sibling of a child described in clause (1) and the siblings have a significant positive relationship and are ordered into the same foster home;

3. the responsible social services agency has made reasonable efforts to locate and place the child with an adoptive family or a fit and willing relative who would either agree to adopt the child or to a transfer of permanent legal and physical custody of the child, but these efforts have not proven successful; and

4. the parent will continue to have visitation or contact with the child and will remain involved in planning for the child.

Sec. 66. Minnesota Statutes 2014, section 260C.521, subdivision 1, is amended to read:

Subdivision 1. Child in permanent custody of responsible social services agency. (a) Court reviews of an order for permanent custody to the responsible social services agency for placement of the child in foster care must be conducted at least yearly at an in-court appearance hearing.

(b) The purpose of the review hearing is to ensure:

1. the order for permanent custody to the responsible social services agency for placement of the child in foster care continues to be in the best interests of the child and that no other permanency disposition order is in the best interests of the child;

2. that the agency is assisting the child to build connections to the child's family and community; and

3. that the agency is appropriately planning with the child for development of independent living skills for the child and, as appropriate, for the orderly and successful transition to independent living that may occur if the child continues in foster care without another permanency disposition order.

(c) The court must review the child's out-of-home placement plan and the reasonable efforts of the agency to finalize an alternative permanent plan for the child including the agency's efforts to:

1. ensure that permanent custody to the agency with placement of the child in foster care continues to be the most appropriate legal arrangement for meeting the child's need for permanency and stability or, if not, to identify and attempt to finalize another permanency disposition order under this chapter that would better serve the child's needs and best interests;
(2) identify a specific foster home for the child, if one has not already been identified;

(3) support continued placement of the child in the identified home, if one has been identified;

(4) ensure appropriate services are provided to address the physical health, mental health, and educational needs of the child during the period of foster care and also ensure appropriate services or assistance to maintain relationships with appropriate family members and the child's community; and

(5) plan for the child's independence upon the child's leaving foster care living as required under section 260C.212, subdivision 1.

(d) The court may find that the agency has made reasonable efforts to finalize the permanent plan for the child when:

(1) the agency has made reasonable efforts to identify a more legally permanent home for the child than is provided by an order for permanent custody to the agency for placement in foster care; and

(2) the child has been asked about the child's desired permanency outcome; and

(3) the agency's engagement of the child in planning for independent living is reasonable and appropriate.

Sec. 67. Minnesota Statutes 2014, section 260C.521, subdivision 2, is amended to read:

Subd. 2. Modifying order for permanent legal and physical custody to a relative. (a) An order for a relative to have permanent legal and physical custody of a child may be modified using standards under sections 518.18 and 518.185.

(b) When a child is receiving Northstar kinship assistance under chapter 256N, if a relative named as permanent legal and physical custodian in an order made under this chapter becomes incapacitated or dies, a successor custodian named in the Northstar Care for Children kinship assistance benefit agreement under section 256N.25 may file a request to modify the order for permanent legal and physical custody to name the successor custodian as the permanent legal and physical custodian of the child. The court may modify the order to name the successor custodian as the permanent legal and physical custodian upon reviewing the background study required under section 245C.33 if the court finds the modification is in the child’s best interests.

(c) The social services agency is a party to the proceeding and must receive notice.

Sec. 68. Minnesota Statutes 2014, section 260C.607, subdivision 4, is amended to read:

Subd. 4. Content of review. (a) The court shall review:

(1) the agency's reasonable efforts under section 260C.605 to finalize an adoption for the child as appropriate to the stage of the case; and

(2) the child's current out-of-home placement plan required under section 260C.212, subdivision 1, to ensure the child is receiving all services and supports required to meet the child's needs as they relate to the child's:

(i) placement;

(ii) visitation and contact with siblings;

(iii) visitation and contact with relatives;
(iv) medical, mental, and dental health; and

(v) education.

(b) When the child is age 16 and older, and as long as the child continues in foster care, the court shall also review the agency's planning for the child's independent living after leaving foster care including how the agency is meeting the requirements of section 260C.212, subdivision 1, paragraph (c), clause (11). The court shall use the review requirements of section 260C.203 in any review conducted under this paragraph.

Sec. 69. Minnesota Statutes 2014, section 518A.26, subdivision 14, is amended to read:

Subd. 14. **Obligor.** "Obligor" means a person obligated to pay maintenance or support. A person who has primary physical custody of a child is presumed not to be an obligor for purposes of a child support order under section 518A.34, unless section 518A.36, subdivision 3, applies or the court makes specific written findings to overcome this presumption. For purposes of ordering medical support under section 518A.41, a parent who has primary physical custody of a child may be an obligor subject to a payment agreement under section 518A.69.

EFFECTIVE DATE. This section is effective March 1, 2016.

Sec. 70. Minnesota Statutes 2014, section 518A.32, subdivision 2, is amended to read:

Subd. 2. **Methods.** Determination of potential income must be made according to one of three methods, as appropriate:

1. the parent's probable earnings level based on employment potential, recent work history, and occupational qualifications in light of prevailing job opportunities and earnings levels in the community;

2. if a parent is receiving unemployment compensation or workers' compensation, that parent's income may be calculated using the actual amount of the unemployment compensation or workers' compensation benefit received; or

3. the amount of income a parent could earn working full time at 150 hours per week at 100 percent of the current federal or state minimum wage, whichever is higher.

EFFECTIVE DATE. This section is effective March 1, 2016.

Sec. 71. Minnesota Statutes 2014, section 518A.39, subdivision 1, is amended to read:

Subdivision 1. **Authority.** After an order under this chapter or chapter 518 for maintenance or support money, temporary or permanent, or for the appointment of trustees to receive property awarded as maintenance or support money, the court may from time to time, on motion of either of the parties, a copy of which is served on the public authority responsible for child support enforcement if payments are made through it, or on motion of the public authority responsible for support enforcement, modify the order respecting the amount of maintenance or support money or medical support, and the payment of it, and also respecting the appropriation and payment of the principal and income of property held in trust, and may make an order respecting these matters which it might have made in the original proceeding, except as herein otherwise provided. A party or the public authority also may bring a motion for contempt of court if the obligor is in arrears in support or maintenance payments.

EFFECTIVE DATE. This section is effective January 1, 2016.
Sec. 72. Minnesota Statutes 2014, section 518A.39, is amended by adding a subdivision to read:

Subd. 8. Medical support-only modification. (a) The medical support terms of a support order and determination of the child dependency tax credit may be modified without modification of the full order for support or maintenance, if the order has been established or modified in its entirety within three years from the date of the motion, and upon a showing of one or more of the following:

(1) a change in the availability of appropriate health care coverage or a substantial increase or decrease in health care coverage costs;

(2) a change in the eligibility for medical assistance under chapter 256B;

(3) a party's failure to carry court-ordered coverage, or to provide other medical support as ordered;

(4) the federal child dependency tax credit is not ordered for the same parent who is ordered to carry health care coverage; or

(5) the federal child dependency tax credit is not addressed in the order and the noncustodial parent is ordered to carry health care coverage.

(b) For a motion brought under this subdivision, a modification of the medical support terms of an order may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification, but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record.

(c) The court need not hold an evidentiary hearing on a motion brought under this subdivision for modification of medical support only.

(d) Sections 518.14 and 518A.735 shall govern the award of attorney fees for motions brought under this subdivision.

(e) The PICS originally stated in the order being modified shall be used to determine the modified medical support order under section 518A.41 for motions brought under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 73. Minnesota Statutes 2014, section 518A.41, subdivision 1, is amended to read:

Subdivision 1. Definitions. The definitions in this subdivision apply to this chapter and chapter 518.

(a) "Health care coverage" means medical, dental, or other health care benefits that are provided by one or more health plans. Health care coverage does not include any form of public coverage.

(b) "Health carrier" means a carrier as defined in sections 62A.011, subdivision 2, and 62L.02, subdivision 16.

(c) "Health plan" means a plan, other than any form of public coverage, that provides medical, dental, or other health care benefits and is:

(1) provided on an individual or group basis;

(2) provided by an employer or union;
(3) purchased in the private market; or

(4) available to a person eligible to carry insurance for the joint child, including a party's spouse or parent.

Health plan includes, but is not limited to, a plan meeting the definition under section 62A.011, subdivision 3, except that the exclusion of coverage designed solely to provide dental or vision care under section 62A.011, subdivision 3, clause (6), does not apply to the definition of health plan under this section; a group health plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA); a self-insured plan under sections 43A.23 to 43A.317 and 471.617; and a policy, contract, or certificate issued by a community-integrated service network licensed under chapter 62N.

(d) "Medical support" means providing health care coverage for a joint child by carrying health care coverage for the joint child or by contributing to the cost of health care coverage, public coverage, unreimbursed medical expenses, and uninsured medical expenses of the joint child.

(e) "National medical support notice" means an administrative notice issued by the public authority to enforce health insurance provisions of a support order in accordance with Code of Federal Regulations, title 45, section 303.32, in cases where the public authority provides support enforcement services.

(f) "Public coverage" means health care benefits provided by any form of medical assistance under chapter 256B or MinnesotaCare under chapter 256L. Public coverage does not include MinnesotaCare or health plans subsidized by federal premium tax credits or federal cost-sharing reductions.

(g) "Uninsured medical expenses" means a joint child's reasonable and necessary health-related expenses if the joint child is not covered by a health plan or public coverage when the expenses are incurred.

(h) "Unreimbursed medical expenses" means a joint child's reasonable and necessary health-related expenses if a joint child is covered by a health plan or public coverage and the plan or coverage does not pay for the total cost of the expenses when the expenses are incurred. Unreimbursed medical expenses do not include the cost of premiums. Unreimbursed medical expenses include, but are not limited to, deductibles, co-payments, and expenses for orthodontia, and prescription eyeglasses and contact lenses, but not over-the-counter medications if coverage is under a health plan.

Sec. 74. Minnesota Statutes 2014, section 518A.41, subdivision 3, is amended to read:

Subd. 3. **Determining appropriate health care coverage.** In determining whether a parent has appropriate health care coverage for the joint child, the court must consider the following factors:

(1) comprehensiveness of health care coverage providing medical benefits. Dependent health care coverage providing medical benefits is presumed comprehensive if it includes medical and hospital coverage and provides for preventive, emergency, acute, and chronic care; or if it meets the minimum essential coverage definition in United States Code, title 26, section 5000A(f). If both parents have health care coverage providing medical benefits that is presumed comprehensive under this paragraph, the court must determine which parent's coverage is more comprehensive by considering what other benefits are included in the coverage;

(2) accessibility. Dependent health care coverage is accessible if the covered joint child can obtain services from a health plan provider with reasonable effort by the parent with whom the joint child resides. Health care coverage is presumed accessible if:

(i) primary care is available within 30 minutes or 30 miles of the joint child's residence and specialty care is available within 60 minutes or 60 miles of the joint child's residence;
(ii) the health care coverage is available through an employer and the employee can be expected to remain employed for a reasonable amount of time; and

(iii) no preexisting conditions exist to unduly delay enrollment in health care coverage;

(3) the joint child's special medical needs, if any; and

(4) affordability. Dependent health care coverage is affordable if it is reasonable in cost. If both parents have health care coverage available for a joint child that is comparable with regard to comprehensiveness of medical benefits, accessibility, and the joint child's special needs, the least costly health care coverage is presumed to be the most appropriate health care coverage for the joint child.

Sec. 75. Minnesota Statutes 2014, section 518A.41, subdivision 4, is amended to read:

Subd. 4. Ordering health care coverage. (a) If a joint child is presently enrolled in health care coverage, the court must order that the parent who currently has the joint child enrolled continue that enrollment unless the parties agree otherwise or a party requests a change in coverage and the court determines that other health care coverage is more appropriate.

(b) If a joint child is not presently enrolled in health care coverage providing medical benefits, upon motion of a parent or the public authority, the court must determine whether one or both parents have appropriate health care coverage providing medical benefits for the joint child.

(c) If only one parent has appropriate health care coverage providing medical benefits available, the court must order that parent to carry the coverage for the joint child.

(d) If both parents have appropriate health care coverage providing medical benefits available, the court must order the parent with whom the joint child resides to carry the coverage for the joint child, unless:

(1) a party expresses a preference for health care coverage providing medical benefits available through the parent with whom the joint child does not reside;

(2) the parent with whom the joint child does not reside is already carrying dependent health care coverage providing medical benefits for other children and the cost of contributing to the premiums of the other parent's coverage would cause the parent with whom the joint child does not reside extreme hardship; or

(3) the parties agree as to which parent will carry health care coverage providing medical benefits and agree on the allocation of costs.

(e) If the exception in paragraph (d), clause (1) or (2), applies, the court must determine which parent has the most appropriate coverage providing medical benefits available and order that parent to carry coverage for the joint child.

(f) If neither parent has appropriate health care coverage available, the court must order the parents to:

(1) contribute toward the actual health care costs of the joint children based on a pro rata share; or

(2) if the joint child is receiving any form of public coverage, the parent with whom the joint child does not reside shall contribute a monthly amount toward the actual cost of public coverage. The amount of the noncustodial parent's contribution is determined by applying the noncustodial parent's PICS to the premium schedule for public coverage scale for MinnesotaCare under section 256L.15, subdivision 2, paragraph (d). If the noncustodial parent's
PICS meets the eligibility requirements for public coverage MinnesotaCare, the contribution is the amount the noncustodial parent would pay for the child's premium. If the noncustodial parent's PICS exceeds the eligibility requirements for public coverage, the contribution is the amount of the premium for the highest eligible income on the appropriate premium schedule for public coverage scale for MinnesotaCare under section 256L.15, subdivision 2, paragraph (d). For purposes of determining the premium amount, the noncustodial parent's household size is equal to one parent plus the child or children who are the subject of the child support order. The custodial parent's obligation is determined under the requirements for public coverage as set forth in chapter 256B or 256L; or

(3) if the noncustodial parent's PICS meet the eligibility requirement for public coverage under chapter 256B or the noncustodial parent receives public assistance, the noncustodial parent must not be ordered to contribute toward the cost of public coverage.

(g) If neither parent has appropriate health care coverage available, the court may order the parent with whom the child resides to apply for public coverage for the child.

(h) The commissioner of human services must publish a table with the premium schedule for public coverage and update the chart for changes to the schedule by July 1 of each year.

(i) If a joint child is not presently enrolled in health care coverage providing dental benefits, upon motion of a parent or the public authority, the court may determine whether either parent has appropriate dental health care coverage for the joint child, and the court may order a parent with appropriate dental health care coverage available to carry the coverage for the joint child.

(j) If a joint child is not presently enrolled in available health care coverage providing benefits other than medical benefits or dental benefits, upon motion of a parent or the public authority, the court may determine whether that other health care coverage for the joint child is appropriate, and the court may order a parent with that appropriate health care coverage available to carry the coverage for the joint child.

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

Sec. 76. Minnesota Statutes 2014, section 518A.41, subdivision 14, is amended to read:

Subd. 14. Child support enforcement services. The public authority must take necessary steps to establish and enforce, and modify an order for medical support if the joint child receives public assistance or a party completes an application for services from the public authority under section 518A.51.

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

Sec. 77. Minnesota Statutes 2014, section 518A.41, subdivision 15, is amended to read:

Subd. 15. Enforcement. (a) Remedies available for collecting and enforcing child support apply to medical support.

(b) For the purpose of enforcement, the following are additional support:

(1) the costs of individual or group health or hospitalization coverage;

(2) dental coverage;

(3) medical costs ordered by the court to be paid by either party, including health care coverage premiums paid by the obligee because of the obligor's failure to obtain coverage as ordered; and

(4) liabilities established under this subdivision.
(c) A party who fails to carry court-ordered dependent health care coverage is liable for the joint child’s uninsured medical expenses unless a court order provides otherwise. A party’s failure to carry court-ordered coverage, or to provide other medical support as ordered, is a basis for modification of a medical support order under section 518A.39, subdivision 2, unless it meets the presumption in section 518A.39, subdivision 2.

(d) Payments by the health carrier or employer for services rendered to the dependents that are directed to a party not owed reimbursement must be endorsed over to and forwarded to the vendor or appropriate party or the public authority. A party retaining insurance reimbursement not owed to the party is liable for the amount of the reimbursement.

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

Sec. 78. Minnesota Statutes 2014, section 518A.43, is amended by adding a subdivision to read:

Subd. 1a. **Income disparity between parties.** The court may deviate from the presumptive child support obligation under section 518A.34 and elect not to order a party who has between ten and 45 percent parenting time to pay basic support where such a significant disparity of income exists between the parties that an order directing payment of basic support would be detrimental to the parties’ joint child.

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

Sec. 79. Minnesota Statutes 2014, section 518A.46, subdivision 3, is amended to read:

Subd. 3. **Contents of pleadings.** (a) In cases involving establishment or modification of a child support order, the initiating party shall include the following information, if known, in the pleadings:

1. names, addresses, and dates of birth of the parties;
2. Social Security numbers of the parties and the minor children of the parties, which information shall be considered private information and shall be available only to the parties, the court, and the public authority;
3. other support obligations of the obligor;
4. names and addresses of the parties’ employers;
5. gross income of the parties as calculated in section 518A.29;
6. amounts and sources of any other earnings and income of the parties;
7. health insurance coverage of parties;
8. types and amounts of public assistance received by the parties, including Minnesota family investment plan, child care assistance, medical assistance, MinnesotaCare, title IV-E foster care, or other form of assistance as defined in section 256.741, subdivision 1; and
9. any other information relevant to the computation of the child support obligation under section 518A.34.

(b) For all matters scheduled in the expedited process, whether or not initiated by the public authority, the nonattorney employee of the public authority shall file with the court and serve on the parties the following information:
(1) information pertaining to the income of the parties available to the public authority from the Department of Employment and Economic Development;

(2) a statement of the monthly amount of child support, medical support, child care, and arrears currently being charged the obligor on Minnesota IV-D cases;

(3) a statement of the types and amount of any public assistance, as defined in section 256.741, subdivision 1, received by the parties; and

(4) any other information relevant to the determination of support that is known to the public authority and that has not been otherwise provided by the parties.

The information must be filed with the court or child support magistrate at least five days before any hearing involving child support, medical support, or child care reimbursement issues.

Sec. 80. Minnesota Statutes 2014, section 518A.46, is amended by adding a subdivision to read:

Subd. 3a. Contents of pleadings for medical support modifications. (a) In cases involving modification of only the medical support portion of a child support order under section 518A.39, subdivision 8, the initiating party shall include the following information, if known, in the pleadings:

(1) names, addresses, and dates of birth of the parties;

(2) Social Security numbers of the parties and the minor children of the parties, which shall be considered private information and shall be available only to the parties, the court, and the public authority;

(3) names and addresses of the parties’ employers;

(4) gross income of the parties as stated in the order being modified;

(5) health insurance coverage of the parties; and

(6) any other information relevant to the determination of the medical support obligation under section 518A.41.

(b) For all matters scheduled in the expedited process, whether or not initiated by the public authority, the nonattorney employee of the public authority shall file with the court and serve on the parties the following information:

(1) a statement of the monthly amount of child support, medical support, child care, and arrears currently being charged the obligor on Minnesota IV-D cases;

(2) a statement of the amount of medical assistance received by the parties; and

(3) any other information relevant to the determination of medical support that is known to the public authority and that has not been otherwise provided by the parties.

The information must be filed with the court or child support magistrate at least five days before the hearing on the motion to modify medical support.

EFFECTIVE DATE. This section is effective January 1, 2016.
Sec. 81. Minnesota Statutes 2014, section 518A.51, is amended to read:

518A.51 FEES FOR IV-D SERVICES.

(a) When a recipient of IV-D services is no longer receiving assistance under the state's title IV-A, IV-E foster care, or medical assistance, or MinnesotaCare programs, the public authority responsible for child support enforcement must notify the recipient, within five working days of the notification of ineligibility, that IV-D services will be continued unless the public authority is notified to the contrary by the recipient. The notice must include the implications of continuing to receive IV-D services, including the available services and fees, cost recovery fees, and distribution policies relating to fees.

(b) An application fee of $25 shall be paid by the person who applies for child support and maintenance collection services, except persons who are receiving public assistance as defined in section 256.741 and the diversionary work program under section 256L.95, persons who transfer from public assistance to nonpublic assistance status, and minor parents and parents enrolled in a public secondary school, area learning center, or alternative learning program approved by the commissioner of education.

(c) (b) In the case of an individual who has never received assistance under a state program funded under title IV-A of the Social Security Act and for whom the public authority has collected at least $500 of support, the public authority must impose an annual federal collections fee of $25 for each case in which services are furnished. This fee must be retained by the public authority from support collected on behalf of the individual, but not from the first $500 collected.

(d) (c) When the public authority provides full IV-D services to an obligee who has applied for those services, upon written notice to the obligee, the public authority must charge a cost recovery fee of two percent of the amount collected. This fee must be deducted from the amount of the child support and maintenance collected and not assigned under section 256.741 before disbursement to the obligee. This fee does not apply to an obligee who:

(1) is currently receiving assistance under the state's title IV-A, IV-E foster care, or medical assistance, or MinnesotaCare programs; or

(2) has received assistance under the state's title IV-A or IV-E foster care programs, until the person has not received this assistance for 24 consecutive months.

(e) (d) When the public authority provides full IV-D services to an obligor who has applied for such services, upon written notice to the obligor, the public authority must charge a cost recovery fee of two percent of the monthly court-ordered child support and maintenance obligation. The fee may be collected through income withholding, as well as by any other enforcement remedy available to the public authority responsible for child support enforcement.

(f) (e) Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. The public authority upon written notice to the obligee shall assess a fee of $25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.

(g) (f) Federal collections fees collected under paragraph (e) (b) and cost recovery fees collected under paragraphs (c) and (d) and (e) retained by the commissioner of human services shall be considered child support program income according to Code of Federal Regulations, title 45, section 304.50, and shall be deposited in the special revenue fund account established under paragraph (i) (h). The commissioner of human services must elect to recover costs based on either actual or standardized costs.
The limitations of this section on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under title IV-A and title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

The commissioner of human services is authorized to establish a special revenue fund account to receive the federal collections fees collected under paragraph (c) (b) and cost recovery fees collected under paragraphs (c) and (d) and (e).

(i) The nonfederal share of the cost recovery fee revenue must be retained by the commissioner and distributed as follows:

1. one-half of the revenue must be transferred to the child support system special revenue account to support the state's administration of the child support enforcement program and its federally mandated automated system;

2. an additional portion of the revenue must be transferred to the child support system special revenue account for expenditures necessary to administer the fees; and

3. the remaining portion of the revenue must be distributed to the counties to aid the counties in funding their child support enforcement programs.

The nonfederal share of the federal collections fees must be distributed to the counties to aid them in funding their child support enforcement programs.

(k) The commissioner of human services shall distribute quarterly any of the funds dedicated to the counties under paragraphs (i) and (j) and (k) using the methodology specified in section 256.979, subdivision 11. The funds received by the counties must be reinvested in the child support enforcement program and the counties must not reduce the funding of their child support programs by the amount of the funding distributed.

EFFECTIVE DATE. This section is effective July 1, 2016, except that the amendments striking MinnesotaCare are effective July 1, 2015.

Sec. 82. Minnesota Statutes 2014, section 518A.53, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For the purpose of this section, the following terms have the meanings provided in this subdivision unless otherwise stated.

(b) "Payor of funds" means any person or entity that provides funds to an obligor, including an employer as defined under chapter 24 of the Internal Revenue Code, section 3401(d), an independent contractor, payor of worker's compensation benefits or unemployment benefits, or a financial institution as defined in section 13B.06.

(c) "Business day" means a day on which state offices are open for regular business.

(d) "Arrears" means amounts owed under a support order that are past due has the meaning given in section 518A.26, subdivision 3.

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

Sec. 83. Minnesota Statutes 2014, section 518A.53, subdivision 4, is amended to read:

Subd. 4. Collection services. (a) The commissioner of human services shall prepare and make available to the courts a notice of services that explains child support and maintenance collection services available through the public authority, including income withholding, and the fees for such services. Upon receiving a petition for dissolution of marriage or legal separation, the court administrator shall promptly send the notice of services to the petitioner and respondent at the addresses stated in the petition.
(b) Either the obligee or obligor may at any time apply to the public authority for either full IV-D services or for income withholding only services.

(c) For those persons applying for income withholding only services, a monthly service fee of $15 must be charged to the obligor. This fee is in addition to the amount of the support order and shall be withheld through income withholding. The public authority shall explain the service options in this section to the affected parties and encourage the application for full child support collection services.

(d) If the obligee is not a current recipient of public assistance as defined in section 256.741, the person who applied for services may at any time choose to terminate either full IV-D services or income withholding only services regardless of whether income withholding is currently in place. The obligee or obligor may reapply for either full IV-D services or income withholding only services at any time. Unless the applicant is a recipient of public assistance as defined in section 256.741, a $25 application fee shall be charged at the time of each application.

(e) When a person terminates IV-D services, if an arrearage for public assistance as defined in section 256.741 exists, the public authority may continue income withholding, as well as use any other enforcement remedy for the collection of child support, until all public assistance arrears are paid in full. Income withholding shall be in an amount equal to 20 percent of the support order in effect at the time the services terminated, unless the court has ordered a specific monthly payback amount to be applied toward the arrears. If a support order includes a specific monthly payback amount, income withholding shall be for the specific monthly payback amount ordered.

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

Sec. 84. Minnesota Statutes 2014, section 518A.53, subdivision 10, is amended to read:

Subd. 10. Arrearage order. (a) This section does not prevent the court from ordering the payor of funds to withhold amounts to satisfy the obligor's previous arrearage in support order payments. This remedy shall not operate to exclude availability of other remedies to enforce judgments. The employer or payor of funds shall withhold from the obligor's income an additional amount equal to 20 percent of the monthly child support or maintenance obligation until the arrearage is paid, unless the court has ordered a specific monthly payback amount toward the arrears. If a support order includes a specific monthly payback amount, the employer or payor of funds shall withhold from the obligor's income an additional amount equal to the specific monthly payback amount ordered until all arrearages are paid.

(b) Notwithstanding any law to the contrary, funds from income sources included in section 518A.26, subdivision 8, whether periodic or lump sum, are not exempt from attachment or execution upon a judgment for child support arrearage.

(c) Absent an order to the contrary, if an arrearage exists at the time a support order would otherwise terminate, income withholding shall continue in effect or may be implemented in an amount equal to the support order plus an additional 20 percent of the monthly child support obligation, until all arrears have been paid in full.

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

Sec. 85. Minnesota Statutes 2014, section 518A.60, is amended to read:

518A.60 COLLECTION; ARREARS ONLY.

(a) Remedies available for the collection and enforcement of support in this chapter and chapters 256, 257, 518, and 518C also apply to cases in which the child or children for whom support is owed are emancipated and the obligor owes past support or has an accumulated arrearage as of the date of the youngest child's emancipation.
Child support arrearages under this section include arrearages for child support, medical support, child care, pregnancy and birth expenses, and unreimbursed medical expenses as defined in section 518A.41, subdivision 1, paragraph (h).

(b) This section applies retroactively to any support arrearage that accrued on or before June 3, 1997, and to all arrearages accruing after June 3, 1997.

(c) Past support or pregnancy and confinement expenses ordered for which the obligor has specific court ordered terms for repayment may not be enforced using drivers' and occupational or professional license suspension, and credit bureau reporting, and additional income withholding under section 518A.53, subdivision 10, paragraph (a), unless the obligor fails to comply with the terms of the court order for repayment.

(d) If an arrearage exists at the time a support order would otherwise terminate and section 518A.53, subdivision 10, paragraph (c), does not apply to this section, the arrearage shall be repaid in an amount equal to the current support order until all arrears have been paid in full, absent a court order to the contrary.

(e) If an arrearage exists according to a support order which fails to establish a monthly support obligation in a specific dollar amount, the public authority, if it provides child support services, or the obligee, may establish a payment agreement which shall equal what the obligor would pay for current support after application of section 518A.34, plus an additional 20 percent of the current support obligation, until all arrears have been paid in full. If the obligor fails to enter into or comply with a payment agreement, the public authority, if it provides child support services, or the obligee, may move the district court or child support magistrate, if section 484.702 applies, for an order establishing repayment terms.

(f) If there is no longer a current support order because all of the children of the order are emancipated, the public authority may discontinue child support services and close its case under title IV-D of the Social Security Act if:

1. the arrearage is under $500; or
2. the arrearage is considered unenforceable by the public authority because there have been no collections for three years, and all administrative and legal remedies have been attempted or are determined by the public authority to be ineffective because the obligor is unable to pay, the obligor has no known income or assets, and there is no reasonable prospect that the obligor will be able to pay in the foreseeable future.

(g) At least 60 calendar days before the discontinuation of services under paragraph (f), the public authority must mail a written notice to the obligee and obligor at the obligee's and obligor's last known addresses that the public authority intends to close the child support enforcement case and explaining each party's rights. Seven calendar days after the first notice is mailed, the public authority must mail a second notice under this paragraph to the obligee.

(h) The case must be kept open if the obligee responds before case closure and provides information that could reasonably lead to collection of arrears. If the case is closed, the obligee may later request that the case be reopened by completing a new application for services, if there is a change in circumstances that could reasonably lead to the collection of arrears.

**EFFECTIVE DATE.** This section is effective July 1, 2016.
Sec. 86. [518A.685] CONSUMER REPORTING AGENCY; REPORTING ARREARS.

(a) If a public authority determines that an obligor has not paid the current monthly support obligation plus any required arrearage payment for three months, the public authority must report this information to a consumer reporting agency.

(b) Before reporting that an obligor is in arrears for court-ordered child support, the public authority must:

(1) provide written notice to the obligor that the public authority intends to report the arrears to a consumer reporting agency; and

(2) mail the written notice to the obligor's last known mailing address at least 30 days before the public authority reports the arrears to a consumer reporting agency.

(c) The obligor may, within 21 days of receipt of the notice, do the following to prevent the public authority from reporting the arrears to a consumer reporting agency:

(1) pay the arrears in full; or

(2) request an administrative review. An administrative review is limited to issues of mistaken identity, a pending legal action involving the arrears, or an incorrect arrears balance.

(d) If the public authority has reported that an obligor is in arrears for court-ordered child support and subsequently determines that the obligor has paid the court-ordered child support arrears in full, or is paying the current monthly support obligation plus any required arrearage payment, the public authority must report to the consumer reporting agency that the obligor is currently paying child support as ordered by the court.

(e) A public authority that reports arrearage information under this section must make monthly reports to a consumer reporting agency. The monthly report must be consistent with credit reporting industry standards for child support.

(f) For purposes of this section, "consumer reporting agency" has the meaning given in section 13C.001, subdivision 4, and United States Code, title 15, section 1681a(f).

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

Sec. 87. Minnesota Statutes 2014, section 518C.802, is amended to read:

518C.802 CONDITIONS OF RENDITION.

(a) Before making demand that the governor of another state surrender an individual charged criminally in this state with having failed to provide for the support of an obligee, the governor of this state may require a prosecutor of this state to demonstrate that at least 60 days previously the obligee had initiated proceedings for support pursuant to this chapter or that the proceeding would be of no avail.

(b) If, under this chapter or a law substantially similar to this chapter, the Uniform Reciprocal Enforcement of Support Act, or the Revised Uniform Reciprocal Enforcement of Support Act, the governor of another state makes a demand that the governor of this state surrender an individual charged criminally in that state with having failed to provide for the support of a child or other individual to whom a duty of support is owed, the governor may require a prosecutor to investigate the demand and report whether a proceeding for support has been initiated or would be effective. If it appears that a proceeding would be effective but has not been initiated, the governor may delay honoring the demand for a reasonable time to permit the initiation of a proceeding.
(c) If a proceeding for support has been initiated and the individual whose rendition is demanded prevails, the governor may decline to honor the demand. If the petitioner prevails and the individual whose rendition is demanded is subject to a support order, the governor may decline to honor the demand if the individual is complying with the support order.

Sec. 88. Minnesota Statutes 2014, section 626.556, subdivision 1, as amended by Laws 2015, chapter 4, section 1, is amended to read:

Subdivision 1. Public policy. (a) The legislature hereby declares that the public policy of this state is to protect children whose health or welfare may be jeopardized through physical abuse, neglect, or sexual abuse. While it is recognized that most parents want to keep their children safe, sometimes circumstances or conditions interfere with their ability to do so. When this occurs, the health and safety of the children must be of paramount concern. Intervention and prevention efforts must address immediate concerns for child safety and the ongoing risk of abuse or neglect and should engage the protective capacities of families. In furtherance of this public policy, it is the intent of the legislature under this section to:

(1) protect children and promote child safety;
(2) strengthen the family;
(3) make the home, school, and community safe for children by promoting responsible child care in all settings; and
(4) provide, when necessary, a safe temporary or permanent home environment for physically or sexually abused or neglected children.

(b) In addition, it is the policy of this state to:

(1) require the reporting of neglect or physical or sexual abuse of children in the home, school, and community settings;
(2) provide for the voluntary reporting of abuse or neglect of children; to require a family assessment, when appropriate, as the preferred response to reports not alleging substantial child endangerment;
(3) require an investigation when the report alleges sexual abuse or substantial child endangerment;
(4) provide a family assessment, if appropriate, when the report does not allege sexual abuse or substantial child endangerment; and
(4) provide protective, family support, and family preservation services when needed in appropriate cases.

Sec. 89. Minnesota Statutes 2014, section 626.556, subdivision 2, is amended to read:

Subd. 2. Definitions. As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege sexual abuse or substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.
(b) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve sexual abuse or substantial child endangerment, and for reports of maltreatment in facilities required to be licensed under chapter 245A or 245D; under sections 144.50 to 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and 13, and 241D.10; or in a nonlicensed personal care provider association as defined in section 256B.0625, subdivision 19a.

(c) "Substantial child endangerment" means a person responsible for a child's care, and in the case of sexual abuse includes a person who has a significant relationship to the child as defined in section 609.341, or a person in a position of authority as defined in section 609.341, who by act or omission commits or attempts to commit an act against a child under their care that constitutes any of the following:

1. egregious harm as defined in section 260C.007, subdivision 14;
2. sexual abuse as defined in paragraph (d);
3. abandonment under section 260C.301, subdivision 2;
4. neglect as defined in paragraph (f), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
5. murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
6. manslaughter in the first or second degree under section 609.20 or 609.205;
7. assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
8. solicitation, inducement, and promotion of prostitution under section 609.322;
9. criminal sexual conduct under sections 609.342 to 609.3451;
10. solicitation of children to engage in sexual conduct under section 609.352;
11. malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;
12. use of a minor in sexual performance under section 617.246; or
13. parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.503, subdivision 2.

(d) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).
(e) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(f) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.
(g) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

1. throwing, kicking, burning, biting, or cutting a child;
2. striking a child with a closed fist;
3. shaking a child under age three;
4. striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
5. unreasonable interference with a child's breathing;
6. threatening a child with a weapon, as defined in section 609.02, subdivision 6;
7. striking a child under age one on the face or head;
8. striking a child who is at least age one but under age four on the face or head, which results in an injury;
9. purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;
10. unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or
11. in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(h) "Report" means any report of neglect or physical or sexual abuse of a child and contains sufficient content to identify the child and any person believed to be responsible for the neglect or abuse, if known.

(i) "Facility" means:

1. a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245D;
2. a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or
3. a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a.
(j) "Operator" means an operator or agency as defined in section 245A.02.

(k) "Commissioner" means the commissioner of human services.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expediter services.

(m) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(n) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (e), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, subdivision 1, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (o) from the Department of Human Services.

(o) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (n), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(p) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

(q) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.
(r) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

Sec. 90. Minnesota Statutes 2014, section 626.556, subdivision 3, is amended to read:

Subd. 3. Persons mandated to report; persons voluntarily reporting. (a) A person who knows or has reason to believe a child is being neglected or physically or sexually abused, as defined in subdivision 2, or has been neglected or physically or sexually abused within the preceding three years, shall immediately report the information to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff, tribal social services agency, or tribal police department if the person is:

(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, correctional supervision, probation and correctional services, or law enforcement; or

(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c).

The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency, or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing. The county sheriff and the head of every local welfare agency, agency responsible for assessing or investigating reports, and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph and paragraph (b) are carried out. Nothing in this subdivision shall be construed to require more than one report from any institution, facility, school, or agency.

(b) Any person may voluntarily report to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff, tribal social services agency, or tribal police department if the person knows, has reason to believe, or suspects a child is being or has been neglected or subjected to physical or sexual abuse. The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing.
(c) A person mandated to report physical or sexual child abuse or neglect occurring within a licensed facility shall report the information to the agency responsible for licensing the facility under sections 144.50 to 144.58; 241.021; 245A.01 to 245A.16; or chapter 245D; or a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19. A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A board or other entity whose licensees perform work within a school facility, upon receiving a complaint of alleged maltreatment, shall provide information about the circumstances of the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4, applies to data received by the commissioner of education from a licensing entity.

(d) Any person mandated to report shall receive a summary of the disposition of any report made by that reporter, including whether the case has been opened for child protection or other services, or if a referral has been made to a community organization, unless release would be detrimental to the best interests of the child. Any person who is not mandated to report shall, upon request to the local welfare agency, receive a concise summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child. Notification requirements under subdivision 10 apply to all reports received under this section.

(e) For purposes of this section, “immediately” means as soon as possible but in no event longer than 24 hours.

Sec. 91. Minnesota Statutes 2014, section 626.556, subdivision 6a, is amended to read:

Subd. 6a. **Failure to notify.** If a local welfare agency receives a report under subdivision 3, paragraph (a) or (b), and fails to notify the local police department or county sheriff as required by subdivision 3, paragraph (a) or (b) 10, the person within the agency who is responsible for ensuring that notification is made shall be subject to disciplinary action in keeping with the agency’s existing policy or collective bargaining agreement on discipline of employees. If a local police department or a county sheriff receives a report under subdivision 3, paragraph (a) or (b), and fails to notify the local welfare agency as required by subdivision 3, paragraph (a) or (b) 10, the person within the police department or county sheriff’s office who is responsible for ensuring that notification is made shall be subject to disciplinary action in keeping with the agency's existing policy or collective bargaining agreement on discipline of employees.

Sec. 92. Minnesota Statutes 2014, section 626.556, subdivision 7, as amended by Laws 2015, chapter 4, section 2, is amended to read:

Subd. 7. **Report; information provided to parent; reporter.** (a) An oral report shall be made immediately by telephone or otherwise. An oral report made by a person required under subdivision 3 to report shall be followed within 72 hours, exclusive of weekends and holidays, by a report in writing to the appropriate police department, the county sheriff, the agency responsible for assessing or investigating the report, or the local welfare agency.

(b) The local welfare agency shall determine if the report is accepted for an assessment or investigation to be screened in or out as soon as possible but in no event longer than 24 hours after the report is received. When determining whether a report will be screened in or out, the agency receiving the report must consider, when relevant, all previous history, including reports that were screened out. The agency may communicate with treating professionals and individuals specified under subdivision 10, paragraph (i), clause (3), item (iii).

(c) Any report shall be of sufficient content to identify the child, any person believed to be responsible for the abuse or neglect of the child if the person is known, the nature and extent of the abuse or neglect and the name and address of the reporter. The local welfare agency or agency responsible for assessing or investigating the report shall accept a report made under subdivision 3 notwithstanding refusal by a reporter to provide the reporter's name or address as long as the report is otherwise sufficient under this paragraph. Written reports received by a police department or the county sheriff shall be forwarded immediately to the local welfare agency or the agency responsible for assessing or investigating the report. The police department or the county sheriff may keep copies of
reports received by them. Copies of written reports received by a local welfare department or the agency responsible for assessing or investigating the report shall be forwarded immediately to the local police department or the county sheriff.

   (e) (d) When requested, the agency responsible for assessing or investigating a report shall inform the reporter within ten days after the report was made, either orally or in writing, whether the report was accepted or not. If the responsible agency determines the report does not constitute a report under this section, the agency shall advise the reporter the report was screened out. Any person mandated to report shall receive a summary of the disposition of any report made by that reporter, including whether the case has been opened for child protection or other services, or if a referral has been made to a community organization, unless release would be detrimental to the best interests of the child. Any person who is not mandated to report shall, upon request to the local welfare agency, receive a concise summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child.

   (e) Reports that are screened out must be maintained in accordance with subdivision 11c, paragraph (a).

   (f) A local welfare agency or agency responsible for investigating or assessing a report may use a screened-out report for making an offer of social services to the subjects of the screened-out report. A local welfare agency or agency responsible for evaluating a report alleging maltreatment of a child shall consider prior reports, including screened-out reports, to determine whether an investigation or family assessment must be conducted.

   (g) (h) Notwithstanding paragraph (a), the commissioner of education must inform the parent, guardian, or legal custodian of the child who is the subject of a report of alleged maltreatment in a school facility within ten days of receiving the report, either orally or in writing, whether the commissioner is assessing or investigating the report of alleged maltreatment.

   (h) (i) Regardless of whether a report is made under this subdivision, as soon as practicable after a school receives information regarding an incident that may constitute maltreatment of a child in a school facility, the school shall inform the parent, legal guardian, or custodian of the child that an incident has occurred that may constitute maltreatment, when the incident occurred, and the nature of the conduct that may constitute maltreatment.

   (i) A written copy of a report maintained by personnel of agencies, other than welfare or law enforcement agencies, which are subject to chapter 13 shall be confidential. An individual subject of the report may obtain access to the original report as provided by subdivision 11.

Sec. 93. Minnesota Statutes 2014, section 626.556, is amended by adding a subdivision to read:
Sec. 94. Minnesota Statutes 2014, section 626.556, subdivision 10, is amended to read:

Subd. 10. Duties of local welfare agency and local law enforcement agency upon receipt of report; mandatory notification between police or sheriff and agency. (a) The police department or the county sheriff shall immediately notify the local welfare agency or agency responsible for child protection reports under this section orally and in writing when a report is received. The local welfare agency or agency responsible for child protection reports shall immediately notify the local police department or the county sheriff orally and in writing when a report is received. The county sheriff and the head of every local welfare agency, agency responsible for child protection reports, and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph are carried out. When the alleged maltreatment occurred on tribal land, the local welfare agency or agency responsible for child protection reports and the local police department or the county sheriff shall immediately notify the tribe's social services agency and tribal law enforcement orally and in writing when a report is received.

(b) Upon receipt of a report, the local welfare agency shall determine whether to conduct a family assessment or an investigation as appropriate to prevent or provide a remedy for child maltreatment. The local welfare agency:

(1) shall conduct an investigation on reports involving sexual abuse or substantial child endangerment;

(2) shall begin an immediate investigation if, at any time when it is using a family assessment response, it determines that there is reason to believe that sexual abuse or substantial child endangerment or a serious threat to the child's safety exists;

(3) may conduct a family assessment for reports that do not allege sexual abuse or substantial child endangerment. In determining that a family assessment is appropriate, the local welfare agency may consider issues of child safety, parental cooperation, and the need for an immediate response; and

(4) may conduct a family assessment on a report that was initially screened and assigned for an investigation. In determining that a complete investigation is not required, the local welfare agency must document the reason for terminating the investigation and notify the local law enforcement agency if the local law enforcement agency is conducting a joint investigation.

If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, or sexual abuse by a person with a significant relationship to the child when that person resides in the child's household or by a sibling, the local welfare agency shall immediately conduct a family assessment or investigation as identified in clauses (1) to (4). In conducting a family assessment or investigation, the local welfare agency shall gather information on the existence of substance abuse and domestic violence and offer services for purposes of preventing future child maltreatment, safeguarding and enhancing the welfare of the abused or neglected minor, and supporting and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse, physical abuse, or neglect or endangerment, under section 609.378, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation or assessment. In cases of alleged child maltreatment resulting in death, the local agency may rely on the fact-finding efforts of a law enforcement investigation to make a determination of whether or not maltreatment occurred. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.
If the family assessment or investigation indicates there is a potential for abuse of alcohol or other drugs by the parent, guardian, or person responsible for the child's care, the local welfare agency shall conduct a chemical use assessment pursuant to Minnesota Rules, part 9530.6615.

(b) (c) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse, sexual abuse, or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97. The commissioner of education shall inform the ombudsman established under sections 245.91 to 245.97 of reports regarding a child defined as a client in section 245.91 that maltreatment occurred at a school as defined in sections 120A.05, subdivisions 9, 11, and 13, and 124D.10.

(c) (d) Authority of the local welfare agency responsible for assessing or investigating the child abuse or neglect report, the agency responsible for assessing or investigating the report, and of the local law enforcement agency for investigating the child abuse or neglect includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged offender. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview may take place outside the presence of the alleged offender or parent, legal custodian, guardian, or school official. For family assessments, it is the preferred practice to request a parent or guardian's permission to interview the child prior to conducting the child interview, unless doing so would compromise the safety assessment. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 32 of the Minnesota Rules of Procedure for Juvenile Courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(d) (e) When the local welfare, local law enforcement agency, or the agency responsible for assessing or investigating a report of maltreatment determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the local social services agency or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded, unless a school employee or agent is alleged to have maltreated the child. Until that time, the local welfare or law enforcement agency or the agency responsible for assessing or investigating a report of maltreatment shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged offender is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the
interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(e) Where the alleged offender or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the alleged offender or any person responsible for the child's care at reasonable places and times as specified by court order.

(f) Before making an order under paragraph (e), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(g) The commissioner of human services, the ombudsman for mental health and developmental disabilities, the local welfare agencies responsible for investigating reports, the commissioner of education, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

(h) The local welfare agency responsible for conducting a family assessment or investigation shall collect available and relevant information to determine child safety, risk of subsequent child maltreatment, and family strengths and needs and share not public information with an Indian's tribal social services agency without violating any law of the state that may otherwise impose duties of confidentiality on the local welfare agency in order to implement the tribal state agreement. The local welfare agency or the agency responsible for investigating the report shall collect available and relevant information to ascertain whether maltreatment occurred and whether protective services are needed. Information collected includes, when relevant, information with regard to the person reporting the alleged maltreatment, including the nature of the reporter's relationship to the child and to the alleged offender, and the basis of the reporter's knowledge for the report; the child allegedly being maltreated; the alleged offender; the child's caretaker; and other collateral sources having relevant information related to the alleged maltreatment. The local welfare agency or the agency responsible for investigating the report may make a determination of no maltreatment early in an investigation, and close the case and retain immunity, if the collected information shows no basis for a full investigation.

Information relevant to the assessment or investigation must be asked for, and may include:

1. the child's sex and age, prior reports of maltreatment, including any maltreatment reports that were screened out and not accepted for assessment or investigation; information relating to developmental functioning and whether the information provided under this clause is consistent with other information collected during the course of the assessment or investigation;

2. the alleged offender's age, a record check for prior reports of maltreatment, and criminal charges and convictions. The local welfare agency or the agency responsible for assessing or investigating the report must provide the alleged offender with an opportunity to make a statement. The alleged offender may submit supporting documentation relevant to the assessment or investigation;
(3) collateral source information regarding the alleged maltreatment and care of the child. Collateral information includes, when relevant: (i) a medical examination of the child; (ii) prior medical records relating to the alleged maltreatment or the care of the child maintained by any facility, clinic, or health care professional and an interview with the treating professionals; and (iii) interviews with the child's caretakers, including the child's parent, guardian, foster parent, child care provider, teachers, counselors, family members, relatives, and other persons who may have knowledge regarding the alleged maltreatment and the care of the child; and

(4) information on the existence of domestic abuse and violence in the home of the child, and substance abuse.

Nothing in this paragraph precludes the local welfare agency, the local law enforcement agency, or the agency responsible for assessing or investigating the report from collecting other relevant information necessary to conduct the assessment or investigation. Notwithstanding sections 13.384 or 144.291 to 144.298, the local welfare agency has access to medical data and records for purposes of clause (3). Notwithstanding the data's classification in the possession of any other agency, data acquired by the local welfare agency or the agency responsible for assessing or investigating the report during the course of the assessment or investigation are private data on individuals and must be maintained in accordance with subdivision 11. Data of the commissioner of education collected or maintained during and for the purpose of an investigation of alleged maltreatment in a school are governed by this section, notwithstanding the data's classification as educational, licensing, or personnel data under chapter 13.

In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (i), the commissioner of education shall collect investigative reports and data that are relevant to a report of maltreatment and are from local law enforcement and the school facility.

(4) (j) Upon receipt of a report, the local welfare agency shall conduct a face-to-face contact with the child reported to be maltreated and with the child's primary caregiver sufficient to complete a safety assessment and ensure the immediate safety of the child. The face-to-face contact with the child and primary caregiver shall occur immediately if sexual abuse or substantial child endangerment is alleged and within five calendar days for all other reports. If the alleged offender was not already interviewed as the primary caregiver, the local welfare agency shall also conduct a face-to-face interview with the alleged offender in the early stages of the assessment or investigation. At the initial contact, the local child welfare agency or the agency responsible for assessing or investigating the report must inform the alleged offender of the complaints or allegations made against the individual in a manner consistent with laws protecting the rights of the person who made the report. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation.

(4) (k) When conducting an investigation, the local welfare agency shall use a question and answer interviewing format with questioning as nondirective as possible to elicit spontaneous responses. For investigations only, the following interviewing methods and procedures must be used whenever possible when collecting information:

(1) audio recordings of all interviews with witnesses and collateral sources; and

(2) in cases of alleged sexual abuse, audio-video recordings of each interview with the alleged victim and child witnesses.

(4) (l) In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (i), the commissioner of education shall collect available and relevant information and use the procedures in paragraphs (4), (j) and (k), and subdivision 3d, except that the requirement for face-to-face observation of the child and face-to-face interview of the alleged offender is to occur in the initial stages of the assessment or investigation provided that the commissioner may also base the assessment or investigation on investigative reports and data received from the school facility and local law enforcement, to the extent those investigations satisfy the requirements of paragraphs (4) and (j) and (k), and subdivision 3d.
Sec. 95. Minnesota Statutes 2014, section 626.556, subdivision 10e, is amended to read:

Subd. 10e. Determinations. (a) The local welfare agency shall conclude the family assessment or the investigation within 45 days of the receipt of a report. The conclusion of the assessment or investigation may be extended to permit the completion of a criminal investigation or the receipt of expert information requested within 45 days of the receipt of the report.

(b) After conducting a family assessment, the local welfare agency shall determine whether services are needed to address the safety of the child and other family members and the risk of subsequent maltreatment.

(c) After conducting an investigation, the local welfare agency shall make two determinations: first, whether maltreatment has occurred; and second, whether child protective services are needed. No determination of maltreatment shall be made when the alleged perpetrator is a child under the age of ten.

(d) If the commissioner of education conducts an assessment or investigation, the commissioner shall determine whether maltreatment occurred and what corrective or protective action was taken by the school facility. If a determination is made that maltreatment has occurred, the commissioner shall report to the employer, the school board, and any appropriate licensing entity the determination that maltreatment occurred and what corrective or protective action was taken by the school facility. In all other cases, the commissioner shall inform the school board or employer that a report was received, the subject of the report, the date of the initial report, the category of maltreatment alleged as defined in paragraph (f), the fact that maltreatment was not determined, and a summary of the specific reasons for the determination.

(e) When maltreatment is determined in an investigation involving a facility, the investigating agency shall also determine whether the facility or individual was responsible, or whether both the facility and the individual were responsible for the maltreatment using the mitigating factors in paragraph (i). Determinations under this subdivision must be made based on a preponderance of the evidence and are private data on individuals or nonpublic data as maintained by the commissioner of education.

(f) For the purposes of this subdivision, "maltreatment" means any of the following acts or omissions:

(1) physical abuse as defined in subdivision 2, paragraph (g);

(2) neglect as defined in subdivision 2, paragraph (f);

(3) sexual abuse as defined in subdivision 2, paragraph (d);

(4) mental injury as defined in subdivision 2, paragraph (m); or

(5) maltreatment of a child in a facility as defined in subdivision 2, paragraph (i).

(g) For the purposes of this subdivision, a determination that child protective services are needed means that the local welfare agency has documented conditions during the assessment or investigation sufficient to cause a child protection worker, as defined in section 626.559, subdivision 1, to conclude that a child is at significant risk of maltreatment if protective intervention is not provided and that the individuals responsible for the child's care have not taken or are not likely to take actions to protect the child from maltreatment or risk of maltreatment.

(h) This subdivision does not mean that maltreatment has occurred solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, in lieu of medical care. However, if lack of medical care may result in serious danger to the child's health, the local welfare agency may ensure that necessary medical services are provided to the child.
(i) When determining whether the facility or individual is the responsible party, or whether both the facility and the individual are responsible for determined maltreatment in a facility, the investigating agency shall consider at least the following mitigating factors:

1. whether the actions of the facility or the individual caregivers were according to, and followed the terms of, an erroneous physician order, prescription, individual care plan, or directive; however, this is not a mitigating factor when the facility or caregiver was responsible for the issuance of the erroneous order, prescription, individual care plan, or directive or knew or should have known of the errors and took no reasonable measures to correct the defect before administering care;

2. comparative responsibility between the facility, other caregivers, and requirements placed upon an employee, including the facility's compliance with related regulatory standards and the adequacy of facility policies and procedures, facility training, an individual's participation in the training, the caregiver's supervision, and facility staffing levels and the scope of the individual employee's authority and discretion; and

3. whether the facility or individual followed professional standards in exercising professional judgment.

The evaluation of the facility's responsibility under clause (2) must not be based on the completeness of the risk assessment or risk reduction plan required under section 245A.66, but must be based on the facility's compliance with the regulatory standards for policies and procedures, training, and supervision as cited in Minnesota Statutes and Minnesota Rules.

(j) Notwithstanding paragraph (i), when maltreatment is determined to have been committed by an individual who is also the facility license holder, both the individual and the facility must be determined responsible for the maltreatment, and both the background study disqualification standards under section 245C.15, subdivision 4, and the licensing actions under sections 245A.06 or 245A.07 apply.

(k) Individual counties may implement more detailed definitions or criteria that indicate which allegations to investigate, as long as a county's policies are consistent with the definitions in the statutes and rules and are approved by the county board. Each local welfare agency shall periodically inform mandated reporters under subdivision 3 who work in the county of the definitions of maltreatment in the statutes and rules and any additional definitions or criteria that have been approved by the county board.

Sec. 96. Minnesota Statutes 2014, section 626.556, subdivision 10j, is amended to read:

Subd. 10j. Release of data to mandated reporters. (a) A local social services or child protection agency, or the agency responsible for assessing or investigating the report of maltreatment, may shall provide relevant private data on individuals obtained under this section to a mandated reporter who made the report and who has an ongoing responsibility for the health, education, or welfare of a child affected by the data, unless the agency determines that providing the data would not be in the best interests of the child. The agency may provide the data to other mandated reporters with ongoing responsibility for the health, education, or welfare of a child affected by the data include the child's teachers or other appropriate school personnel, foster parents, health care providers, respite care workers, therapists, social workers, child care providers, residential care staff, crisis nursery staff, probation officers, and court services personnel. Under this section, a mandated reporter need not have made the report to be considered a person with ongoing responsibility for the health, education, or welfare of a child affected by the data. Data provided under this section must be limited to data pertinent to the individual's responsibility for caring for the child.

(b) A reporter who receives private data on individuals under this subdivision must treat the data according to that classification, regardless of whether the reporter is an employee of a government entity. The remedies and penalties under sections 13.08 and 13.09 apply if a reporter releases data in violation of this section or other law.
Sec. 97. Minnesota Statutes 2014, section 626.556, subdivision 10m, is amended to read:

Subd. 10m. Provision of child protective services; consultation with county attorney. (a) The local welfare agency shall create a written plan, in collaboration with the family whenever possible, within 30 days of the determination that child protective services are needed or upon joint agreement of the local welfare agency and the family that family support and preservation services are needed. Child protective services for a family are voluntary unless ordered by the court.

(b) The local welfare agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, if:

1. the family does not accept or comply with a plan for child protective services;
2. voluntary child protective services may not provide sufficient protection for the child; or
3. the family is not cooperating with an investigation or assessment.

Sec. 98. Minnesota Statutes 2014, section 626.556, subdivision 11c, is amended to read:

Subd. 11c. Welfare, court services agency, and school records maintained. Notwithstanding sections 138.163 and 138.17, records maintained or records derived from reports of abuse by local welfare agencies, agencies responsible for assessing or investigating the report, court services agencies, or schools under this section shall be destroyed as provided in paragraphs (a) to (d) by the responsible authority.

(a) For reports alleging child maltreatment that were not accepted for assessment or investigation, family assessment cases, and cases where an investigation results in no determination of maltreatment or the need for child protective services, the assessment or investigation records must be maintained for a period of four years after the date the report was not accepted for assessment or investigation or of the final entry in the case record. Records of reports that were not accepted must contain sufficient information to identify the subjects of the report, the nature of the alleged maltreatment, and the reasons as to why the report was not accepted. Records under this paragraph may not be used for employment, background checks, or purposes other than to assist in future screening decisions and risk and safety assessments.

(b) All records relating to reports which, upon investigation, indicate either maltreatment or a need for child protective services shall be maintained for ten years after the date of the final entry in the case record.

(c) All records regarding a report of maltreatment, including any notification of intent to interview which was received by a school under subdivision 10, paragraph (d), shall be destroyed by the school when ordered to do so by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

(d) Private or confidential data released to a court services agency under subdivision 10h must be destroyed by the court services agency when ordered to do so by the local welfare agency that released the data. The local welfare agency or agency responsible for assessing or investigating the report shall order destruction of the data when other records relating to the assessment or investigation are destroyed under this subdivision.

(e) For reports alleging child maltreatment that were not accepted for assessment or investigation, counties shall maintain sufficient information to identify repeat reports alleging maltreatment of the same child or children for 365 days from the date the report was screened out. The commissioner of human services shall specify to the counties the minimum information needed to accomplish this purpose. Counties shall enter this data into the state social services information system.
Sec. 99. Minnesota Statutes 2014, section 626.556, is amended by adding a subdivision to read:

Subd. 16.  **Commissioner’s duty to provide oversight; quality assurance reviews; annual summary of reviews.** (a) The commissioner shall develop a plan to perform quality assurance reviews of local welfare agency screening practices and decisions. The commissioner shall provide oversight and guidance to counties to ensure consistent application of screening guidelines, thorough and appropriate screening decisions, and correct documentation and maintenance of reports. Quality assurance reviews must begin no later than September 30, 2015.

(b) The commissioner shall produce an annual report of the summary results of the reviews. The report must only contain aggregate data and may not include any data that could be used to personally identify any subject whose data is included in the report. The report is public information and must be provided to the chairs and ranking minority members of the legislative committees having jurisdiction over child protection issues.

Sec. 100. Minnesota Statutes 2014, section 626.559, is amended by adding a subdivision to read:

Subd. 1b.  **Background studies.** (a) County employees hired on or after July 1, 2015, who have responsibility for child protection duties or current county employees who are assigned new child protection duties on or after July 1, 2015, are required to undergo a background study. A county may complete these background studies by either:

(1) use of the Department of Human Services NetStudy 2.0 system according to sections 245C.03 and 245C.10; or

(2) an alternative process defined by the county.

(b) County social services agencies and local welfare agencies must initiate background studies before an individual begins a position allowing direct contact with persons served by the agency.

Sec. 101. Laws 2014, chapter 189, section 5, is amended to read:

Sec. 5.  Minnesota Statutes 2012, section 518C.201, is amended to read:

518C.201 BASES FOR JURISDICTION OVER NONRESIDENT.  (a) In a proceeding to establish, or enforce, or modify a support order or to determine parentage of a child, a tribunal of this state may exercise personal jurisdiction over a nonresident individual or the individual’s guardian or conservator if:

(1) the individual is personally served with a summons or comparable document within this state;

(2) the individual submits to the jurisdiction of this state by consent, by entering a general appearance, or by filing a responsive document having the effect of waiving any contest to personal jurisdiction;

(3) the individual resided with the child in this state;

(4) the individual resided in this state and provided prenatal expenses or support for the child;

(5) the child resides in this state as a result of the acts or directives of the individual;

(6) the individual engaged in sexual intercourse in this state and the child may have been conceived by that act of intercourse;

(7) the individual asserted parentage of a child under sections 257.51 to 257.75; or
(8) there is any other basis consistent with the constitutions of this state and the United States for the exercise of personal jurisdiction.

(b) The bases of personal jurisdiction in paragraph (a) or in any other law of this state may not be used to acquire personal jurisdiction for a tribunal of this state to modify a child support order of another state unless the requirements of section 518C.611 are met, or, in the case of a foreign support order, unless the requirements of section 518C.615 are met.

Sec. 102. Laws 2014, chapter 189, section 9, is amended to read:

Sec. 9. Minnesota Statutes 2012, section 518C.205, is amended to read:

518C.205 CONTINUING, EXCLUSIVE JURISDICTION TO MODIFY CHILD SUPPORT ORDER. (a) A tribunal of this state that has issued a support order consistent with the law of this state has and shall exercise continuing, exclusive jurisdiction to modify its child support order if the order is the controlling order and:

(1) at the time of the filing of a request for modification this state is the residence of the obligor, the individual obligee, or the child for whose benefit the support order is issued; or

(2) even if this state is not the residence of the obligor, the individual obligee, or the child for whose benefit the support order is issued, the parties consent in a record or in open court that the tribunal of this state may continue to exercise jurisdiction to modify its order.

(b) A tribunal of this state that has issued a child support order consistent with the law of this state may not exercise continuing, exclusive jurisdiction to modify the order if:

(1) all of the parties who are individuals file consent in a record with the tribunal of this state that a tribunal of another state that has jurisdiction over at least one of the parties who is an individual or that is located in the state of residence of the child may modify the order and assume continuing, exclusive jurisdiction; or

(2) its order is not the controlling order.

(c) If a tribunal of another state has issued a child support order pursuant to this chapter or a law substantially similar to this chapter or the Uniform Interstate Family Support Act which modifies a child support order of a tribunal of this state, tribunals of this state shall recognize the continuing, exclusive jurisdiction of the tribunal of the other state.

(d) A tribunal of this state that lacks continuing, exclusive jurisdiction to modify a child support order may serve as an initiating tribunal to request a tribunal of another state to modify a support order issued in that state.

(e) A temporary support order issued ex parte or pending resolution of a jurisdictional conflict does not create continuing, exclusive jurisdiction in the issuing tribunal.

Sec. 103. Laws 2014, chapter 189, section 10, is amended to read:

Sec. 10. Minnesota Statutes 2012, section 518C.206, is amended to read:

518C.206 ENFORCEMENT AND MODIFICATION OF SUPPORT ORDER BY TRIBUNAL HAVING CONTINUING JURISDICTION TO ENFORCE CHILD SUPPORT ORDER. (a) A tribunal of this state that has issued a child support order consistent with the law of this state may serve as an initiating tribunal to request a tribunal of another state to enforce:
(1) the order if the order is the controlling order and has not been modified by a tribunal of another state that assumed jurisdiction pursuant to this chapter or a law substantially similar to this chapter the Uniform Interstate Family Support Act; or

(2) a money judgment for arrears of support and interest on the order accrued before a determination that an order of a tribunal of another state is the controlling order.

(b) A tribunal of this state having continuing, exclusive jurisdiction over a support order may act as a responding tribunal to enforce the order.

Sec. 104. Laws 2014, chapter 189, section 11, is amended to read:

Sec. 11. Minnesota Statutes 2012, section 518C.207, is amended to read:

518C.207 RECOGNITION DETERMINATION OF CONTROLLING CHILD SUPPORT ORDER. (a) If a proceeding is brought under this chapter and only one tribunal has issued a child support order, the order of that tribunal is controlling and must be recognized.

(b) If a proceeding is brought under this chapter, and two or more child support orders have been issued by tribunals of this state, another state, or a foreign country with regard to the same obligor and child, a tribunal of this state having personal jurisdiction over both the obligor and the individual obligee shall apply the following rules and by order shall determine which order controls and must be recognized:

(1) If only one of the tribunals would have continuing, exclusive jurisdiction under this chapter, the order of that tribunal is controlling.

(2) If more than one of the tribunals would have continuing, exclusive jurisdiction under this chapter:

(i) an order issued by a tribunal in the current home state of the child controls; or

(ii) if an order has not been issued in the current home state of the child, the order most recently issued controls.

(3) If none of the tribunals would have continuing, exclusive jurisdiction under this chapter, the tribunal of this state shall issue a child support order, which controls.

(c) If two or more child support orders have been issued for the same obligor and child, upon request of a party who is an individual or that is a support enforcement agency, a tribunal of this state having personal jurisdiction over both the obligor and the obligee who is an individual shall determine which order controls under paragraph (b). The request may be filed with a registration for enforcement or registration for modification pursuant to sections 518C.601 to 518C.616, or may be filed as a separate proceeding.

(d) A request to determine which is the controlling order must be accompanied by a copy of every child support order in effect and the applicable record of payments. The requesting party shall give notice of the request to each party whose rights may be affected by the determination.

(e) The tribunal that issued the controlling order under paragraph (a), (b), or (c) has continuing jurisdiction to the extent provided in section 518C.205, or 518C.206.

(f) A tribunal of this state which determines by order which is the controlling order under paragraph (b), clause (1) or (2), or paragraph (c), or which issues a new controlling child support order under paragraph (b), clause (3), shall state in that order:
(1) the basis upon which the tribunal made its determination;

(2) the amount of prospective support, if any; and

(3) the total amount of consolidated arrears and accrued interest, if any, under all of the orders after all payments made are credited as provided by section 518C.209.

(g) Within 30 days after issuance of the order determining which is the controlling order, the party obtaining that order shall file a certified copy of it with each tribunal that issued or registered an earlier order of child support. A party or support enforcement agency obtaining the order that fails to file a certified copy is subject to appropriate sanctions by a tribunal in which the issue of failure to file arises. The failure to file does not affect the validity or enforceability of the controlling order.

(h) An order that has been determined to be the controlling order, or a judgment for consolidated arrears of support and interest, if any, made pursuant to this section must be recognized in proceedings under this chapter.

Sec. 105. Laws 2014, chapter 189, section 16, is amended to read:

Sec. 16. Minnesota Statutes 2012, section 518C.301, is amended to read:

518C.301 PROCEEDINGS UNDER THIS CHAPTER. (a) Except as otherwise provided in this chapter, sections 518C.301 to 518C.319 apply to all proceedings under this chapter.

(b) This chapter provides for the following proceedings:

(1) establishment of an order for spousal support or child support pursuant to section 518C.401;

(2) enforcement of a support order and income withholding order of another state or a foreign country without registration pursuant to sections 518C.501 and 518C.502;

(3) registration of an order for spousal support or child support of another state or a foreign country for enforcement pursuant to sections 518C.601 to 518C.612;

(4) modification of an order for child support or spousal support issued by a tribunal of this state pursuant to sections 518C.203 to 518C.206;

(5) registration of an order for child support of another state or a foreign country for modification pursuant to sections 518C.601 to 518C.612;

(6) determination of parentage of a child pursuant to section 518C.701; and

(7) assertion of jurisdiction over nonresidents pursuant to sections 518C.201 and 518C.202.

(c) An individual petitioner or a support enforcement agency may commence a proceeding authorized under this chapter by filing a petition in an initiating tribunal for forwarding to a responding tribunal or by filing a petition or a comparable pleading directly in a tribunal of another state or a foreign country which has or can obtain personal jurisdiction over the respondent.
Sec. 106. Laws 2014, chapter 189, section 17, is amended to read:

Sec. 17. Minnesota Statutes 2012, section 518C.303, is amended to read:

518C.303 APPLICATION OF LAW OF THIS STATE. Except as otherwise provided by this chapter, a responding tribunal of this state shall:

(1) apply the procedural and substantive law, including the rules on choice of law, generally applicable to similar proceedings originating in this state and may exercise all powers and provide all remedies available in those proceedings; and

(2) determine the duty of support and the amount payable in accordance with the law and support guidelines of this state.

Sec. 107. Laws 2014, chapter 189, section 18, is amended to read:

Sec. 18. Minnesota Statutes 2012, section 518C.304, is amended to read:

518C.304 DUTIES OF INITIATING TRIBUNAL. (a) Upon the filing of a petition authorized by this chapter, an initiating tribunal of this state shall forward the petition and its accompanying documents:

(1) to the responding tribunal or appropriate support enforcement agency in the responding state; or

(2) if the identity of the responding tribunal is unknown, to the state information agency of the responding state with a request that they be forwarded to the appropriate tribunal and that receipt be acknowledged.

(b) If requested by the responding tribunal, a tribunal of this state shall issue a certificate or other documents and make findings required by the law of the responding state. If the responding tribunal is in a foreign country, upon request the tribunal of this state shall specify the amount of support sought, convert that amount into the equivalent amount in the foreign currency under applicable official or market exchange rate as publicly reported, and provide other documents necessary to satisfy the requirements of the responding foreign tribunal.

Sec. 108. Laws 2014, chapter 189, section 19, is amended to read:

Sec. 19. Minnesota Statutes 2012, section 518C.305, is amended to read:

518C.305 DUTIES AND POWERS OF RESPONDING TRIBUNAL. (a) When a responding tribunal of this state receives a petition or comparable pleading from an initiating tribunal or directly pursuant to section 518C.301, paragraph (b), it shall cause the petition or pleading to be filed and notify the petitioner where and when it was filed.

(b) A responding tribunal of this state, to the extent otherwise authorized by not prohibited by other law, may do one or more of the following:

(1) establish or enforce a support order, modify a child support order, determine the controlling child support order, or to determine parentage of a child;

(2) order an obligor to comply with a support order, specifying the amount and the manner of compliance;

(3) order income withholding;

(4) determine the amount of any arrearages, and specify a method of payment;
(5) enforce orders by civil or criminal contempt, or both;

(6) set aside property for satisfaction of the support order;

(7) place liens and order execution on the obligor's property;

(8) order an obligor to keep the tribunal informed of the obligor's current residential address, electronic mail address, telephone number, employer, address of employment, and telephone number at the place of employment;

(9) issue a bench warrant for an obligor who has failed after proper notice to appear at a hearing ordered by the tribunal and enter the bench warrant in any local and state computer systems for criminal warrants;

(10) order the obligor to seek appropriate employment by specified methods;

(11) award reasonable attorney's fees and other fees and costs; and

(12) grant any other available remedy.

(c) A responding tribunal of this state shall include in a support order issued under this chapter, or in the documents accompanying the order, the calculations on which the support order is based.

(d) A responding tribunal of this state may not condition the payment of a support order issued under this chapter upon compliance by a party with provisions for visitation.

(e) If a responding tribunal of this state issues an order under this chapter, the tribunal shall send a copy of the order to the petitioner and the respondent and to the initiating tribunal, if any.

(f) If requested to enforce a support order, arrears, or judgment or modify a support order stated in a foreign currency, a responding tribunal of this state shall convert the amount stated in the foreign currency to the equivalent amount in dollars under the applicable official or market exchange rate as publicly reported.

Sec. 109. Laws 2014, chapter 189, section 23, is amended to read:

Sec. 23. Minnesota Statutes 2012, section 518C.310, is amended to read:

518C.310 DUTIES OF STATE INFORMATION AGENCY. (a) The unit within the Department of Human Services that receives and disseminates incoming interstate actions under title IV-D of the Social Security Act is the State Information Agency under this chapter.

(b) The State Information Agency shall:

(1) compile and maintain a current list, including addresses, of the tribunals in this state which have jurisdiction under this chapter and any support enforcement agencies in this state and transmit a copy to the state information agency of every other state;

(2) maintain a register of names and addresses of tribunals and support enforcement agencies received from other states;

(3) forward to the appropriate tribunal in the place in this state in which the individual obligee or the obligor resides, or in which the obligor's property is believed to be located, all documents concerning a proceeding under this chapter received from another state or a foreign country; and
(4) obtain information concerning the location of the obligor and the obligor's property within this state not exempt from execution, by such means as postal verification and federal or state locator services, examination of telephone directories, requests for the obligor's address from employers, and examination of governmental records, including, to the extent not prohibited by other law, those relating to real property, vital statistics, law enforcement, taxation, motor vehicles, driver's licenses, and Social Security.

Sec. 110. Laws 2014, chapter 189, section 24, is amended to read:

Sec. 24. Minnesota Statutes 2012, section 518C.311, is amended to read:

**518C.311 PLEADINGS AND ACCOMPANYING DOCUMENTS.** (a) A petitioner seeking to establish or modify a support order, determine parentage of a child, or register and modify a support order of a tribunal of another state or a foreign country, in a proceeding under this chapter must file a petition. Unless otherwise ordered under section 518C.312, the petition or accompanying documents must provide, so far as known, the name, residential address, and Social Security numbers of the obligor and the obligee or parent and alleged parent, and the name, sex, residential address, Social Security number, and date of birth of each child for whom support is sought or whose parentage is to be determined. Unless filed at the time of registration, the petition must be accompanied by a certified copy of any support order in effect known to have been issued by another tribunal. The petition may include any other information that may assist in locating or identifying the respondent.

(b) The petition must specify the relief sought. The petition and accompanying documents must conform substantially with the requirements imposed by the forms mandated by federal law for use in cases filed by a support enforcement agency.

Sec. 111. Laws 2014, chapter 189, section 27, is amended to read:

Sec. 27. Minnesota Statutes 2012, section 518C.314, is amended to read:

**518C.314 LIMITED IMMUNITY OF PETITIONER.** (a) Participation by a petitioner in a proceeding under this chapter before a responding tribunal, whether in person, by private attorney, or through services provided by the support enforcement agency, does not confer personal jurisdiction over the petitioner in another proceeding.

(b) A petitioner is not amenable to service of civil process while physically present in this state to participate in a proceeding under this chapter.

(c) The immunity granted by this section does not extend to civil litigation based on acts unrelated to a proceeding under this chapter committed by a party while physically present in this state to participate in the proceeding.

Sec. 112. Laws 2014, chapter 189, section 28, is amended to read:

Sec. 28. Minnesota Statutes 2012, section 518C.316, is amended to read:

**518C.316 SPECIAL RULES OF EVIDENCE AND PROCEDURE.** (a) The physical presence of the petitioner, a nonresident party who is an individual in a responding tribunal of this state is not required for the establishment, enforcement, or modification of a support order or the rendition of a judgment determining parentage of a child.

(b) A verified petition, an affidavit, a document substantially complying with federally mandated forms, and a document incorporated by reference in any of them, not excluded under the hearsay rule if given in person, is admissible in evidence if given under oath penalty of perjury by a party or witness residing outside this state.
(c) A copy of the record of child support payments certified as a true copy of the original by the custodian of the record may be forwarded to a responding tribunal. The copy is evidence of facts asserted in it, and is admissible to show whether payments were made.

(d) Copies of bills for testing for parentage of a child, and for prenatal and postnatal health care of the mother and child, furnished to the adverse party at least ten days before trial, are admissible in evidence to prove the amount of the charges billed and that the charges were reasonable, necessary, and customary.

(e) Documentary evidence transmitted from outside this state to a tribunal of this state by telephone, telecopier, or other electronic means that do not provide an original record may not be excluded from evidence on an objection based on the means of transmission.

(f) In a proceeding under this chapter, a tribunal of this state shall permit a party or witness residing outside this state to be deposed or to testify under penalty of perjury by telephone, audiovisual means, or other electronic means at a designated tribunal or other location. A tribunal of this state shall cooperate with other tribunals in designating an appropriate location for the deposition or testimony.

(g) If a party called to testify at a civil hearing refuses to answer on the ground that the testimony may be self-incriminating, the trier of fact may draw an adverse inference from the refusal.

(h) A privilege against disclosure of communications between spouses does not apply in a proceeding under this chapter.

(i) The defense of immunity based on the relationship of husband and wife or parent and child does not apply in a proceeding under this chapter.

(j) A voluntary acknowledgment of paternity, certified as a true copy, is admissible to establish parentage of a child.

Sec. 113. Laws 2014, chapter 189, section 29, is amended to read:

Sec. 29. Minnesota Statutes 2012, section 518C.317, is amended to read:

518C.317 COMMUNICATIONS BETWEEN TRIBUNALS. A tribunal of this state may communicate with a tribunal outside this state in writing, by e-mail, or a record, or by telephone, electronic mail, or other means, to obtain information concerning the laws of that state, the legal effect of a judgment, decree, or order of that tribunal, and the status of a proceeding. A tribunal of this state may furnish similar information by similar means to a tribunal outside this state.

Sec. 114. Laws 2014, chapter 189, section 31, is amended to read:

Sec. 31. Minnesota Statutes 2012, section 518C.319, is amended to read:

518C.319 RECEIPT AND DISBURSEMENT OF PAYMENTS. (a) A support enforcement agency or tribunal of this state shall disburse promptly any amounts received pursuant to a support order, as directed by the order. The agency or tribunal shall furnish to a requesting party or tribunal of another state or a foreign country a certified statement by the custodian of the record of the amounts and dates of all payments received.

(b) If neither the obligor, not nor the obligee who is an individual, nor the child resides in this state, upon request from the support enforcement agency of this state or another state, the support enforcement agency of this state or a tribunal of this state shall:
(1) direct that the support payment be made to the support enforcement agency in the state in which the obligee is receiving services; and

(2) issue and send to the obligor's employer a conforming income-withholding order or an administrative notice of change of payee, reflecting the redirected payments.

(c) The support enforcement agency of this state receiving redirected payments from another state pursuant to a law similar to paragraph (b) shall furnish to a requesting party or tribunal of the other state a certified statement by the custodian of the record of the amount and dates of all payments received.

Sec. 115. Laws 2014, chapter 189, section 43, is amended to read:

Sec. 43. Minnesota Statutes 2012, section 518C.604, is amended to read:

518C.604 CHOICE OF LAW. (a) Except as otherwise provided in paragraph (d), the law of the issuing state or foreign country governs:

(1) the nature, extent, amount, and duration of current payments under a registered support order;

(2) the computation and payment of arrearages and accrual of interest on the arrearages under the support order; and

(3) the existence and satisfaction of other obligations under the support order.

(b) In a proceeding for arrearages under a registered support order, the statute of limitation under the laws of this state or of the issuing state or foreign country, whichever is longer, applies.

(c) A responding tribunal of this state shall apply the procedures and remedies of this state to enforce current support and collect arrears and interest due on a support order of another state or a foreign country registered in this state.

(d) After a tribunal of this state or another state determines which is the controlling order and issues an order consolidating arrears, if any, a tribunal of this state shall prospectively apply the law of the state or foreign country issuing the controlling order, including its law on interest on arrears, on current and future support, and on consolidated arrears.

Sec. 116. Laws 2014, chapter 189, section 50, is amended to read:

Sec. 50. Minnesota Statutes 2012, section 518C.611, is amended to read:

518C.611 MODIFICATION OF CHILD SUPPORT ORDER OF ANOTHER STATE. (a) If section 518C.613 does not apply, upon petition a tribunal of this state may modify a child support order issued in another state that is registered in this state if, after notice and hearing, it finds that:

(1) the following requirements are met:

(i) neither the child, nor the obligee who is an individual, nor the obligor resides in the issuing state;

(ii) a petitioner who is a nonresident of this state seeks modification; and

(iii) the respondent is subject to the personal jurisdiction of the tribunal of this state; or
(2) this state is the residence of the child, or a party who is an individual is subject to the personal jurisdiction of the tribunal of this state and all of the parties who are individuals have filed written consents in a record in the issuing tribunal for a tribunal of this state to modify the support order and assume continuing, exclusive jurisdiction over the order.

(b) Modification of a registered child support order is subject to the same requirements, procedures, and defenses that apply to the modification of an order issued by a tribunal of this state and the order may be enforced and satisfied in the same manner.

(c) A tribunal of this state may not modify any aspect of a child support order that may not be modified under the law of the issuing state, including the duration of the obligation of support. If two or more tribunals have issued child support orders for the same obligor and child, the order that controls and must be recognized under section 518C.207 establishes the aspects of the support order which are nonmodifiable.

(d) In a proceeding to modify a child support order, the law of the state that is determined to have issued the initial controlling order governs the duration of the obligation of support. The obligor's fulfillment of the duty of support established by that order precludes imposition of a further obligation of support by a tribunal of this state.

(e) On issuance of an order by a tribunal of this state modifying a child support order issued in another state, a tribunal of this state becomes the tribunal having continuing, exclusive jurisdiction.

(f) Notwithstanding paragraphs (a) to (d) and section 518C.201, paragraph (b), a tribunal of this state retains jurisdiction to modify an order issued by a tribunal of this state if:

(1) one party resides in another state; and

(2) the other party resides outside the United States.

Sec. 117. Laws 2014, chapter 189, section 51, is amended to read:

Sec. 51. Minnesota Statutes 2012, section 518C.612, is amended to read:

518C.612 RECOGNITION OF ORDER MODIFIED IN ANOTHER STATE. If a child support order issued by a tribunal of this state is modified by a tribunal of another state which assumed jurisdiction according to this chapter or a law substantially similar to this chapter pursuant to the Uniform Interstate Family Support Act, a tribunal of this state:

(1) may enforce its order that was modified only as to arrears and interest accruing before the modification;

(2) may provide appropriate relief for violations of its order which occurred before the effective date of the modification; and

(3) shall recognize the modifying order of the other state, upon registration, for the purpose of enforcement.

Sec. 118. Laws 2014, chapter 189, section 52, is amended to read:

Sec. 52. Minnesota Statutes 2012, section 518C.613, is amended to read:

518C.613 JURISDICTION TO MODIFY SUPPORT ORDER OF ANOTHER STATE WHEN INDIVIDUAL PARTIES RESIDE IN THIS STATE. (a) If all of the parties who are individuals reside in this state and the child does not reside in the issuing state, a tribunal of this state has jurisdiction to enforce and to modify the issuing state's child support order in a proceeding to register that order.
(b) A tribunal of this state exercising jurisdiction as provided in this section shall apply sections 518C.101 to 518C.209, 518C.211 and 518C.601 to 518C.616 to the enforcement or modification proceeding. Sections 518C.301 to 518C.508 and 518C.701 to 518C.802 do not apply and the tribunal shall apply the procedural and substantive law of this state.

Sec. 119. Laws 2014, chapter 189, section 73, is amended to read:

Sec. 73. EFFECTIVE DATE.

This act becomes effective on the date that the United States deposits the instrument of ratification for the Hague Convention on the International Recovery of Child Support and Other Forms of Family Maintenance with the Hague Conference on Private International Law

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

Sec. 120. GROUP RESIDENTIAL HOUSING REPORT ON PROGRAM IMPROVEMENTS.

(a) The commissioner shall, in coordination with stakeholders and advocates, build on the group residential housing (GRH) reforms made in the 2015 legislative session related to program integrity and uniformity, by restructuring the payment rates, exploring assessment tools, and proposing any other necessary modifications that will result in a more cost-effective program, and report to the members of the legislative committees having jurisdiction over GRH issues by December 15, 2016.

(b) The working group, consisting of the commissioner, stakeholders, and advocates, shall examine the feasibility and fiscal implications of restructuring service rates by eliminating the supplemental service rates, and developing a plan to fund only those services, based on individual need, that are not covered by medical assistance, other insurance, or other programs. In addition, the working group shall analyze the payment structure, and explore different options, including tiered rates for services, and provide the plan and analysis under this paragraph in the report under paragraph (a).

(c) To determine individual need, the working group shall explore assessment tools, and determine the appropriate assessment tool for the different populations served by the GRH program, which include homeless individuals, individuals with mental illness, and individuals who are chemically dependent. The working group shall coordinate efforts with agency staff who have expertise related to these populations, and use relevant information and data that is available, to determine the most appropriate and effective assessment tool or tools, and provide the analysis and an assessment recommendation in the report under paragraph (a).

Sec. 121. CHILD SUPPORT WORK GROUP.

(a) A child support work group is established to review the parenting expense adjustment in Minnesota Statutes, section 518A.36, and to identify and recommend changes to the parenting expense adjustment.

(b) Members of the work group shall include:

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

(2) two members of the senate, one appointed by the majority leader and one appointed by the minority leader;

(3) the commissioner of human services or a designee;
(4) one staff member from the Child Support Division of the Department of Human Services, appointed by the commissioner;

(5) one representative of the Minnesota State Bar Association, Family Law section, appointed by the section;

(6) one representative of the Minnesota County Attorney's Association, appointed by the association;

(7) one representative of the Minnesota Legal Services Coalition, appointed by the coalition;

(8) one representative of the Minnesota Family Support and Recovery Council, appointed by the council; and

(9) two representatives from parent advocacy groups, one representing custodial parents and one representing noncustodial parents, appointed by the commissioner of human services.

The commissioner, or the commissioner's designee, shall appoint the work group chair.

(c) The work group shall be authorized to retain the services of an economist to help create an equitable parenting expense adjustment formula. The work group may hire an economist by use of a sole-source contract.

(d) The work group shall issue a report to the chairs and ranking minority members of the legislative committees with jurisdiction over civil law, judiciary, and health and human services by January 15, 2016. The report must include recommendations for changes to the computation of child support and recommendations on the composition of a permanent child support task force.

(e) Terms, compensation, and removal of members and the filling of vacancies are governed by Minnesota Statutes, section 15.059.

(f) The work group expires January 16, 2016.

Sec. 122. INSTRUCTIONS TO THE COMMISSIONER; CHILD MALTREATMENT SCREENING GUIDELINES.

(a) No later than October 1, 2015, the commissioner of human services shall update the child maltreatment screening guidelines to require agencies to consider prior reports that were not screened in when determining whether a new report will or will not be screened in. The updated guidelines must emphasize that intervention and prevention efforts are to focus on child safety and the ongoing risk of child abuse or neglect, and that the health and safety of children are of paramount concern. The commissioner shall work with a diverse group of community representatives who are experts on limiting cultural and ethnic bias when developing the updated guidelines. The guidelines must be developed with special sensitivity to reducing system bias with regard to screening and assessment tools.

(b) No later than November 1, 2015, the commissioner shall publish and distribute the updated guidelines and ensure that all agency staff have received training on the updated guidelines.

(c) Agency staff must implement the guidelines by January 1, 2016.

Sec. 123. COMMISSIONER'S DUTY TO PROVIDE TRAINING TO CHILD PROTECTION SUPERVISORS.

The commissioner shall establish requirements for competency-based initial training, support, and continuing education for child protection supervisors. This includes developing a set of competencies specific to child protection supervisor knowledge, skills, and attitudes based on the Minnesota Child Welfare Practice Model.
Competency-based training of supervisors must advance continuous emphasis and improvement in skills that promote the use of the client's culture as a resource and the ability to integrate the client's traditions, customs, values, and faith into service delivery.

Sec. 124. **CHILD PROTECTION UPDATED FORMULA.**

The commissioner of human services shall evaluate the formulas in Minnesota Statutes, section 256M.41, and recommend an updated equitable distribution formula beginning in fiscal year 2018, for funding child protection staffing and expanded services to counties and tribes, taking into consideration any relief to counties and tribes for child welfare and foster care costs, additional tribes delivering social services, and any other relevant information that should be considered in developing a new distribution formula. The commissioner shall report to the legislative committees having jurisdiction over child protection issues by December 15, 2016.

Sec. 125. **LEGISLATIVE TASK FORCE; CHILD PROTECTION.**

(a) A legislative task force is created to:

1. review the efforts being made to implement the recommendations of the Governor's Task Force on the Protection of Children, including a review of the roles and functions of the Office of Ombudsperson for Families;

2. expand the efforts into related areas of the child welfare system;

3. work with the commissioner of human services and community partners to establish and evaluate child protection grants to address disparities in child welfare pursuant to Minnesota Statutes, section 256E.28; and

4. identify additional areas within the child welfare system that need to be addressed by the legislature.

(b) Members of the legislative task force shall include:

1. the four legislators who served as members of the Governor's Task Force on the Protection of Children;

2. two members from the house of representatives appointed by the speaker, one from the majority party and one from the minority party; and

3. two members from the senate appointed by the majority leader, one from the majority party and one from the minority party.

The speaker and the majority leader shall each appoint a chair and vice-chair from the membership of the task force. The gavel shall rotate after each meeting, and the house of representatives shall assume the leadership of the task force first.

(c) The task force may provide oversight and monitoring of:

1. the efforts by the Department of Human Services, counties, and tribes to implement laws related to child protection;

2. efforts by the Department of Human Services, counties, and tribes to implement the recommendations of the Governor's Task Force on the Protection of Children;

3. efforts by agencies, including but not limited to the Minnesota Department of Education, the Minnesota Housing Finance Agency, the Minnesota Department of Corrections, and the Minnesota Department of Public Safety, to work with the Department of Human Services to assure safety and well-being for children at risk of harm or children in the child welfare system; and
(4) efforts by the Department of Human Services, other agencies, counties, and tribes to implement best practices to ensure every child is protected from maltreatment and neglect and to ensure every child has the opportunity for healthy development.

(d) The task force, in cooperation with the commissioner of human services, shall issue a report to the legislature and governor February 1, 2016. The report must contain information on the progress toward implementation of changes to the child protection system, recommendations for additional legislative changes and procedures affecting child protection and child welfare, and funding needs to implement recommended changes.

(e) The task force shall convene upon the effective date of this section and shall continue until the last day of the 2016 legislative session.

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

Sec. 126. REVISOR'S INSTRUCTION.

The revisor of statutes shall alphabetize the definitions in Minnesota Statutes, section 626.556, subdivision 2, and correct related cross-references.

ARTICLE 2
CHEMICAL AND MENTAL HEALTH SERVICES

Section 1. Minnesota Statutes 2014, section 13.46, subdivision 2, is amended to read:

Subd. 2. General. (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; coordinate services for an individual or family; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to assess parental contribution amounts for purposes of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human
services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Employment and Economic Development, and when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:
(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;
(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student’s family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions;

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education; or

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law; or

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.
Sec. 2. Minnesota Statutes 2014, section 13.46, subdivision 7, is amended to read:

Subd. 7. **Mental health data.** (a) Mental health data are private data on individuals and shall not be disclosed, except:

(1) pursuant to section 13.05, as determined by the responsible authority for the community mental health center, mental health division, or provider;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to or disclosure of mental health data or as otherwise provided by this subdivision;

(4) to personnel of the welfare system working in the same program or providing services to the same individual or family to the extent necessary to coordinate services, provided that a health record may be disclosed only as provided under section 144.293;

(5) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services; or

(6) with the consent of the client or patient.

(b) An agency of the welfare system may not require an individual to consent to the release of mental health data as a condition for receiving services or for reimbursing a community mental health center, mental health division of a county, or provider under contract to deliver mental health services.

(c) Notwithstanding section 245.69, subdivision 2, paragraph (f), or any other law to the contrary, the responsible authority for a community mental health center, mental health division of a county, or a mental health provider must disclose mental health data to a law enforcement agency if the law enforcement agency provides the name of a client or patient and communicates that the:

(1) client or patient is currently involved in an emergency interaction with the law enforcement agency; and

(2) data is necessary to protect the health or safety of the client or patient or of another person.

The scope of disclosure under this paragraph is limited to the minimum necessary for law enforcement to respond to the emergency. Disclosure under this paragraph may include, but is not limited to, the name and telephone number of the psychiatrist, psychologist, therapist, mental health professional, practitioner, or case manager of the client or patient. A law enforcement agency that obtains mental health data under this paragraph shall maintain a record of the requestor, the provider of the information, and the client or patient name. Mental health data obtained by a law enforcement agency under this paragraph are private data on individuals and must not be used by the law enforcement agency for any other purpose. A law enforcement agency that obtains mental health data under this paragraph shall inform the subject of the data that mental health data was obtained.

(d) In the event of a request under paragraph (a), clause (4), a community mental health center, county mental health division, or provider must release mental health data to Criminal Mental Health Court personnel in advance of receiving a copy of a consent if the Criminal Mental Health Court personnel communicate that the:

(1) client or patient is a defendant in a criminal case pending in the district court;
(2) data being requested is limited to information that is necessary to assess whether the defendant is eligible for participation in the Criminal Mental Health Court; and

(3) client or patient has consented to the release of the mental health data and a copy of the consent will be provided to the community mental health center, county mental health division, or provider within 72 hours of the release of the data.

For purposes of this paragraph, "Criminal Mental Health Court" refers to a specialty criminal calendar of the Hennepin County District Court for defendants with mental illness and brain injury where a primary goal of the calendar is to assess the treatment needs of the defendants and to incorporate those treatment needs into voluntary case disposition plans. The data released pursuant to this paragraph may be used for the sole purpose of determining whether the person is eligible for participation in mental health court. This paragraph does not in any way limit or otherwise extend the rights of the court to obtain the release of mental health data pursuant to court order or any other means allowed by law.

Sec. 3. Minnesota Statutes 2014, section 62Q.55, subdivision 3, is amended to read:

Subd. 3. Emergency services. As used in this section, "emergency services" means, with respect to an emergency medical condition:

(1) a medical screening examination, as required under section 1867 of the Social Security Act, that is within the capability of the emergency department of a hospital, including ancillary services routinely available to the emergency department to evaluate such emergency medical condition; and

(2) within the capabilities of the staff and facilities available at the hospital, such further medical examination and treatment as are required under section 1867 of the Social Security Act to stabilize the patient; and

(3) emergency services as defined in sections 245.462, subdivision 11, and 245.4871, subdivision 14.

Sec. 4. Minnesota Statutes 2014, section 144.293, subdivision 6, is amended to read:

Subd. 6. Consent does not expire. Notwithstanding subdivision 4, if a patient explicitly gives informed consent to the release of health records for the purposes and restrictions in clauses clause (1) and, (2), or (3), the consent does not expire after one year for:

(1) the release of health records to a provider who is being advised or consulted with in connection with the releasing provider's current treatment of the patient;

(2) the release of health records to an accident and health insurer, health service plan corporation, health maintenance organization, or third-party administrator for purposes of payment of claims, fraud investigation, or quality of care review and studies, provided that:

(i) the use or release of the records complies with sections 72A.49 to 72A.505;

(ii) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited; and

(iii) the recipient establishes adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; or
(3) the release of health records to a program in the welfare system, as defined in section 13.46, to the extent necessary to coordinate services for the patient.

Sec. 5. Minnesota Statutes 2014, section 144.551, subdivision 1, is amended to read:

Subdivision 1. Restricted construction or modification. (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building.
(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice County that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus;

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27 beds, of which 12 serve mental health needs, may be transferred from Hennepin County Medical Center to Regions Hospital under this clause;

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami County;

(14) a construction project involving the addition of up to eight new beds in an existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

(15) a construction project involving the addition of 20 new hospital beds used for rehabilitation services in an existing hospital in Carver County serving the southwest suburban metropolitan area. Beds constructed under this clause shall not be eligible for reimbursement under medical assistance, general assistance medical care, or MinnesotaCare;

(16) a project for the construction or relocation of up to 20 hospital beds for the operation of up to two psychiatric facilities or units for children provided that the operation of the facilities or units have received the approval of the commissioner of human services;

(17) a project involving the addition of 14 new hospital beds to be used for rehabilitation services in an existing hospital in Itasca County;

(18) a project to add 20 licensed beds in existing space at a hospital in Hennepin County that closed 20 rehabilitation beds in 2002, provided that the beds are used only for rehabilitation in the hospital's current rehabilitation building. If the beds are used for another purpose or moved to another location, the hospital's licensed capacity is reduced by 20 beds;

(19) a critical access hospital established under section 144.1483, clause (9), and section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public Law 105-33, to the extent that the critical access hospital does not seek to exceed the maximum number of beds permitted such hospital under federal law;

(20) notwithstanding section 144.552, a project for the construction of a new hospital in the city of Maple Grove with a licensed capacity of up to 300 beds provided that:

(i) the project, including each hospital or health system that will own or control the entity that will hold the new hospital license, is approved by a resolution of the Maple Grove City Council as of March 1, 2006;
(ii) the entity that will hold the new hospital license will be owned or controlled by one or more not-for-profit hospitals or health systems that have previously submitted a plan or plans for a project in Maple Grove as required under section 144.552, and the plan or plans have been found to be in the public interest by the commissioner of health as of April 1, 2005;

(iii) the new hospital's initial inpatient services must include, but are not limited to, medical and surgical services, obstetrical and gynecological services, intensive care services, orthopedic services, pediatric services, noninvasive cardiac diagnostics, behavioral health services, and emergency room services;

(iv) the new hospital:

(A) will have the ability to provide and staff sufficient new beds to meet the growing needs of the Maple Grove service area and the surrounding communities currently being served by the hospital or health system that will own or control the entity that will hold the new hospital license;

(B) will provide uncompensated care;

(C) will provide mental health services, including inpatient beds;

(D) will be a site for workforce development for a broad spectrum of health-care-related occupations and have a commitment to providing clinical training programs for physicians and other health care providers;

(E) will demonstrate a commitment to quality care and patient safety;

(F) will have an electronic medical records system, including physician order entry;

(G) will provide a broad range of senior services;

(H) will provide emergency medical services that will coordinate care with regional providers of trauma services and licensed emergency ambulance services in order to enhance the continuity of care for emergency medical patients; and

(I) will be completed by December 31, 2009, unless delayed by circumstances beyond the control of the entity holding the new hospital license; and

(v) as of 30 days following submission of a written plan, the commissioner of health has not determined that the hospitals or health systems that will own or control the entity that will hold the new hospital license are unable to meet the criteria of this clause;

(21) a project approved under section 144.553;

(22) a project for the construction of a hospital with up to 25 beds in Cass County within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's license holder is approved by the Cass County Board;

(23) a project for an acute care hospital in Fergus Falls that will increase the bed capacity from 108 to 110 beds by increasing the rehabilitation bed capacity from 14 to 16 and closing a separately licensed 13-bed skilled nursing facility;

(24) notwithstanding section 144.552, a project for the construction and expansion of a specialty psychiatric hospital in Hennepin County for up to 50 beds, exclusively for patients who are under 21 years of age on the date of admission. The commissioner conducted a public interest review of the mental health needs of Minnesota and the Twin Cities metropolitan area in 2008. No further public interest review shall be conducted for the construction or expansion project under this clause;
(25) a project for a 16-bed psychiatric hospital in the city of Thief River Falls, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete; or

(26)(i) a project for a 20-bed psychiatric hospital, within an existing facility in the city of Maple Grove, exclusively for patients who are under 21 years of age on the date of admission, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete;

(ii) this project shall serve patients in the continuing care benefit program under section 256.9693. The project may also serve patients not in the continuing care benefit program; and

(iii) if the project ceases to participate in the continuing care benefit program, the commissioner must complete a subsequent public interest review under section 144.552. If the project is found not to be in the public interest, the license must be terminated six months from the date of that finding. If the commissioner of human services terminates the contract without cause or reduces per diem payment rates for patients under the continuing care benefit program below the rates in effect for services provided on December 31, 2015, the project may cease to participate in the continuing care benefit program and continue to operate without a subsequent public interest review.

Sec. 6. Minnesota Statutes 2014, section 145.56, subdivision 2, is amended to read:

Subd. 2. Community-based programs. To the extent funds are appropriated for the purposes of this subdivision, the commissioner shall establish a grant program to fund:

(1) community-based programs to provide education, outreach, and advocacy services to populations who may be at risk for suicide;

(2) community-based programs that educate community helpers and gatekeepers, such as family members, spiritual leaders, coaches, and business owners, employers, and coworkers on how to prevent suicide by encouraging help-seeking behaviors;

(3) community-based programs that educate populations at risk for suicide and community helpers and gatekeepers that must include information on the symptoms of depression and other psychiatric illnesses, the warning signs of suicide, skills for preventing suicides, and making or seeking effective referrals to intervention and community resources; and

(4) community-based programs to provide evidence-based suicide prevention and intervention education to school staff, parents, and students in grades kindergarten through 12, and for students attending Minnesota colleges and universities;

(5) community-based programs to provide evidence-based suicide prevention and intervention to public school nurses, teachers, administrators, coaches, school social workers, peace officers, firefighters, emergency medical technicians, advanced emergency medical technicians, paramedics, primary care providers, and others; and

(6) community-based, evidence-based postvention training to mental health professionals and practitioners in order to provide technical assistance to communities after a suicide and to prevent suicide clusters and contagion.

Sec. 7. Minnesota Statutes 2014, section 145.56, subdivision 4, is amended to read:

Subd. 4. Collection and reporting suicide data. (a) The commissioner shall coordinate with federal, regional, local, and other state agencies to collect, analyze, and annually issue a public report on Minnesota-specific data on suicide and suicidal behaviors.
(b) The commissioner, in consultation with stakeholders, shall submit a detailed plan identifying proposed methods to improve the timeliness, usefulness, and quality of suicide-related data so that the data can help identify the scope of the suicide problem, identify high-risk groups, set priority prevention activities, and monitor the effects of suicide prevention programs. The report shall include how to improve external cause of injury coding, progress on implementing the Minnesota Violent Death Reporting System, how to obtain and release data in a timely manner, and how to support the use of psychological autopsies.

(c) The written report must be provided to the chairs and ranking minority members of the house of representatives and senate finance and policy divisions and committees with jurisdiction over health and human services by February 1, 2016.

Sec. 8. Minnesota Statutes 2014, section 245.4661, subdivision 5, is amended to read:

Subd. 5. Planning for pilot projects. (a) Each local plan for a pilot project, with the exception of the placement of a Minnesota specialty treatment facility as defined in paragraph (c), must be developed under the direction of the county board, or multiple county boards acting jointly, as the local mental health authority. The planning process for each pilot shall include, but not be limited to, mental health consumers, families, advocates, local mental health advisory councils, local and state providers, representatives of state and local public employee bargaining units, and the department of human services. As part of the planning process, the county board or boards shall designate a managing entity responsible for receipt of funds and management of the pilot project.

(b) For Minnesota specialty treatment facilities, the commissioner shall issue a request for proposal for regions in which a need has been identified for services.

(c) For purposes of this section, "Minnesota specialty treatment facility" is defined as an intensive rehabilitative mental health residential treatment service under section 256B.0622, subdivision 2, paragraph (b).

Sec. 9. Minnesota Statutes 2014, section 245.4661, subdivision 6, is amended to read:

Subd. 6. Duties of commissioner. (a) For purposes of the pilot projects, the commissioner shall facilitate integration of funds or other resources as needed and requested by each project. These resources may include:

(1) community support services funds administered under Minnesota Rules, parts 9535.1700 to 9535.1760;

(2) other mental health special project funds;

(3) medical assistance, general assistance medical care, MinnesotaCare and group residential housing if requested by the project’s managing entity, and if the commissioner determines this would be consistent with the state’s overall health care reform efforts; and

(4) regional treatment center resources consistent with section 246.0136, subdivision 1; and

(5) funds transferred from section 246.18, subdivision 8, for grants to providers to participate in mental health specialty treatment services, awarded to providers through a request for proposal process.

(b) The commissioner shall consider the following criteria in awarding start-up and implementation grants for the pilot projects:

(1) the ability of the proposed projects to accomplish the objectives described in subdivision 2;

(2) the size of the target population to be served; and

(3) geographical distribution.
(c) The commissioner shall review overall status of the projects initiatives at least every two years and recommend any legislative changes needed by January 15 of each odd-numbered year.

(d) The commissioner may waive administrative rule requirements which are incompatible with the implementation of the pilot project.

(e) The commissioner may exempt the participating counties from fiscal sanctions for noncompliance with requirements in laws and rules which are incompatible with the implementation of the pilot project.

(f) The commissioner may award grants to an entity designated by a county board or group of county boards to pay for start-up and implementation costs of the pilot project.

Sec. 10. Minnesota Statutes 2014, section 245.4661, is amended by adding a subdivision to read:

Subd. 9. Services and programs. (a) The following three distinct grant programs are funded under this section:

(1) mental health crisis services;

(2) housing with supports for adults with serious mental illness; and

(3) projects for assistance in transitioning from homelessness (PATH program).

(b) In addition, the following are eligible for grant funds:

(1) community education and prevention;

(2) client outreach;

(3) early identification and intervention;

(4) adult outpatient diagnostic assessment and psychological testing;

(5) peer support services;

(6) community support program services (CSP);

(7) adult residential crisis stabilization;

(8) supported employment;

(9) assertive community treatment (ACT);

(10) housing subsidies;

(11) basic living, social skills, and community intervention;

(12) emergency response services;

(13) adult outpatient psychotherapy;

(14) adult outpatient medication management;
(15) adult mobile crisis services;
(16) adult day treatment;
(17) partial hospitalization;
(18) adult residential treatment;
(19) adult mental health targeted case management;
(20) intensive community residential services (IRCS); and
(21) transportation.

Sec. 11. Minnesota Statutes 2014, section 245.4661, is amended by adding a subdivision to read:

Subd. 10. Commissioner duty to report on use of grant funds biennially. By November 1, 2016, and biennially thereafter, the commissioner of human services shall provide sufficient information to the members of the legislative committees having jurisdiction over mental health funding and policy issues to evaluate the use of funds appropriated under this section of law. The commissioner shall provide, at a minimum, the following information:

(1) the amount of funding to mental health initiatives, what programs and services were funded in the previous two years, gaps in services that each initiative brought to the attention of the commissioner, and outcome data for the programs and services that were funded; and

(2) the amount of funding for other targeted services and the location of services.

Sec. 12. Minnesota Statutes 2014, section 245.467, subdivision 6, is amended to read:

Subd. 6. Restricted access to data. The county board shall establish procedures to ensure that the names and addresses of persons receiving mental health services are disclosed only to:

(1) county employees who are specifically responsible for determining county of financial responsibility or making payments to providers; and

(2) staff who provide treatment services or case management and their clinical supervisors; and

(3) personnel of the welfare system or health care providers who have access to the data under section 13.46, subdivision 7.

Release of mental health data on individuals submitted under subdivisions 4 and 5, to persons other than those specified in this subdivision, or use of this data for purposes other than those stated in subdivisions 4 and 5, results in civil or criminal liability under the standards in section 13.08 or 13.09.

Sec. 13. Minnesota Statutes 2014, section 245.4876, subdivision 7, is amended to read:

Subd. 7. Restricted access to data. The county board shall establish procedures to ensure that the names and addresses of children receiving mental health services and their families are disclosed only to:

(1) county employees who are specifically responsible for determining county of financial responsibility or making payments to providers; and
(2) staff who provide treatment services or case management and their clinical supervisors; and

(3) personnel of the welfare system or health care providers who have access to the data under section 13.46, subdivision 7.

Release of mental health data on individuals submitted under subdivisions 5 and 6, to persons other than those specified in this subdivision, or use of this data for purposes other than those stated in subdivisions 5 and 6, results in civil or criminal liability under section 13.08 or 13.09.

Sec. 14. Minnesota Statutes 2014, section 245.4889, subdivision 1, is amended to read:

Subdivision 1. Establishment and authority. (a) The commissioner is authorized to make grants from available appropriations to assist:

(1) counties;

(2) Indian tribes;

(3) children's collaboratives under section 124D.23 or 245.493; or

(4) mental health service providers for providing services to children with emotional disturbances as defined in section 245.4871, subdivision 15, and their families. The commissioner may also authorize grants to young adults meeting the criteria for transition services in section 245.4875, subdivision 8, and their families.

(b) The following services are eligible for grants under this section:

(1) services to children with emotional disturbances as defined in section 245.4871, subdivision 15, and their families;

(2) transition services under section 245.4875, subdivision 8, for young adults under age 21 and their families;

(3) respite care services for children with severe emotional disturbances who are at risk of out-of-home placement;

(4) children's mental health crisis services;

(5) mental health services for people from cultural and ethnic minorities;

(6) children's mental health screening and follow-up diagnostic assessment and treatment;

(7) services to promote and develop the capacity of providers to use evidence-based practices in providing children's mental health services;

(8) school-linked mental health services;

(9) building evidence-based mental health intervention capacity for children birth to age five;

(10) suicide prevention and counseling services that use text messaging statewide;
(11) mental health first aid training;
(12) training for parents, collaborative partners, and mental health providers on the impact of adverse childhood experiences and trauma and development of an interactive Web site to share information and strategies to promote resilience and prevent trauma;
(13) transition age services to develop or expand mental health treatment and supports for adolescents and young adults 26 years of age or younger;
(14) early childhood mental health consultation;
(15) evidence-based interventions for youth at risk of developing or experiencing a first episode of psychosis, and a public awareness campaign on the signs and symptoms of psychosis; and
(16) psychiatric consultation for primary care practitioners.
(c) Services under paragraph (a)(b) must be designed to help each child to function and remain with the child's family in the community and delivered consistent with the child's treatment plan. Transition services to eligible young adults under paragraph (a)(b) must be designed to foster independent living in the community.

Sec. 15. Minnesota Statutes 2014, section 245.4889, is amended by adding a subdivision to read:

Subd. 3. Commissioner duty to report on use of grant funds biennially. By November 1, 2016, and biennially thereafter, the commissioner of human services shall provide sufficient information to the members of the legislative committees having jurisdiction over mental health funding and policy issues to evaluate the use of funds appropriated under this section. The commissioner shall provide, at a minimum, the following information:
(1) the amount of funding for children's mental health grants, what programs and services were funded in the previous two years, and outcome data for the programs and services that were funded; and
(2) the amount of funding for other targeted services and the location of services.

Sec. 16. [245.735] EXCELLENCE IN MENTAL HEALTH DEMONSTRATION PROJECT.

Subdivision 1. Excellence in Mental Health demonstration project. The commissioner shall develop and execute projects to reform the mental health system by participating in the Excellence in Mental Health demonstration project.

Subd. 2. Federal proposal. The commissioner shall develop and submit to the United States Department of Health and Human Services a proposal for the Excellence in Mental Health demonstration project. The proposal shall include any necessary state plan amendments, waivers, requests for new funding, realignment of existing funding, and other authority necessary to implement the projects specified in subdivision 3.

Subd. 3. Reform projects. (a) The commissioner shall establish standards for state certification of clinics as certified community behavioral health clinics, in accordance with the criteria published on or before September 1, 2015, by the United States Department of Health and Human Services. Certification standards established by the commissioner shall require that:
(1) clinic staff have backgrounds in diverse disciplines, include licensed mental health professionals, and are culturally and linguistically trained to serve the needs of the clinic's patient population;
(2) clinic services are available and accessible and that crisis management services are available 24 hours per day;

(3) fees for clinic services are established using a sliding fee scale and services to patients are not denied or limited due to a patient's inability to pay for services;

(4) clinics provide coordination of care across settings and providers to ensure seamless transitions for patients across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, community-based mental health providers, and other community services, supports, and providers including schools, child welfare agencies, juvenile and criminal justice agencies, Indian Health Services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics;

(5) services provided by clinics include crisis mental health services, emergency crisis intervention services, and stabilization services; screening, assessment, and diagnosis services, including risk assessments and level of care determinations; patient-centered treatment planning; outpatient mental health and substance use services; targeted case management; psychiatric rehabilitation services; peer support and counselor services and family support services; and intensive community-based mental health services, including mental health services for members of the armed forces and veterans; and

(6) clinics comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data.

(b) The commissioner shall establish standards and methodologies for a prospective payment system for medical assistance payments for mental health services delivered by certified community behavioral health clinics, in accordance with guidance issued on or before September 1, 2015, by the Centers for Medicare and Medicaid Services. During the operation of the demonstration project, payments shall comply with federal requirements for a 90 percent enhanced federal medical assistance percentage.

Subd. 4. Public participation. In developing the projects under subdivision 3, the commissioner shall consult with mental health providers, advocacy organizations, licensed mental health professionals, and Minnesota public health care program enrollees who receive mental health services and their families.

Subd. 5. Information systems support. The commissioner and the state chief information officer shall provide information systems support to the projects as necessary to comply with federal requirements.

Sec. 17. Minnesota Statutes 2014, section 246.18, subdivision 8, is amended to read:

Subd. 8. State-operated services account. (a) The state-operated services account is established in the special revenue fund. Revenue generated by new state-operated services listed under this section established after July 1, 2010, that are not enterprise activities must be deposited into the state-operated services account, unless otherwise specified in law:

(1) intensive residential treatment services;

(2) foster care services; and

(3) psychiatric extensive recovery treatment services.
(b) Funds deposited in the state-operated services account are available appropriated to the commissioner of human services for the purposes of:

(1) providing services needed to transition individuals from institutional settings within state-operated services to the community when those services have no other adequate funding source; and

(2) grants to providers participating in mental health specialty treatment services under section 245.4661; and

(3) to fund the operation of the intensive residential treatment service program in Willmar.

Sec. 18. Minnesota Statutes 2014, section 253B.18, subdivision 4c, is amended to read:

Subd. 4c. Special review board. (a) The commissioner shall establish one or more panels of a special review board. The board shall consist of three members experienced in the field of mental illness. One member of each special review board panel shall be a psychiatrist or a doctoral level psychologist with forensic experience and one member shall be an attorney. No member shall be affiliated with the Department of Human Services. The special review board shall meet at least every six months and at the call of the commissioner. It shall hear and consider all petitions for a reduction in custody or to appeal a revocation of provisional discharge. A "reduction in custody" means transfer from a secure treatment facility, discharge, and provisional discharge. Patients may be transferred by the commissioner between secure treatment facilities without a special review board hearing.

Members of the special review board shall receive compensation and reimbursement for expenses as established by the commissioner.

(b) The special review board must review each denied petition under subdivision 5 for barriers and obstacles preventing the patient from progressing in treatment. Based on the cases before the board in the previous year, the special review board shall provide to the commissioner an annual summation of the barriers to treatment progress, and recommendations to achieve the common goal of making progress in treatment.

(c) A petition filed by a person committed as mentally ill and dangerous to the public under this section must be heard as provided in subdivision 5 and, as applicable, subdivision 13. A petition filed by a person committed as a sexual psychopathic personality or as a sexually dangerous person under chapter 253D, or committed as both mentally ill and dangerous to the public under this section and as a sexual psychopathic personality or as a sexually dangerous person must be heard as provided in section 253D.27.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 19. Minnesota Statutes 2014, section 253B.18, subdivision 5, is amended to read:

Subd. 5. Petition; notice of hearing; attendance; order. (a) A petition for a reduction in custody or revocation of provisional discharge shall be filed with the commissioner and may be filed by the patient or by the head of the treatment facility. A patient may not petition the special review board for six months following commitment under subdivision 3 or following the final disposition of any previous petition and subsequent appeal by the patient. The head of the treatment facility must schedule a hearing before the special review board for any patient who has not appeared before the special review board in the previous three years, and schedule a hearing at least every three years thereafter. The medical director may petition at any time.

(b) Fourteen days prior to the hearing, the committing court, the county attorney of the county of commitment, the designated agency, interested person, the petitioner, and the petitioner's counsel shall be given written notice by the commissioner of the time and place of the hearing before the special review board. Only those entitled to statutory notice of the hearing or those administratively required to attend may be present at the hearing. The patient
may designate interested persons to receive notice by providing the names and addresses to the commissioner at least 21 days before the hearing. The board shall provide the commissioner with written findings of fact and recommendations within 21 days of the hearing. The commissioner shall issue an order no later than 14 days after receiving the recommendation of the special review board. A copy of the order shall be mailed to every person entitled to statutory notice of the hearing within five days after it is signed. No order by the commissioner shall be effective sooner than 30 days after the order is signed, unless the county attorney, the patient, and the commissioner agree that it may become effective sooner.

(c) The special review board shall hold a hearing on each petition prior to making its recommendation to the commissioner. The special review board proceedings are not contested cases as defined in chapter 14. Any person or agency receiving notice that submits documentary evidence to the special review board prior to the hearing shall also provide copies to the patient, the patient's counsel, the county attorney of the county of commitment, the case manager, and the commissioner.

(d) Prior to the final decision by the commissioner, the special review board may be reconvened to consider events or circumstances that occurred subsequent to the hearing.

(e) In making their recommendations and order, the special review board and commissioner must consider any statements received from victims under subdivision 5a.

**EFFECTIVE DATE.** This section is effective January 1, 2016, with hearings starting no later than February 1, 2016.

Sec. 20. Minnesota Statutes 2014, section 254B.05, subdivision 5, as amended by Laws 2015, chapter 21, article 1, section 52, is amended to read:

Subd. 5. **Rate requirements.** (a) The commissioner shall establish rates for chemical dependency services and service enhancements funded under this chapter.

(b) Eligible chemical dependency treatment services include:

(1) outpatient treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480, or applicable tribal license;

(2) medication-assisted therapy services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6500, or applicable tribal license;

(3) medication-assisted therapy plus enhanced treatment services that meet the requirements of clause (2) and provide nine hours of clinical services each week;

(4) high, medium, and low intensity residential treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6505, or applicable tribal license which provide, respectively, 30, 15, and five hours of clinical services each week;

(5) hospital-based treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480, or applicable tribal license and licensed as a hospital under sections 144.50 to 144.56;

(6) adolescent treatment programs that are licensed as outpatient treatment programs according to Minnesota Rules, parts 9530.6405 to 9530.6485, or as residential treatment programs according to Minnesota Rules, parts 2960.0010 to 2960.0220, and 2960.0430 to 2960.0490, or applicable tribal license; and
(7) high-intensity residential treatment services that are licensed according to Minnesota Rules, parts 9530.6405 to 9530.6480 and 9530.6505, or applicable tribal license, which provide 30 hours of clinical services each week provided by a state-operated vendor or to clients who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community; and

(8) room and board facilities that meet the requirements of subdivision 1a.

(c) The commissioner shall establish higher rates for programs that meet the requirements of paragraph (b) and the following additional requirements:

(1) programs that serve parents with their children if the program:

(i) provides on-site child care during hours of treatment activity that meets the requirements in Minnesota Rules, part 9530.6490, or section 245A.03, subdivision 2; or

(ii) arranges for off-site child care during hours of treatment activity at a facility that is licensed under chapter 245A as:

(A) a child care center under Minnesota Rules, chapter 9503; or

(B) a family child care home under Minnesota Rules, chapter 9502;

(2) culturally specific programs as defined in section 254B.01, subdivision 4a, if the program meets the requirements in Minnesota Rules, part 9530.6605, subpart 13;

(3) programs that offer medical services delivered by appropriately credentialed health care staff in an amount equal to two hours per client per week if the medical needs of the client and the nature and provision of any medical services provided are documented in the client file; and

(4) programs that offer services to individuals with co-occurring mental health and chemical dependency problems if:

(i) the program meets the co-occurring requirements in Minnesota Rules, part 9530.6495;

(ii) 25 percent of the counseling staff are licensed mental health professionals, as defined in section 245.462, subdivision 18, clauses (1) to (6), or are students or licensing candidates under the supervision of a licensed alcohol and drug counselor supervisor and licensed mental health professional, except that no more than 50 percent of the mental health staff may be students or licensing candidates with time documented to be directly related to provisions of co-occurring services;

(iii) clients scoring positive on a standardized mental health screen receive a mental health diagnostic assessment within ten days of admission;

(iv) the program has standards for multidisciplinary case review that include a monthly review for each client that, at a minimum, includes a licensed mental health professional and licensed alcohol and drug counselor, and their involvement in the review is documented;

(v) family education is offered that addresses mental health and substance abuse disorders and the interaction between the two; and

(vi) co-occurring counseling staff will receive eight hours of co-occurring disorder training annually.
(d) In order to be eligible for a higher rate under paragraph (c), clause (1), a program that provides arrangements for off-site child care must maintain current documentation at the chemical dependency facility of the child care provider's current licensure to provide child care services. Programs that provide child care according to paragraph (c), clause (1), must be deemed in compliance with the licensing requirements in Minnesota Rules, part 9530.6490.

(e) Adolescent residential programs that meet the requirements of Minnesota Rules, parts 2960.0430 to 2960.0490 and 2960.0580 to 2960.0690, are exempt from the requirements in paragraph (c), clause (4), items (i) to (iv).

Sec. 21. Minnesota Statutes 2014, section 254B.12, subdivision 2, is amended to read:

Subd. 2. Payment methodology for highly specialized vendors. (a) Notwithstanding subdivision 1, the commissioner shall seek federal authority to develop separate payment methodologies for chemical dependency treatment services provided under the consolidated chemical dependency treatment fund: (1) by a state-operated vendor; or (2) for persons who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community. A payment methodology under this subdivision is effective for services provided on or after October 1, 2015, or on or after the receipt of federal approval, whichever is later.

(b) Before implementing an approved payment methodology under paragraph (a), the commissioner must also receive any necessary legislative approval of required changes to state law or funding.

Sec. 22. Minnesota Statutes 2014, section 256B.0615, subdivision 3, is amended to read:

Subd. 3. Eligibility. Peer support services may be made available to consumers of (1) intensive rehabilitative residential treatment services under section 256B.0622; (2) adult rehabilitative mental health services under section 256B.0623; and (3) crisis stabilization and mental health mobile crisis intervention services under section 256B.0624.

Sec. 23. Minnesota Statutes 2014, section 256B.0622, subdivision 1, is amended to read:

Subdivision 1. Scope. Subject to federal approval, medical assistance covers medically necessary, intensive nonresidential assertive community treatment and intensive residential rehabilitative mental health treatment services as defined in subdivision 2, for recipients as defined in subdivision 3, when the services are provided by an entity meeting the standards in this section.

Sec. 24. Minnesota Statutes 2014, section 256B.0622, subdivision 2, is amended to read:

Subd. 2. Definitions. For purposes of this section, the following terms have the meanings given them.

(a) "Intensive nonresidential rehabilitative mental health services" means adult rehabilitative mental health services as defined in section 256B.0623, subdivision 2, paragraph (a), except that these services are provided by a multidisciplinary staff using a total team approach consistent with assertive community treatment, the Fairweather Lodge treatment model, as defined by the standards established by the National Coalition for Community Living, and other evidence-based practices, and directed to recipients with a serious mental illness who require intensive services. "Assertive community treatment" means intensive nonresidential rehabilitative mental health services provided according to the evidence-based practice of assertive community treatment. Core elements of this service include, but are not limited to:

(1) a multidisciplinary staff who utilize a total team approach and who serve as a fixed point of responsibility for all service delivery;
(2) providing services 24 hours per day and 7 days per week;

(3) providing the majority of services in a community setting;

(4) offering a low ratio of recipients to staff; and

(5) providing service that is not time-limited.

(b) "Intensive residential rehabilitative mental health treatment services" means short-term, time-limited services provided in a residential setting to recipients who are in need of more restrictive settings and are at risk of significant functional deterioration if they do not receive these services. Services are designed to develop and enhance psychiatric stability, personal and emotional adjustment, self-sufficiency, and skills to live in a more independent setting. Services must be directed toward a targeted discharge date with specified client outcomes and must be consistent with the Fairweather Lodge treatment model as defined in paragraph (a), and other evidence-based practices.

(c) "Evidence-based practices" are nationally recognized mental health services that are proven by substantial research to be effective in helping individuals with serious mental illness obtain specific treatment goals.

(d) "Overnight staff" means a member of the intensive residential rehabilitative mental health treatment team who is responsible during hours when recipients are typically asleep.

(e) "Treatment team" means all staff who provide services under this section to recipients. At a minimum, this includes the clinical supervisor, mental health professionals as defined in section 245.462, subdivision 18, clauses (1) to (6); mental health practitioners as defined in section 245.462, subdivision 17; mental health rehabilitation workers under section 256B.0623, subdivision 5, clause (3); and certified peer specialists under section 256B.0615.

Sec. 25. Minnesota Statutes 2014, section 256B.0622, subdivision 3, is amended to read:

Subd. 3. Eligibility. An eligible recipient is an individual who:

(1) is age 18 or older;

(2) is eligible for medical assistance;

(3) is diagnosed with a mental illness;

(4) because of a mental illness, has substantial disability and functional impairment in three or more of the areas listed in section 245.462, subdivision 11a, so that self-sufficiency is markedly reduced;

(5) has one or more of the following: a history of two or more recurring or prolonged inpatient hospitalizations in the past year, significant independent living instability, homelessness, or very frequent use of mental health and related services yielding poor outcomes; and

(6) in the written opinion of a licensed mental health professional, has the need for mental health services that cannot be met with other available community-based services, or is likely to experience a mental health crisis or require a more restrictive setting if intensive rehabilitative mental health services are not provided.
Sec. 26. Minnesota Statutes 2014, section 256B.0622, subdivision 4, is amended to read:

Subd. 4. **Provider certification and contract requirements.** (a) The *intensive nonresidential rehabilitative mental health services* assertive community treatment provider must:

1. have a contract with the host county to provide intensive adult rehabilitative mental health services; and
2. be certified by the commissioner as being in compliance with this section and section 256B.0623.

(b) The intensive residential *rehabilitative mental health treatment* services provider must:

1. be licensed under Minnesota Rules, parts 9520.0500 to 9520.0670;
2. not exceed 16 beds per site;
3. comply with the additional standards in this section; and
4. have a contract with the host county to provide these services.

(c) The commissioner shall develop procedures for counties and providers to submit contracts and other documentation as needed to allow the commissioner to determine whether the standards in this section are met.

Sec. 27. Minnesota Statutes 2014, section 256B.0622, subdivision 5, is amended to read:

Subd. 5. **Standards applicable to both nonresidential assertive community treatment and residential providers.** (a) Services must be provided by qualified staff as defined in section 256B.0623, subdivision 5, who are trained and supervised according to section 256B.0623, subdivision 6, except that mental health rehabilitation workers acting as overnight staff are not required to comply with section 256B.0623, subdivision 5, clause (4), item (iv).

(b) The clinical supervisor must be an active member of the treatment team. The treatment team must meet with the clinical supervisor at least weekly to discuss recipients' progress and make rapid adjustments to meet recipients' needs. The team meeting shall include recipient-specific case reviews and general treatment discussions among team members. Recipient-specific case reviews and planning must be documented in the individual recipient's treatment record.

(c) Treatment staff must have prompt access in person or by telephone to a mental health practitioner or mental health professional. The provider must have the capacity to promptly and appropriately respond to emergent needs and make any necessary staffing adjustments to assure the health and safety of recipients.

(d) The initial functional assessment must be completed within ten days of intake and updated at least every three months for intensive residential treatment services and every six months for assertive community treatment, or prior to discharge from the service, whichever comes first.

(e) The initial individual treatment plan must be completed within ten days of intake and within 24 hours of admission for intensive residential treatment services. Within ten days of admission, the initial treatment plan must be refined and further developed for intensive residential treatment services, except for providers certified according to Minnesota Rules, parts 9533.0010 to 9533.0180. The individual treatment plan must be reviewed with the recipient and updated at least monthly with the recipient for intensive residential treatment services and at least every six months for assertive community treatment.
Sec. 28. Minnesota Statutes 2014, section 256B.0622, subdivision 7, is amended to read:

Subd. 7. Additional standards for nonresidential services assertive community treatment. The standards in this subdivision apply to intensive nonresidential rehabilitative mental health assertive community treatment services.

(1) The treatment team must use team treatment, not an individual treatment model.

(2) The clinical supervisor must function as a practicing clinician at least on a part-time basis.

(3) The staffing ratio must not exceed ten recipients to one full-time equivalent treatment team position.

(4) Services must be available at times that meet client needs.

(5) The treatment team must actively and assertively engage and reach out to the recipient's family members and significant others, after obtaining the recipient's permission.

(6) The treatment team must establish ongoing communication and collaboration between the team, family, and significant others and educate the family and significant others about mental illness, symptom management, and the family's role in treatment.

(7) The treatment team must provide interventions to promote positive interpersonal relationships.

Sec. 29. Minnesota Statutes 2014, section 256B.0622, subdivision 8, is amended to read:

Subd. 8. Medical assistance payment for intensive rehabilitative mental health services. (a) Payment for intensive residential and nonresidential treatment services and assertive community treatment in this section shall be based on one daily rate per provider inclusive of the following services received by an eligible recipient in a given calendar day: all rehabilitative services under this section, staff travel time to provide rehabilitative services under this section, and nonresidential crisis stabilization services under section 256B.0624.

(b) Except as indicated in paragraph (c), payment will not be made to more than one entity for each recipient for services provided under this section on a given day. If services under this section are provided by a team that includes staff from more than one entity, the team must determine how to distribute the payment among the members.

(c) The commissioner shall determine one rate for each provider that will bill medical assistance for residential services under this section and one rate for each nonresidential assertive community treatment provider. If a single entity provides both services, one rate is established for the entity's residential services and another rate for the entity's nonresidential services under this section. A provider is not eligible for payment under this section without authorization from the commissioner. The commissioner shall develop rates using the following criteria:

(1) the cost for similar services in the local trade area;

(2) (1) the provider's cost for services shall include direct services costs, other program costs, and other costs determined as follows:

(i) the direct services costs must be determined using actual costs of salaries, benefits, payroll taxes, and training of direct service staff and service-related transportation;
(ii) other program costs not included in item (i) must be determined as a specified percentage of the direct services costs as determined by item (i). The percentage used shall be determined by the commissioner based upon the average of percentages that represent the relationship of other program costs to direct services costs among the entities that provide similar services;

(iii) in situations where a provider of intensive residential services can demonstrate actual program related physical plant costs in excess of the group residential housing reimbursement, the commissioner may include these costs in the program rate, so long as the additional reimbursement does not subsidize the room and board expenses of the program physical plant costs calculated based on the percentage of space within the program that is entirely devoted to treatment and programming. This does not include administrative or residential space;

(iv) intensive nonresidential services assertive community treatment physical plant costs must be reimbursed as part of the costs described in item (ii); and

(v) subject to federal approval, up to an additional five percent of the total rate must may be added to the program rate as a quality incentive based upon the entity meeting performance criteria specified by the commissioner;

(3) actual cost is defined as costs which are allowable, allocable, and reasonable, and consistent with federal reimbursement requirements under Code of Federal Regulations, title 48, chapter 1, part 31, relating to for-profit entities, and Office of Management and Budget Circular Number A-122, relating to nonprofit entities;

(4) the number of service units;

(5) the degree to which recipients will receive services other than services under this section; and

(6) the costs of other services that will be separately reimbursed;

(7) input from the local planning process authorized by the adult mental health initiative under section 245.4661, regarding recipients' service needs.

(d) The rate for intensive rehabilitative mental health residential treatment services and assertive community treatment must exclude room and board, as defined in section 256I.03, subdivision 6, and services not covered under this section, such as partial hospitalization, home care, and inpatient services.

(e) Physician services that are not separately billed may be included in the rate to the extent that a psychiatrist, or other health care professional providing physician services within their scope of practice, is a member of the treatment team. Physician services, whether billed separately or included in the rate, may be delivered by telemedicine. For purposes of this paragraph, "telemedicine" has the meaning given to "mental health telemedicine" in section 256B.0625, subdivision 46, when telemedicine is used to provide intensive residential treatment services.

(f) When services under this section are provided by an intensive nonresidential service assertive community treatment provider, case management functions must be an integral part of the team.

(g) The rate for a provider must not exceed the rate charged by that provider for the same service to other payors.

(h) The rates for existing programs must be established prospectively based upon the expenditures and utilization over a prior 12-month period using the criteria established in paragraph (c). The rates for new programs must be established based upon estimated expenditures and estimated utilization using the criteria established in paragraph (c).
(h) (i) Entities who discontinue providing services must be subject to a settle-up process whereby actual costs and reimbursement for the previous 12 months are compared. In the event that the entity was paid more than the entity's actual costs plus any applicable performance-related funding due the provider, the excess payment must be reimbursed to the department. If a provider's revenue is less than actual allowed costs due to lower utilization than projected, the commissioner may reimburse the provider to recover its actual allowable costs. The resulting adjustments by the commissioner must be proportional to the percent of total units of service reimbursed by the commissioner and must reflect a difference of greater than five percent.

(i) (j) A provider may request of the commissioner a review of any rate-setting decision made under this subdivision.

Sec. 30. Minnesota Statutes 2014, section 256B.0622, subdivision 9, is amended to read:

Subd. 9. Provider enrollment; rate setting for county-operated entities. Counties that employ their own staff to provide services under this section shall apply directly to the commissioner for enrollment and rate setting. In this case, a county contract is not required and the commissioner shall perform the program review and rate setting duties which would otherwise be required of counties under this section.

Sec. 31. Minnesota Statutes 2014, section 256B.0622, subdivision 10, is amended to read:

Subd. 10. Provider enrollment; rate setting for specialized program. A county contract is not required for a provider proposing to serve a subpopulation of eligible recipients may bypass the county approval procedures in this section and receive approval for provider enrollment and rate setting directly from the commissioner under the following circumstances:

(1) the provider demonstrates that the subpopulation to be served requires a specialized program which is not available from county-approved entities; and

(2) the subpopulation to be served is of such a low incidence that it is not feasible to develop a program serving a single county or regional group of counties.

For providers meeting the criteria in clauses (1) and (2), the commissioner shall perform the program review and rate setting duties which would otherwise be required of counties under this section.

Sec. 32. Minnesota Statutes 2014, section 256B.0622, is amended by adding a subdivision to read:

Subd. 11. Sustainability grants. The commissioner may disburse grant funds directly to intensive residential treatment services providers and assertive community treatment providers to maintain access to these services.

Sec. 33. Minnesota Statutes 2014, section 256B.0624, subdivision 7, is amended to read:

Subd. 7. Crisis stabilization services. (a) Crisis stabilization services must be provided by qualified staff of a crisis stabilization services provider entity and must meet the following standards:

(1) a crisis stabilization treatment plan must be developed which meets the criteria in subdivision 11;

(2) staff must be qualified as defined in subdivision 8; and

(3) services must be delivered according to the treatment plan and include face-to-face contact with the recipient by qualified staff for further assessment, help with referrals, updating of the crisis stabilization treatment plan, supportive counseling, skills training, and collaboration with other service providers in the community.
(b) If crisis stabilization services are provided in a supervised, licensed residential setting, the recipient must be contacted face-to-face daily by a qualified mental health practitioner or mental health professional. The program must have 24-hour-a-day residential staffing which may include staff who do not meet the qualifications in subdivision 8. The residential staff must have 24-hour-a-day immediate direct or telephone access to a qualified mental health professional or practitioner.

(c) If crisis stabilization services are provided in a supervised, licensed residential setting that serves no more than four adult residents, and no more than two are recipients of crisis stabilization services, one or more individuals are present at the setting to receive residential crisis stabilization services, the residential staff must include, for at least eight hours per day, at least one individual who meets the qualifications in subdivision 8, paragraph (a), clause (1) or (2).

(d) If crisis stabilization services are provided in a supervised, licensed residential setting that serves more than four adult residents, and one or more are recipients of crisis stabilization services, the residential staff must include, for 24 hours a day, at least one individual who meets the qualifications in subdivision 8. During the first 48 hours that a recipient is in the residential program, the residential program must have at least two staff working 24 hours a day. Staffing levels may be adjusted thereafter according to the needs of the recipient as specified in the crisis stabilization treatment plan.

Sec. 34. Minnesota Statutes 2014, section 256B.0625, is amended by adding a subdivision to read:

Subd. 45a. Psychiatric residential treatment facility services for persons under 21 years of age. (a) Medical assistance covers psychiatric residential treatment facility services for persons under 21 years of age. Individuals who reach age 21 at the time they are receiving services are eligible to continue receiving services until they no longer require services or until they reach age 22, whichever occurs first.

(b) For purposes of this subdivision, “psychiatric residential treatment facility” means a facility other than a hospital that provides psychiatric services, as described in Code of Federal Regulations, title 42, sections 441.151 to 441.182, to individuals under age 21 in an inpatient setting.

(c) The commissioner shall develop admissions and discharge procedures and establish rates consistent with guidelines from the federal Centers for Medicare and Medicaid Services.

(d) The commissioner shall enroll up to 150 certified psychiatric residential treatment facility services beds at up to six sites. The commissioner shall select psychiatric residential treatment facility services providers through a request for proposals process. Providers of state-operated services may respond to the request for proposals.

**EFFECTIVE DATE.** This section is effective July 1, 2017, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 35. Minnesota Statutes 2014, section 256B.0625, subdivision 48, is amended to read:

Subd. 48. Psychiatric consultation to primary care practitioners. Medical assistance covers consultation provided by a psychiatrist, a psychologist, or an advanced practice registered nurse certified in psychiatric mental health, a licensed independent clinical social worker, as defined in section 245.462, subdivision 18, clause (2), or a licensed marriage and family therapist, as defined in section 245.462, subdivision 18, clause (5), via telephone, e-mail, facsimile, or other means of communication to primary care practitioners, including pediatricians. The need for consultation and the receipt of the consultation must be documented in the patient record maintained by the primary care practitioner. If the patient consents, and subject to federal limitations and data privacy provisions, the consultation may be provided without the patient present.
Sec. 36. [256B.7631] CHEMICAL DEPENDENCY PROVIDER RATE INCREASE.

For the chemical dependency services listed in section 254B.05, subdivision 5, and provided on or after July 1, 2015, payment rates shall be increased by two percent over the rates in effect on January 1, 2014, for vendors who meet the requirements of section 254B.05.

Sec. 37. CLUBHOUSE PROGRAM SERVICES.

The commissioner of human services, in consultation with stakeholders, shall develop service standards and a payment methodology for Clubhouse program services to be covered under medical assistance when provided by a Clubhouse International accredited provider or a provider meeting equivalent standards. The commissioner shall seek federal approval for the service standards and payment methodology. Upon federal approval, the commissioner must seek and obtain legislative approval of the services standards and funding methodology allowing medical assistance coverage of the service.

Sec. 38. EXCELLENCE IN MENTAL HEALTH DEMONSTRATION PROJECT.

By January 15, 2016, the commissioner of human services shall report to the legislative committees in the house of representatives and senate with jurisdiction over human services issues on the progress of the Excellence in Mental Health demonstration project under Minnesota Statutes, section 245.735. The commissioner shall include in the report any recommendations for legislative changes needed to implement the reform projects specified in Minnesota Statutes, section 245.735, subdivision 3.

Sec. 39. RATE-SETTING METHODOLOGY FOR COMMUNITY-BASED MENTAL HEALTH SERVICES.

The commissioner of human services shall conduct a comprehensive analysis of the current rate-setting methodology for all community-based mental health services for children and adults. The report shall include an assessment of alternative payment structures, consistent with the intent and direction of the federal Centers for Medicare and Medicaid Services, that could provide adequate reimbursement to sustain community-based mental health services regardless of geographic location. The report shall also include recommendations for establishing pay-for-performance measures for providers delivering services consistent with evidence-based practices. In developing the report, the commissioner shall consult with stakeholders and with outside experts in Medicaid financing. The commissioner shall provide a report on the analysis to the chairs of the legislative committees with jurisdiction over health and human services finance by January 1, 2017.

Sec. 40. REPORT ON HUMAN SERVICES DATA SHARING TO COORDINATE SERVICES AND CARE OF A PATIENT.

The commissioner of human services, in coordination with Hennepin County, shall report to the legislative committees with jurisdiction over health care financing on the fiscal impact, including the estimated savings, resulting from the modifications to the Data Practices Act in the 2015 legislative session, permitting the sharing of public welfare data and allowing the exchange of health records between providers to the extent necessary to coordinate services and care for clients enrolled in public health care programs. Counties shall provide information on the fiscal impact, including the estimated savings, resulting from the modifications to the Data Practices Act in the 2015 legislative session, the number of clients receiving care coordination, and improved outcomes achieved due to data sharing, to the commissioner of human services to include in the report. The commissioner may establish the form in which the information must be provided. The report is due January 1, 2017.
Sec. 41. **COMPREHENSIVE MENTAL HEALTH PROGRAM IN BELTRAMI COUNTY.**

(a) The commissioner of human services shall award a grant to Beltrami County to fund the planning and development of a comprehensive mental health program contingent upon Beltrami County providing to the commissioner of human services a formal commitment and plan to fund, operate, and sustain the program and services after the onetime state grant is expended. The county must provide evidence of the funding stream or mechanism, and a sufficient local funding commitment, that will ensure that the onetime state investment in the program will result in a sustainable program without future state grants. The funding stream may include state funding for programs and services for which the individuals served under this section may be eligible. The grant under this section cannot be used for any purpose that could be funded with state bond proceeds. This is a onetime appropriation.

(b) The planning and development of the program by the county must include an integrated care model for the provision of mental health and substance use disorder treatment for the individuals served under paragraph (c), in collaboration with existing services. The model may include mobile crisis services, crisis residential services, outpatient services, and community-based services. The model must be patient-centered, culturally competent, and based on evidence-based practices.

(c) The comprehensive mental health program will serve individuals who are:

1. under arrest or subject to arrest who are experiencing a mental health crisis;
2. under a transport hold under Minnesota Statutes, section 253B.05, subdivision 2; or
3. in immediate need of mental health crisis services.

(d) The commissioner of human services may encourage the commissioners of the Minnesota Housing Finance Agency, corrections, and health to provide technical assistance and support in the planning and development of the mental health program under paragraph (a). The commissioners of the Minnesota Housing Finance Agency and human services may explore a plan to develop short-term and long-term housing for individuals served by the program, and the possibility of using existing appropriations available in the housing finance budget for low-income housing or homelessness.

(e) The commissioner of human services, in consultation with Beltrami County, shall report to the senate and house of representatives committees having jurisdiction over mental health issues the status of the planning and development of the mental health program, and the plan to financially support the program and services after the state grant is expended, by November 1, 2017.

Sec. 42. **MENTAL HEALTH CRISIS SERVICES.**

The commissioner of human services shall increase access to mental health crisis services for children and adults. In order to increase access, the commissioner must:

1. develop a central phone number where calls can be routed to the appropriate crisis services;
2. provide telephone consultation 24 hours a day to mobile crisis teams who are serving people with traumatic brain injury or intellectual disabilities who are experiencing a mental health crisis;
3. expand crisis services across the state, including rural areas of the state and examining access per population;
4. establish and implement state standards for crisis services; and
(5) provide grants to adult mental health initiatives, counties, tribes, or community mental health providers to establish new mental health crisis residential service capacity.

Priority will be given to regions that do not have a mental health crisis residential services program, do not have an inpatient psychiatric unit within the region, do not have an inpatient psychiatric unit within 90 miles, or have a demonstrated need based on the number of crisis residential or intensive residential treatment beds available to meet the needs of the residents in the region. At least 50 percent of the funds must be distributed to programs in rural Minnesota. Grant funds may be used for start-up costs, including but not limited to renovations, furnishings, and staff training. Grant applications shall provide details on how the intended service will address identified needs and shall demonstrate collaboration with crisis teams, other mental health providers, hospitals, and police.

Sec. 43. INSTRUCTIONS TO THE COMMISSIONER.

The commissioner of human services shall, in consultation with stakeholders, develop recommendations on funding for children's mental health crisis residential services that will allow for timely access without requiring county authorization or child welfare placement.

ARTICLE 3
WITHDRAWAL MANAGEMENT PROGRAMS

Section 1. [245F.01] PURPOSE.

It is hereby declared to be the public policy of this state that the public interest is best served by providing efficient and effective withdrawal management services to persons in need of appropriate detoxification, assessment, intervention, and referral services. The services shall vary to address the unique medical needs of each patient and shall be responsive to the language and cultural needs of each patient. Services shall not be denied on the basis of a patient's inability to pay.

Sec. 2. [245F.02] DEFINITIONS.

Subd. 1. Scope. The terms used in this chapter have the meanings given them in this section.

Subd. 2. Administration of medications. "Administration of medications" means performing a task to provide medications to a patient, and includes the following tasks performed in the following order:

(1) checking the patient's medication record;

(2) preparing the medication for administration;

(3) administering the medication to the patient;

(4) documenting administration of the medication or the reason for not administering the medication as prescribed; and

(5) reporting information to a licensed practitioner or a registered nurse regarding problems with the administration of the medication or the patient's refusal to take the medication.

Subd. 3. Alcohol and drug counselor. "Alcohol and drug counselor" means an individual qualified under Minnesota Rules, part 9530.6450, subpart 5.
Subd. 4. Applicant. "Applicant" means an individual, partnership, voluntary association, corporation, or other public or private organization that submits an application for licensure under this chapter.

Subd. 5. Care coordination. "Care coordination" means activities intended to bring together health services, patient needs, and streams of information to facilitate the aims of care. Care coordination includes an ongoing needs assessment, life skills advocacy, treatment follow-up, disease management, education, and other services as needed.

Subd. 6. Chemical. "Chemical" means alcohol, solvents, controlled substances as defined in section 152.01, subdivision 4, and other mood-altering substances.

Subd. 7. Clinically managed program. "Clinically managed program" means a residential setting with staff comprised of a medical director and a licensed practical nurse. A licensed practical nurse must be on site 24 hours a day, seven days a week. A qualified medical professional must be available by telephone or in person for consultation 24 hours a day. Patients admitted to this level of service receive medical observation, evaluation, and stabilization services during the detoxification process; access to medications administered by trained, licensed staff to manage withdrawal; and a comprehensive assessment pursuant to Minnesota Rules, part 9530.6422.

Subd. 8. Commissioner. "Commissioner" means the commissioner of human services or the commissioner's designated representative.

Subd. 9. Department. "Department" means the Department of Human Services.

Subd. 10. Direct patient contact. "Direct patient contact" has the meaning given for "direct contact" in section 245C.02, subdivision 11.

Subd. 11. Discharge plan. "Discharge plan" means a written plan that states with specificity the services the program has arranged for the patient to transition back into the community.

Subd. 12. Licensed practitioner. "Licensed practitioner" means a practitioner as defined in section 151.01, subdivision 23, who is authorized to prescribe.

Subd. 13. Medical director. "Medical director" means an individual licensed in Minnesota as a doctor of osteopathy or physician, or an individual licensed in Minnesota as an advanced practice registered nurse by the Board of Nursing and certified to practice as a clinical nurse specialist or nurse practitioner by a national nurse organization acceptable to the board. The medical director must be employed by or under contract with the license holder to direct and supervise health care for patients of a program licensed under this chapter.

Subd. 14. Medically monitored program. "Medically monitored program" means a residential setting with staff that includes a registered nurse and a medical director. A registered nurse must be on site 24 hours a day. A medical director must be on site seven days a week, and patients must have the ability to be seen by a medical director within 24 hours. Patients admitted to this level of service receive medical observation, evaluation, and stabilization services during the detoxification process; medications administered by trained, licensed staff to manage withdrawal; and a comprehensive assessment pursuant to Minnesota Rules, part 9530.6422.

Subd. 15. Nurse. "Nurse" means a person licensed and currently registered to practice practical or professional nursing as defined in section 148.171, subdivisions 14 and 15.

Subd. 16. Patient. "Patient" means an individual who presents or is presented for admission to a withdrawal management program that meets the criteria in section 245F.05.
Subd. 17. **Peer recovery support services.** "Peer recovery support services" means mentoring and education, advocacy, and nonclinical recovery support provided by a recovery peer.

Subd. 18. **Program director.** "Program director" means the individual who is designated by the license holder to be responsible for all operations of a withdrawal management program and who meets the qualifications specified in section 245F.15, subdivision 3.

Subd. 19. **Protective procedure.** "Protective procedure" means an action taken by a staff member of a withdrawal management program to protect a patient from imminent danger of harming self or others. Protective procedures include the following actions:

1. seclusion, which means the temporary placement of a patient, without the patient's consent, in an environment to prevent social contact; and

2. physical restraint, which means the restraint of a patient by use of physical holds intended to limit movement of the body.

Subd. 20. **Qualified medical professional.** "Qualified medical professional" means an individual licensed in Minnesota as a doctor of osteopathy or physician, or an individual licensed in Minnesota as an advanced practice registered nurse by the Board of Nursing and certified to practice as a clinical nurse specialist or nurse practitioner by a national nurse organization acceptable to the board.

Subd. 21. **Recovery peer.** "Recovery peer" means a person who has progressed in the person's own recovery from substance use disorder and is willing to serve as a peer to assist others in their recovery.

Subd. 22. **Responsible staff person.** "Responsible staff person" means the program director, the medical director, or a staff person with current licensure as a nurse in Minnesota. The responsible staff person must be on the premises and is authorized to make immediate decisions concerning patient care and safety.

Subd. 23. **Substance.** "Substance" means "chemical" as defined in subdivision 6.

Subd. 24. **Substance use disorder.** "Substance use disorder" means a pattern of substance use as defined in the current edition of the Diagnostic and Statistical Manual of Mental Disorders.

Subd. 25. **Technician.** "Technician" means a person who meets the qualifications in section 245F.15, subdivision 6.

Subd. 26. **Withdrawal management program.** "Withdrawal management program" means a licensed program that provides short-term medical services on a 24-hour basis for the purpose of stabilizing intoxicated patients, managing their withdrawal, and facilitating access to substance use disorder treatment as indicated by a comprehensive assessment.

Sec. 3. **[245F.03] APPLICATION.**

(a) This chapter establishes minimum standards for withdrawal management programs licensed by the commissioner that serve one or more unrelated persons.

(b) This chapter does not apply to a withdrawal management program licensed as a hospital under sections 144.50 to 144.581. A withdrawal management program located in a hospital licensed under sections 144.50 to 144.581 that chooses to be licensed under this chapter is deemed to be in compliance with section 245F.13.
Sec. 4. [245F.04] PROGRAM LICENSURE.

Subdivision 1. General application and license requirements. An applicant for licensure as a clinically managed withdrawal management program or medically monitored withdrawal management program must meet the following requirements, except where otherwise noted. All programs must comply with federal requirements and the general requirements in chapters 245A and 245C and sections 626.556, 626.557, and 626.5572. A withdrawal management program must be located in a hospital licensed under sections 144.50 to 144.581, or must be a supervised living facility with a class B license from the Department of Health under Minnesota Rules, parts 4665.0100 to 4665.9900.

Subd. 2. Contents of application. Prior to the issuance of a license, an applicant must submit, on forms provided by the commissioner, documentation demonstrating the following:

(1) compliance with this section;

(2) compliance with applicable building, fire, and safety codes; health rules; zoning ordinances; and other applicable rules and regulations or documentation that a waiver has been granted. The granting of a waiver does not constitute modification of any requirement of this section;

(3) completion of an assessment of need for a new or expanded program as required by Minnesota Rules, part 9530.6800; and

(4) insurance coverage, including bonding, sufficient to cover all patient funds, property, and interests.

Subd. 3. Changes in license terms. (a) A license holder must notify the commissioner before one of the following occurs and the commissioner must determine the need for a new license:

(1) a change in the Department of Health's licensure of the program;

(2) a change in the medical services provided by the program that affects the program's capacity to provide services required by the program's license designation as a clinically managed program or medically monitored program;

(3) a change in program capacity; or

(4) a change in location.

(b) A license holder must notify the commissioner and apply for a new license when a change in program ownership occurs.

Subd. 4. Variances. The commissioner may grant variances to the requirements of this chapter under section 245A.04, subdivision 9.

Sec. 5. [245F.05] ADMISSION AND DISCHARGE POLICIES.

Subdivision 1. Admission policy. A license holder must have a written admission policy containing specific admission criteria. The policy must describe the admission process and the point at which an individual who is eligible under subdivision 2 is admitted to the program. A license holder must not admit individuals who do not meet the admission criteria. The admission policy must be approved and signed by the medical director of the facility and must designate which staff members are authorized to admit and discharge patients. The admission policy must be posted in the area of the facility where patients are admitted and given to all interested individuals upon request.
Subd. 2. **Admission criteria.** For an individual to be admitted to a withdrawal management program, the program must make a determination that the program services are appropriate to the needs of the individual. A program may only admit individuals who meet the admission criteria and who, at the time of admission:

(1) are impaired as the result of intoxication;

(2) are experiencing physical, mental, or emotional problems due to intoxication or withdrawal from alcohol or other drugs;

(3) are being held under apprehend and hold orders under section 253B.07, subdivision 2b;

(4) have been committed under chapter 253B, and need temporary placement;

(5) are held under emergency holds or peace and health officer holds under section 253B.05, subdivision 1 or 2; or

(6) need to stay temporarily in a protective environment because of a crisis related to substance use disorder. Individuals satisfying this clause may be admitted only at the request of the county of fiscal responsibility, as determined according to section 256G.02, subdivision 4. Individuals admitted according to this clause must not be restricted to the facility.

Subd. 3. **Individuals denied admission by program.** (a) A license holder must have a written policy and procedure for addressing the needs of individuals who are denied admission to the program. These individuals include:

(1) individuals whose pregnancy, in combination with their presenting problem, requires services not provided by the program; and

(2) individuals who are in imminent danger of harming self or others if their behavior is beyond the behavior management capabilities of the program and staff.

(b) Programs must document denied admissions, including the date and time of the admission request, reason for the denial of admission, and where the individual was referred. If the individual did not receive a referral, the program must document why a referral was not made. This information must be documented on a form approved by the commissioner and made available to the commissioner upon request.

Subd. 4. **License holder responsibilities; denying admission or terminating services.** (a) If a license holder denies an individual admission to the program or terminates services to a patient and the denial or termination poses an immediate threat to the patient's or individual's health or requires immediate medical intervention, the license holder must refer the patient or individual to a medical facility capable of admitting the patient or individual.

(b) A license holder must report to a law enforcement agency with proper jurisdiction all denials of admission and terminations of services that involve the commission of a crime against a staff member of the license holder or on the license holder’s property, as provided in Code of Federal Regulations, title 42, section 2.12(c)(5), and title 45, parts 160 to 164.

Subd. 5. **Discharge and transfer policies.** A license holder must have a written policy and procedure, approved and signed by the medical director, that specifies conditions under which patients may be discharged or transferred. The policy must include the following:

(1) guidelines for determining when a patient is medically stable and whether a patient is able to be discharged or transferred to a lower level of care;
(2) guidelines for determining when a patient needs a transfer to a higher level of care. Clinically managed program guidelines must include guidelines for transfer to a medically monitored program, hospital, or other acute care facility. Medically monitored program guidelines must include guidelines for transfer to a hospital or other acute care facility:

(3) procedures staff must follow when discharging a patient under each of the following circumstances:

(i) the patient is involved in the commission of a crime against program staff or against a license holder's property. The procedures for a patient discharged under this item must specify how reports must be made to law enforcement agencies with proper jurisdiction as allowed under Code of Federal Regulations, title 42, section 2.12(c)(5), and title 45, parts 160 to 164;

(ii) the patient is in imminent danger of harming self or others and is beyond the license holder's capacity to ensure safety;

(iii) the patient was admitted under chapter 253B; or

(iv) the patient is leaving against staff or medical advice; and

(4) a requirement that staff must document where the patient was referred after discharge or transfer, and if a referral was not made, the reason the patient was not provided a referral.

Sec. 6. [245F.06] SCREENING AND COMPREHENSIVE ASSESSMENT.

Subdivision 1. Screening for substance use disorder. A nurse or an alcohol and drug counselor must screen each patient upon admission to determine whether a comprehensive assessment is indicated. The license holder must screen patients at each admission, except that if the patient has already been determined to suffer from a substance use disorder, subdivision 2 applies.

Subd. 2. Comprehensive assessment. (a) Prior to a medically stable discharge, but not later than 72 hours following admission, a license holder must provide a comprehensive assessment according to section 245.4863, paragraph (a), and Minnesota Rules, part 9530.6422, for each patient who has a positive screening for a substance use disorder. If a patient's medical condition prevents a comprehensive assessment from being completed within 72 hours, the license holder must document why the assessment was not completed. The comprehensive assessment must include documentation of the appropriateness of an involuntary referral through the civil commitment process.

(b) If available to the program, a patient's previous comprehensive assessment may be used in the patient record. If a previously completed comprehensive assessment is used, its contents must be reviewed to ensure the assessment is accurate and current and complies with the requirements of this chapter. The review must be completed by a staff person qualified according to Minnesota Rules, part 9530.6450, subpart 5. The license holder must document that the review was completed and that the previously completed assessment is accurate and current, or the license holder must complete an updated or new assessment.

Sec. 7. [245F.07] STABILIZATION PLANNING.

Subdivision 1. Stabilization plan. Within 12 hours of admission, a license holder must develop an individualized stabilization plan for each patient accepted for stabilization services. The plan must be based on the patient's initial health assessment and continually updated based on new information gathered about the patient's condition from the comprehensive assessment, medical evaluation and consultation, and ongoing monitoring and observations of the patient. The patient must have an opportunity to have direct involvement in the development of the plan. The stabilization plan must:
identify medical needs and goals to be achieved while the patient is receiving services;

(2) specify stabilization services to address the identified medical needs and goals, including amount and frequency of services;

(3) specify the participation of others in the stabilization planning process and specific services where appropriate; and

(4) document the patient's participation in developing the content of the stabilization plan and any updates.

Subd. 2. Progress notes. Progress notes must be entered in the patient's file at least daily and immediately following any significant event, including any change that impacts the medical, behavioral, or legal status of the patient. Progress notes must:

(1) include documentation of the patient's involvement in the stabilization services, including the type and amount of each stabilization service;

(2) include the monitoring and observations of the patient's medical needs;

(3) include documentation of referrals made to other services or agencies;

(4) specify the participation of others; and

(5) be legible, signed, and dated by the staff person completing the documentation.

Subd. 3. Discharge plan. Before a patient leaves the facility, the license holder must conduct discharge planning for the patient, document discharge planning in the patient's record, and provide the patient with a copy of the discharge plan. The discharge plan must include:

(1) referrals made to other services or agencies at the time of transition;

(2) the patient's plan for follow-up, aftercare, or other poststabilization services;

(3) documentation of the patient's participation in the development of the transition plan;

(4) any service that will continue after discharge under the direction of the license holder; and

(5) a stabilization summary and final evaluation of the patient's progress toward treatment objectives.

Sec. 8. [245F.08] STABILIZATION SERVICES.

Subdivision 1. General. The license holder must encourage patients to remain in care for an appropriate duration as determined by the patient's stabilization plan, and must encourage all patients to enter programs for ongoing recovery as clinically indicated. In addition, the license holder must offer services that are patient-centered, trauma-informed, and culturally appropriate. Culturally appropriate services must include translation services and dietary services that meet a patient's dietary needs. All services provided to the patient must be documented in the patient's medical record. The following services must be offered unless clinically inappropriate and the justifying clinical rationale is documented:

(1) individual or group motivational counseling sessions;
(2) individual advocacy and case management services;

(3) medical services as required in section 245F.12;

(4) care coordination provided according to subdivision 2;

(5) peer recovery support services provided according to subdivision 3;

(6) patient education provided according to subdivision 4; and

(7) referrals to mutual aid, self-help, and support groups.

Subd. 2. Care coordination. Care coordination services must be initiated for each patient upon admission. The license holder must identify the staff person responsible for the provision of each service. Care coordination services must include:

(1) coordination with significant others to assist in the stabilization planning process whenever possible;

(2) coordination with and follow-up to appropriate medical services as identified by the nurse or licensed practitioner;

(3) referral to substance use disorder services as indicated by the comprehensive assessment;

(4) referral to mental health services as identified in the comprehensive assessment;

(5) referrals to economic assistance, social services, and prenatal care in accordance with the patient's needs;

(6) review and approval of the transition plan prior to discharge, except in an emergency, by a staff member able to provide direct patient contact;

(7) documentation of the provision of care coordination services in the patient's file; and

(8) addressing cultural and socioeconomic factors affecting the patient's access to services.

Subd. 3. Peer recovery support services. (a) Peers in recovery serve as mentors or recovery-support partners for individuals in recovery, and may provide encouragement, self-disclosure of recovery experiences, transportation to appointments, assistance with finding resources that will help locate housing, job search resources, and assistance finding and participating in support groups.

(b) Peer recovery support services are provided by a recovery peer and must be supervised by the responsible staff person.

Subd. 4. Patient education. A license holder must provide education to each patient on the following:

(1) substance use disorder, including the effects of alcohol and other drugs, specific information about the effects of substance use on unborn children, and the signs and symptoms of fetal alcohol spectrum disorders;

(2) tuberculosis and reporting known cases of tuberculosis disease to health care authorities according to section 144.4804;

(3) Hepatitis C treatment and prevention;
(4) HIV as required in section 245A.19, paragraphs (b) and (c);

(5) nicotine cessation options, if applicable;

(6) opioid tolerance and overdose risks, if applicable; and

(7) long-term withdrawal issues related to use of barbiturates and benzodiazepines, if applicable.

Subd. 5. **Mutual aid, self-help, and support groups.** The license holder must refer patients to mutual aid, self-help, and support groups when clinically indicated and to the extent available in the community.

Sec. 9. **[245F.09] PROTECTIVE PROCEDURES.**

Subdivision 1. **Use of protective procedures.** (a) Programs must incorporate person-centered planning and trauma-informed care into its protective procedure policies. Protective procedures may be used only in cases where a less restrictive alternative will not protect the patient or others from harm and when the patient is in imminent danger of harming self or others. When a program uses a protective procedure, the program must continuously observe the patient until the patient may safely be left for 15-minute intervals. Use of the procedure must end when the patient is no longer in imminent danger of harming self or others.

(b) Protective procedures may not be used:

(1) for disciplinary purposes;

(2) to enforce program rules;

(3) for the convenience of staff;

(4) as a part of any patient’s health monitoring plan; or

(5) for any reason except in response to specific, current behaviors which create an imminent danger of harm to the patient or others.

Subd. 2. **Protective procedures plan.** A license holder must have a written policy and procedure that establishes the protective procedures that program staff must follow when a patient is in imminent danger of harming self or others. The policy must be appropriate to the type of facility and the level of staff training. The protective procedures policy must include:

(1) an approval signed and dated by the program director and medical director prior to implementation. Any changes to the policy must also be approved, signed, and dated by the current program director and the medical director prior to implementation;

(2) which protective procedures the license holder will use to prevent patients from imminent danger of harming self or others;

(3) the emergency conditions under which the protective procedures are permitted to be used, if any;

(4) the patient’s health conditions that limit the specific procedures that may be used and alternative means of ensuring safety:
(5) emergency resources the program staff must contact when a patient’s behavior cannot be controlled by the procedures established in the policy;

(6) the training that staff must have before using any protective procedure;

(7) documentation of approved therapeutic holds;

(8) the use of law enforcement personnel as described in subdivision 4;

(9) standards governing emergency use of seclusion. Seclusion must be used only when less restrictive measures are ineffective or not feasible. The standards in items (i) to (vii) must be met when seclusion is used with a patient:

(i) seclusion must be employed solely for the purpose of preventing a patient from imminent danger of harming self or others;

(ii) seclusion rooms must be equipped in a manner that prevents patients from self-harm using projections, windows, electrical fixtures, or hard objects, and must allow the patient to be readily observed without being interrupted;

(iii) seclusion must be authorized by the program director, a licensed physician, or a registered nurse. If one of these individuals is not present in the facility, the program director or a licensed physician or registered nurse must be contacted and authorization must be obtained within 30 minutes of initiating seclusion, according to written policies;

(iv) patients must not be placed in seclusion for more than 12 hours at any one time;

(v) once the condition of a patient in seclusion has been determined to be safe enough to end continuous observation, a patient in seclusion must be observed at a minimum of every 15 minutes for the duration of seclusion and must always be within hearing range of program staff;

(vi) a process for program staff to use to remove a patient to other resources available to the facility if seclusion does not sufficiently assure patient safety; and

(vii) a seclusion area may be used for other purposes, such as intensive observation, if the room meets normal standards of care for the purpose and if the room is not locked; and

(10) physical holds may only be used when less restrictive measures are not feasible. The standards in items (i) to (iv) must be met when physical holds are used with a patient:

(i) physical holds must be employed solely for preventing a patient from imminent danger of harming self or others;

(ii) physical holds must be authorized by the program director, a licensed physician, or a registered nurse. If one of these individuals is not present in the facility, the program director or a licensed physician or a registered nurse must be contacted and authorization must be obtained within 30 minutes of initiating a physical hold, according to written policies;

(iii) the patient's health concerns must be considered in deciding whether to use physical holds and which holds are appropriate for the patient; and

(iv) only approved holds may be utilized. Prone holds are not allowed and must not be authorized.
Subd. 3. **Records.** Each use of a protective procedure must be documented in the patient record. The patient record must include:

1. a description of specific patient behavior precipitating a decision to use a protective procedure, including date, time, and program staff present;
2. the specific means used to limit the patient's behavior;
3. the time the protective procedure began, the time the protective procedure ended, and the time of each staff observation of the patient during the procedure;
4. the names of the program staff authorizing the use of the protective procedure, the time of the authorization, and the program staff directly involved in the protective procedure and the observation process;
5. a brief description of the purpose for using the protective procedure, including less restrictive interventions used prior to the decision to use the protective procedure and a description of the behavioral results obtained through the use of the procedure. If a less restrictive intervention was not used, the reasons for not using a less restrictive intervention must be documented;
6. documentation by the responsible staff person on duty of reassessment of the patient at least every 15 minutes to determine if seclusion or the physical hold can be terminated;
7. a description of the physical holds used in escorting a patient; and
8. any injury to the patient that occurred during the use of a protective procedure.

Subd. 4. **Use of law enforcement.** The program must maintain a central log documenting each incident involving use of law enforcement, including:

1. the date and time law enforcement arrived at and left the program;
2. the reason for the use of law enforcement;
3. if law enforcement used force or a protective procedure and which protective procedure was used; and
4. whether any injuries occurred.

Subd. 5. **Administrative review.** (a) The license holder must keep a record of all patient incidents and protective procedures used. An administrative review of each use of protective procedures must be completed within 72 hours by someone other than the person who used the protective procedure. The record of the administrative review of the use of protective procedures must state whether:

1. the required documentation was recorded for each use of a protective procedure;
2. the protective procedure was used according to the policy and procedures;
3. the staff who implemented the protective procedure was properly trained; and
4. the behavior met the standards for imminent danger of harming self or others.
(b) The license holder must conduct and document a quarterly review of the use of protective procedures with the goal of reducing the use of protective procedures. The review must include:

(1) any patterns or problems indicated by similarities in the time of day, day of the week, duration of the use of a protective procedure, individuals involved, or other factors associated with the use of protective procedures;

(2) any injuries resulting from the use of protective procedures;

(3) whether law enforcement was involved in the use of a protective procedure;

(4) actions needed to correct deficiencies in the program's implementation of protective procedures;

(5) an assessment of opportunities missed to avoid the use of protective procedures; and

(6) proposed actions to be taken to minimize the use of protective procedures.

Sec. 10. [245F.10] PATIENT RIGHTS AND GRIEVANCE PROCEDURES.

Subdivision 1. Patient rights. Patients have the rights in sections 144.651, 148F.165, and 253B.03, as applicable. The license holder must give each patient, upon admission, a written statement of patient rights. Program staff must review the statement with the patient.

Subd. 2. Grievance procedure. Upon admission, the license holder must explain the grievance procedure to the patient or patient's representative and give the patient a written copy of the procedure. The grievance procedure must be posted in a place visible to the patient and must be made available to current and former patients upon request. A license holder's written grievance procedure must include:

(1) staff assistance in developing and processing the grievance;

(2) an initial response to the patient who filed the grievance within 24 hours of the program's receipt of the grievance, and timelines for additional steps to be taken to resolve the grievance, including access to the person with the highest level of authority in the program if the grievance cannot be resolved by other staff members; and

(3) the current addresses and telephone numbers of the Department of Human Services Licensing Division, Department of Health Office of Health Facilities Complaints, Board of Behavioral Health and Therapy, Board of Medical Practice, Board of Nursing, and Office of the Ombudsman for Mental Health and Developmental Disabilities.

Sec. 11. [245F.11] PATIENT PROPERTY MANAGEMENT.

A license holder must meet the requirements for handling patient funds and property in section 245A.04, subdivision 13, except:

(1) a license holder must establish policies regarding the use of personal property to assure that program activities and the rights of other patients are not infringed, and may take temporary custody of personal property if these policies are violated;

(2) a license holder must retain the patient's property for a minimum of seven days after discharge if the patient does not reclaim the property after discharge; and
(3) the license holder must return to the patient all of the patient’s property held in trust at discharge, regardless of discharge status, except that:

(i) drugs, drug paraphernalia, and drug containers that are subject to forfeiture under section 609.5316 must be given over to the custody of a local law enforcement agency or, if giving the property over to the custody of a local law enforcement agency would violate Code of Federal Regulations, title 42, sections 2.1 to 2.67, and title 45, parts 160 to 164, destroyed by a staff person designated by the program director; and

(ii) weapons, explosives, and other property that may cause serious harm to self or others must be transferred to a local law enforcement agency. The patient must be notified of the transfer and the right to reclaim the property if the patient has a legal right to possess the item.

Sec. 12. [245F.12] MEDICAL SERVICES.

Subdivision 1. Services provided at all programs. Withdrawal management programs must have:

(1) a standardized data collection tool for collecting health-related information about each patient. The data collection tool must be developed in collaboration with a registered nurse and approved and signed by the medical director; and

(2) written procedures for a nurse to assess and monitor patient health within the nurse’s scope of practice. The procedures must:

(i) be approved by the medical director;

(ii) include a follow-up screening conducted between four and 12 hours after service initiation to collect information relating to acute intoxication, other health complaints, and behavioral risk factors that the patient may not have communicated at service initiation;

(iii) specify the physical signs and symptoms that, when present, require consultation with a registered nurse or a physician and that require transfer to an acute care facility or a higher level of care than that provided by the program;

(iv) specify those staff members responsible for monitoring patient health and provide for hourly observation and for more frequent observation if the initial health assessment or follow-up screening indicates a need for intensive physical or behavioral health monitoring; and

(v) specify the actions to be taken to address specific complicating conditions, including pregnancy or the presence of physical signs or symptoms of any other medical condition.

Subd. 2. Services provided at clinically managed programs. In addition to the services listed in subdivision 1, clinically managed programs must:

(1) have a licensed practical nurse on site 24 hours a day and a medical director;

(2) provide an initial health assessment conducted by a nurse upon admission;

(3) provide daily on-site medical evaluation by a nurse;

(4) have a registered nurse available by telephone or in person for consultation 24 hours a day;
(5) have a qualified medical professional available by telephone or in person for consultation 24 hours a day; and

(6) have appropriately licensed staff available to administer medications according to prescriber-approved orders.

Subd. 3. Services provided at medically monitored programs. In addition to the services listed in subdivision 1, medically monitored programs must have a registered nurse on site 24 hours a day and a medical director. Medically monitored programs must provide intensive inpatient withdrawal management services which must include:

(1) an initial health assessment conducted by a registered nurse upon admission;

(2) the availability of a medical evaluation and consultation with a registered nurse 24 hours a day;

(3) the availability of a qualified medical professional by telephone or in person for consultation 24 hours a day;

(4) the ability to be seen within 24 hours or sooner by a qualified medical professional if the initial health assessment indicates the need to be seen;

(5) the availability of on-site monitoring of patient care seven days a week by a qualified medical professional; and

(6) appropriately licensed staff available to administer medications according to prescriber-approved orders.

Sec. 13. [245F.13] MEDICATIONS.

Subdivision 1. Administration of medications. A license holder must employ or contract with a registered nurse to develop the policies and procedures for medication administration. A registered nurse must provide supervision as defined in section 148.171, subdivision 23, for the administration of medications. For clinically managed programs, the registered nurse supervision must include on-site supervision at least monthly or more often as warranted by the health needs of the patient. The medication administration policies and procedures must include:

(1) a provision that patients may carry emergency medication such as nitroglycerin as instructed by their prescriber;

(2) requirements for recording the patient’s use of medication, including staff signatures with date and time;

(3) guidelines regarding when to inform a licensed practitioner or a registered nurse of problems with medication administration, including failure to administer, patient refusal of a medication, adverse reactions, or errors; and

(4) procedures for acceptance, documentation, and implementation of prescriptions, whether written, oral, telephonic, or electronic.

Subd. 2. Control of drugs. A license holder must have in place and implement written policies and procedures relating to control of drugs. The policies and procedures must be developed by a registered nurse and must contain the following provisions:

(1) a requirement that all drugs must be stored in a locked compartment. Schedule II drugs, as defined in section 152.02, subdivision 3, must be stored in a separately locked compartment that is permanently affixed to the physical plant or a medication cart;
(2) a system for accounting for all scheduled drugs each shift;

(3) a procedure for recording a patient's use of medication, including staff signatures with time and date;

(4) a procedure for destruction of discontinued, outdated, or deteriorated medications;

(5) a statement that only authorized personnel are permitted to have access to the keys to the locked drug compartments; and

(6) a statement that no legend drug supply for one patient may be given to another patient.

Sec. 14. [245F.14] STAFFING REQUIREMENTS AND DUTIES.

Subdivision 1. Program director. A license holder must employ or contract with a person, on a full-time basis, to serve as program director. The program director must be responsible for all aspects of the facility and the services delivered to the license holder's patients. An individual may serve as program director for more than one program owned by the same license holder.

Subd. 2. Responsible staff person. During all hours of operation, a license holder must designate a staff member as the responsible staff person to be present and awake in the facility and be responsible for the program. The responsible staff person must have decision-making authority over the day-to-day operation of the program as well as the authority to direct the activity of or terminate the shift of any staff member who has direct patient contact.

Subd. 3. Technician required. A license holder must have one technician awake and on duty at all times for every ten patients in the program. A license holder may assign technicians according to the need for care of the patients, except that the same technician must not be responsible for more than 15 patients at one time. For purposes of establishing this ratio, all staff whose qualifications meet or exceed those for technicians under section 245F.15, subdivision 6, and who are performing the duties of a technician may be counted as technicians. The same individual may not be counted as both a technician and an alcohol and drug counselor.

Subd. 4. Registered nurse required. A license holder must employ or contract with a registered nurse, who must be available 24 hours a day by telephone or in person for consultation. The registered nurse is responsible for:

(1) establishing and implementing procedures for the provision of nursing care and delegated medical care, including:

(i) a health monitoring plan;

(ii) a medication control plan;

(iii) training and competency evaluations for staff performing delegated medical and nursing functions;

(iv) handling serious illness, accident, or injury to patients;

(v) an infection control program; and

(vi) a first aid kit;

(2) delegating nursing functions to other staff consistent with their education, competence, and legal authorization;
(3) assigning, supervising, and evaluating the performance of nursing tasks; and

(4) implementing condition-specific protocols in compliance with section 151.37, subdivision 2.

Subd. 5. **Medical director required.** A license holder must have a medical director available for medical supervision. The medical director is responsible for ensuring the accurate and safe provision of all health-related services and procedures. A license holder must obtain and document the medical director's annual approval of the following procedures before the procedures may be used:

1. admission, discharge, and transfer criteria and procedures;

2. a health services plan;

3. physical indicators for a referral to a physician, registered nurse, or hospital, and procedures for referral;

4. procedures to follow in case of accident, injury, or death of a patient;

5. formulation of condition-specific protocols regarding the medications that require a withdrawal regimen that will be administered to patients;

6. an infection control program;

7. protective procedures; and

8. a medication control plan.

Subd. 6. **Alcohol and drug counselor.** A withdrawal management program must provide one full-time equivalent alcohol and drug counselor for every 16 patients served by the program.

Subd. 7. **Ensuring staff-to-patient ratio.** The responsible staff person under subdivision 2 must ensure that the program does not exceed the staff-to-patient ratios in subdivisions 3 and 6 and must inform admitting staff of the current staffed capacity of the program for that shift. A license holder must have a written policy for documenting staff-to-patient ratios for each shift and actions to take when staffed capacity is reached.

Sec. 15. **[245F.15] STAFF QUALIFICATIONS.**

Subdivision 1. **Qualifications for all staff who have direct patient contact.** (a) All staff who have direct patient contact must be at least 18 years of age and must, at the time of hiring, document that they meet the requirements in paragraph (b), (c), or (d).

(b) Program directors, supervisors, nurses, and alcohol and drug counselors must be free of substance use problems for at least two years immediately preceding their hiring and must sign a statement attesting to that fact.

(c) Recovery peers must be free of substance use problems for at least one year immediately preceding their hiring and must sign a statement attesting to that fact.

(d) Technicians and other support staff must be free of substance use problems for at least six months immediately preceding their hiring and must sign a statement attesting to that fact.
Subd. 2. **Continuing employment; no substance use problems.** License holders must require staff to be free from substance use problems as a condition of continuing employment. Staff are not required to sign statements attesting to their freedom from substance use problems after the initial statement required by subdivision 1. Staff with substance use problems must be immediately removed from any responsibilities that include direct patient contact.

Subd. 3. **Program director qualifications.** A program director must:

1. have at least one year of work experience in direct service to individuals with substance use disorders or one year of work experience in the management or administration of direct service to individuals with substance use disorders;

2. have a baccalaureate degree or three years of work experience in administration or personnel supervision in human services; and

3. know and understand the requirements of this chapter and chapters 245A and 245C, and sections 253B.04, 253B.05, 626.556, 626.557, and 626.5572.

Subd. 4. **Alcohol and drug counselor qualifications.** An alcohol and drug counselor must meet the requirements in Minnesota Rules, part 9530.6450, subpart 5.

Subd. 5. **Responsible staff person qualifications.** Each responsible staff person must know and understand the requirements of this chapter and sections 245A.65, 253B.04, 253B.05, 626.556, 626.557, and 626.5572. In a clinically managed program, the responsible staff person must be a licensed practical nurse employed by or under contract with the license holder. In a medically monitored program, the responsible staff person must be a registered nurse, program director, or physician.

Subd. 6. **Technician qualifications.** A technician employed by a program must demonstrate competency, prior to direct patient contact, in the following areas:

1. knowledge of the client bill of rights in section 148F.165, and staff responsibilities in sections 144.651 and 253B.03;

2. knowledge of and the ability to perform basic health screening procedures with intoxicated patients that consist of:
   
   (i) blood pressure, pulse, temperature, and respiration readings;

   (ii) interviewing to obtain relevant medical history and current health complaints; and

   (iii) visual observation of a patient's health status, including monitoring a patient's behavior as it relates to health status;

3. a current first aid certificate from the American Red Cross or an equivalent organization; a current cardiopulmonary resuscitation certificate from the American Red Cross, the American Heart Association, a community organization, or an equivalent organization; and knowledge of first aid for seizures, trauma, and loss of consciousness; and

4. knowledge of and ability to perform basic activities of daily living and personal hygiene.

Subd. 7. **Recovery peer qualifications.** Recovery peers must:

1. be at least 21 years of age and have a high school diploma or its equivalent;
(2) have a minimum of one year in recovery from substance use disorder;

(3) have completed a curriculum designated by the commissioner that teaches specific skills and training in the domains of ethics and boundaries, advocacy, mentoring and education, and recovery and wellness support; and

(4) receive supervision in areas specific to the domains of their role by qualified supervisory staff.

Subd. 8. **Personal relationships.** A license holder must have a written policy addressing personal relationships between patients and staff who have direct patient contact. The policy must:

(1) prohibit direct patient contact between a patient and a staff member if the staff member has had a personal relationship with the patient within two years prior to the patient's admission to the program;

(2) prohibit access to a patient's clinical records by a staff member who has had a personal relationship with the patient within two years prior to the patient's admission, unless the patient consents in writing; and

(3) prohibit a clinical relationship between a staff member and a patient if the staff member has had a personal relationship with the patient within two years prior to the patient's admission. If a personal relationship exists, the staff member must report the relationship to the staff member's supervisor and recuse the staff member from a clinical relationship with that patient.

Sec. 16. [245F.16] PERSONNEL POLICIES AND PROCEDURES.

Subdivision 1. **Policy requirements.** A license holder must have written personnel policies and must make them available to staff members at all times. The personnel policies must:

(1) ensure that staff member's retention, promotion, job assignment, or pay are not affected by a good faith communication between the staff member and the Department of Human Services, Department of Health, Ombudsman for Mental Health and Developmental Disabilities, law enforcement, or local agencies that investigate complaints regarding patient rights, health, or safety;

(2) include a job description for each position that specifies job responsibilities, degree of authority to execute job responsibilities, standards of job performance related to specified job responsibilities, and qualifications;

(3) provide for written job performance evaluations for staff members of the license holder at least annually;

(4) describe behavior that constitutes grounds for disciplinary action, suspension, or dismissal, including policies that address substance use problems and meet the requirements of section 245F.15, subdivisions 1 and 2. The policies and procedures must list behaviors or incidents that are considered substance use problems. The list must include:

(i) receiving treatment for substance use disorder within the period specified for the position in the staff qualification requirements;

(ii) substance use that has a negative impact on the staff member's job performance;

(iii) substance use that affects the credibility of treatment services with patients, referral sources, or other members of the community; and

(iv) symptoms of intoxication or withdrawal on the job;
(5) include policies prohibiting personal involvement with patients and policies prohibiting patient maltreatment as specified under chapter 604 and sections 245A.65, 626.556, 626.557, and 626.5572;

(6) include a chart or description of organizational structure indicating the lines of authority and responsibilities;

(7) include a written plan for new staff member orientation that, at a minimum, includes training related to the specific job functions for which the staff member was hired, program policies and procedures, patient needs, and the areas identified in subdivision 2, paragraphs (b) to (e); and

(8) include a policy on the confidentiality of patient information.

Subd. 2. Staff development. (a) A license holder must ensure that each staff member receives orientation training before providing direct patient care and at least 30 hours of continuing education every two years. A written record must be kept to demonstrate completion of training requirements.

(b) Within 72 hours of beginning employment, all staff having direct patient contact must be provided orientation on the following:

(1) specific license holder and staff responsibilities for patient confidentiality;

(2) standards governing the use of protective procedures;

(3) patient ethical boundaries and patient rights, including the rights of patients admitted under chapter 253B;

(4) infection control procedures;

(5) mandatory reporting under sections 245A.65, 626.556, and 626.557, including specific training covering the facility's policies concerning obtaining patient releases of information;

(6) HIV minimum standards as required in section 245A.19;

(7) motivational counseling techniques and identifying stages of change; and

(8) eight hours of training on the program's protective procedures policy required in section 245F.09, including:

(i) approved therapeutic holds;

(ii) protective procedures used to prevent patients from imminent danger of harming self or others;

(iii) the emergency conditions under which the protective procedures may be used, if any;

(iv) documentation standards for using protective procedures;

(v) how to monitor and respond to patient distress; and

(vi) person-centered planning and trauma-informed care.

(c) All staff having direct patient contact must be provided annual training on the following:

(1) infection control procedures;
(2) mandatory reporting under sections 245A.65, 626.556, and 626.557, including specific training covering the facility's policies concerning obtaining patient releases of information;

(3) HIV minimum standards as required in section 245A.19; and

(4) motivational counseling techniques and identifying stages of change.

d) All staff having direct patient contact must be provided training every two years on the following:

(1) specific license holder and staff responsibilities for patient confidentiality;

(2) standards governing use of protective procedures, including:

(i) approved therapeutic holds;

(ii) protective procedures used to prevent patients from imminent danger of harming self or others;

(iii) the emergency conditions under which the protective procedures may be used, if any;

(iv) documentation standards for using protective procedures;

(v) how to monitor and respond to patient distress; and

(vi) person-centered planning and trauma-informed care; and

(3) patient ethical boundaries and patient rights, including the rights of patients admitted under chapter 253B.

e) Continuing education that is completed in areas outside of the required topics must provide information to the staff person that is useful to the performance of the individual staff person's duties.

Sec. 17. [245F.17] PERSONNEL FILES.

A license holder must maintain a separate personnel file for each staff member. At a minimum, the file must contain:

(1) a completed application for employment signed by the staff member that contains the staff member's qualifications for employment and documentation related to the applicant's background study data, as defined in chapter 245C;

(2) documentation of the staff member's current professional license or registration, if relevant;

(3) documentation of orientation and subsequent training;

(4) documentation of a statement of freedom from substance use problems; and

(5) an annual job performance evaluation.

Sec. 18. [245F.18] POLICY AND PROCEDURES MANUAL.

A license holder must develop a written policy and procedures manual that is alphabetically indexed and has a table of contents, so that staff have immediate access to all policies and procedures, and that consumers of the services, and other authorized parties have access to all policies and procedures. The manual must contain the following materials:
(1) a description of patient education services as required in section 245F.06;

(2) personnel policies that comply with section 245F.16;

(3) admission information and referral and discharge policies that comply with section 245F.05;

(4) a health monitoring plan that complies with section 245F.12;

(5) a protective procedures policy that complies with section 245F.09, if the program elects to use protective procedures;

(6) policies and procedures for assuring appropriate patient-to-staff ratios that comply with section 245F.14;

(7) policies and procedures for assessing and documenting the susceptibility for risk of abuse to the patient as the basis for the individual abuse prevention plan required by section 245A.65;

(8) procedures for mandatory reporting as required by sections 245A.65, 626.556, and 626.557;

(9) a medication control plan that complies with section 245F.13; and

(10) policies and procedures regarding HIV that meet the minimum standards under section 245A.19.

Sec. 19. [245F.19] PATIENT RECORDS.

Subdivision 1. Patient records required. A license holder must maintain a file of current patient records on the program premises where the treatment is provided. Each entry in each patient record must be signed and dated by the staff member making the entry. Patient records must be protected against loss, tampering, or unauthorized disclosure in compliance with chapter 13 and section 254A.09; Code of Federal Regulations, title 42, sections 2.1 to 2.67; and title 45, parts 160 to 164.

Subd. 2. Records retention. A license holder must retain and store records as required by section 245A.041, subdivisions 3 and 4.

Subd. 3. Contents of records. Patient records must include the following:

(1) documentation of the patient's presenting problem, any substance use screening, the most recent assessment, and any updates;

(2) a stabilization plan and progress notes as required by section 245F.07, subdivisions 1 and 2;

(3) a discharge summary as required by section 245F.07, subdivision 3;

(4) an individual abuse prevention plan that complies with section 245A.65, and related rules;

(5) documentation of referrals made; and

(6) documentation of the monitoring and observations of the patient's medical needs.
Sec. 20. [245F.20] DATA COLLECTION REQUIRED.

The license holder must participate in the drug and alcohol abuse normative evaluation system (DAANES) by submitting, in a format provided by the commissioner, information concerning each patient admitted to the program. Staff submitting data must be trained by the license holder with the DAANES Web manual.

Sec. 21. [245F.21] PAYMENT METHODOLOGY.

The commissioner shall develop a payment methodology for services provided under this chapter or by an Indian Health Services facility or a facility owned and operated by a tribe or tribal organization operating under Public Law 93-638 as a 638 facility. The commissioner shall seek federal approval for the methodology. Upon federal approval, the commissioner must seek and obtain legislative approval of the funding methodology to support the service.

ARTICLE 4
DIRECT CARE AND TREATMENT

Section 1. Minnesota Statutes 2014, section 43A.241, is amended to read:

43A.241 INSURANCE CONTRIBUTIONS; FORMER CORRECTIONS EMPLOYEES.

(a) This section applies to a person who:

(1) was employed by the commissioner of the Department of Corrections at a state institution under control of the commissioner, and in that employment was a member of the general plan of the Minnesota State Retirement System; or by the Department of Human Services;

(2) was covered by the correctional employee retirement plan under section 352.91 or the general state employees retirement plan of the Minnesota State Retirement System as defined in section 352.021;

(3) while employed under clause (1), was assaulted by:

an inmate at a state institution under control of the commissioner of the Department of Corrections (i) a person under correctional supervision for a criminal offense; or

(ii) a client or patient at the Minnesota sex offender program, or at a state-operated forensic services program as defined in section 352.91, subdivision 3j, under the control of the commissioner of the Department of Human Services; and

(3) as a direct result of the assault under clause (3), was determined to be totally and permanently physically disabled under laws governing the Minnesota State Retirement System.

(b) For a person to whom this section applies, the commissioner of the Department of Corrections of the commissioner of the Department of Human Services must continue to make the employer contribution for hospital, medical, and dental benefits under the State Employee Group Insurance Program after the person terminates state service. If the person had dependent coverage at the time of terminating state service, employer contributions for dependent coverage also must continue under this section. The employer contributions must be in the amount of the employer contribution for active state employees at the time each payment is made. The employer contributions must continue until the person reaches age 65, provided the person makes the required employee contributions, in the amount required of an active state employee, at the time and in the manner specified by the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a person assaulted by an inmate, client, or patient on or after that date.
Sec. 2. Minnesota Statutes 2014, section 246.54, subdivision 1, is amended to read:

Subdivision 1. **County portion for cost of care.** (a) Except for chemical dependency services provided under sections 254B.01 to 254B.09, the client's county shall pay to the state of Minnesota a portion of the cost of care provided in a regional treatment center or a state nursing facility to a client legally settled in that county. A county's payment shall be made from the county's own sources of revenue and payments shall equal a percentage of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at a regional treatment center or a state nursing facility according to the following schedule:

1. Zero percent for the first 30 days;
2. 20 percent for days 31 to 60 and over if the stay is determined to be clinically appropriate for the client; and
3. 75 percent for any days over 60. 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged.

(b) The increase in the county portion for cost of care under paragraph (a), clause (3), shall be imposed when the treatment facility has determined that it is clinically appropriate for the client to be discharged.

(c) If payments received by the state under sections 246.50 to 246.53 exceed 80 percent of the cost of care for days over 31 to 60, or 25 percent for days over 60 for clients who meet the criteria in paragraph (a), clause (2), the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

ARTICLE 5
SIMPLIFICATION OF PUBLIC ASSISTANCE PROGRAMS

Section 1. Minnesota Statutes 2014, section 119B.011, subdivision 15, is amended to read:

Subd. 15. **Income.** "Income" means earned or unearned income received by all family members, including as defined under section 256P.01, subdivision 3, unearned income as defined under section 256P.01, subdivision 8, and public assistance cash benefits and, including the Minnesota family investment program, diversionary work program, work benefit, Minnesota supplemental aid, general assistance, refugee cash assistance, at-home infant child care subsidy payments, unless specifically excluded and child support and maintenance distributed to the family under section 256.741, subdivision 15. The following are excluded deducted from income: funds used to pay for health insurance premiums for family members, Supplemental Security Income, scholarships, work-study income, and grants that cover costs or reimbursement for tuition, fees, books, and educational supplies; student loans for tuition, fees, books, supplies, and living expenses; state and federal earned income tax credits; assistance specifically excluded as income by law; in-kind income such as food support, energy assistance, foster care assistance, medical assistance, child care assistance, and housing subsidies; earned income of full-time or part-time students up to the age of 19, who have not earned a high school diploma or GED high school equivalency diploma, including earnings from summer employment; grant awards under the family subsidy program; nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid; and any income assigned to the public authority according to section 256.741 and child or spousal support paid to or on behalf of a person or persons who live outside of the household. Income sources not included in this subdivision and section 256P.06, subdivision 3, are not counted.

Sec. 2. Minnesota Statutes 2014, section 119B.025, subdivision 1, is amended to read:

Subdivision 1. **Factors which must be verified.** (a) The county shall verify the following at all initial child care applications using the universal application:

1. Identity of adults;
(2) presence of the minor child in the home, if questionable;  

(3) relationship of minor child to the parent, stepparent, legal guardian, eligible relative caretaker, or the spouses of any of the foregoing;  

(4) age;  

(5) immigration status, if related to eligibility;  

(6) Social Security number, if given;  

(7) income;  

(8) spousal support and child support payments made to persons outside the household;  

(9) residence; and  

(10) inconsistent information, if related to eligibility.  

(b) If a family did not use the universal application or child care addendum to apply for child care assistance, the family must complete the universal application or child care addendum at its next eligibility redetermination and the county must verify the factors listed in paragraph (a) as part of that redetermination. Once a family has completed a universal application or child care addendum, the county shall use the redetermination form described in paragraph (c) for that family’s subsequent redeterminations. Eligibility must be redetermined at least every six months. A family is considered to have met the eligibility redetermination requirement if a complete redetermination form and all required verifications are received within 30 days after the date the form was due. Assistance shall be payable retroactively from the redetermination due date. For a family where at least one parent is under the age of 21, does not have a high school or general equivalency diploma, and is a student in a school district or another similar program that provides or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, the redetermination of eligibility shall be deferred beyond six months, but not to exceed 12 months, to the end of the student’s school year. If a family reports a change in an eligibility factor before the family’s next regularly scheduled redetermination, the county must recalculate eligibility without requiring verification of any eligibility factor that did not change. Changes must be reported as required by section 256P.07. A change in income occurs on the day the participant received the first payment reflecting the change in income.  

(c) The commissioner shall develop a redetermination form to redetermine eligibility and a change report form to report changes that minimize paperwork for the county and the participant.  

Sec. 3. Minnesota Statutes 2014, section 119B.035, subdivision 4, is amended to read:  

Subd. 4. Assistance. (a) A family is limited to a lifetime total of 12 months of assistance under subdivision 2. The maximum rate of assistance is equal to 68 percent of the rate established under section 119B.13 for care of infants in licensed family child care in the applicant’s county of residence.  

(b) A participating family must report income and other family changes as specified in sections 256P.06 and 256P.07, and the county’s plan under section 119B.08, subdivision 3.  

(c) Persons who are admitted to the at-home infant child care program retain their position in any basic sliding fee program. Persons leaving the at-home infant child care program reenter the basic sliding fee program at the position they would have occupied.
(d) Assistance under this section does not establish an employer-employee relationship between any member of the assisted family and the county or state.

Sec. 4. Minnesota Statutes 2014, section 119B.09, subdivision 4, is amended to read:

Subd. 4. Eligibility; annual income; calculation. Annual income of the applicant family is the current monthly income of the family multiplied by 12 or the income for the 12-month period immediately preceding the date of application, or income calculated by the method which provides the most accurate assessment of income available to the family. Self-employment income must be calculated based on gross receipts less operating expenses. Income must be recalculated when the family's income changes, but no less often than every six months. For a family where at least one parent is under the age of 21, does not have a high school or general equivalency diploma, and is a student in a school district or another similar program that provides or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, income must be recalculated when the family's income changes, but otherwise shall be deferred beyond six months, but not to exceed 12 months, to the end of the student's school year. Included lump sums counted as income under section 256P.06, subdivision 3, must be annualized over 12 months. Income must be verified with documentary evidence. If the applicant does not have sufficient evidence of income, verification must be obtained from the source of the income.

Sec. 5. Minnesota Statutes 2014, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. Standards. (a) A principal objective in providing general assistance is to provide for single adults, childless couples, or children as defined in section 256D.02, subdivision 6, ineligible for federal programs who are unable to provide for themselves. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

(b) The commissioner shall set the standard of assistance for an assistance unit consisting of an adult recipient who is childless and unmarried or living apart from children and spouse and who does not live with a parent or parents or a legal custodian. When the other standards specified in this subdivision increase, this standard must also be increased by the same percentage.

(c) For an assistance unit consisting of a single adult who lives with a parent or parents, the general assistance standard of assistance is the amount that the aid to families with dependent children standard of assistance, in effect on July 16, 1996, would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, except that the standard may not exceed the standard for a general assistance recipient living alone. Benefits received by a responsible relative of the assistance unit under the Supplemental Security Income program, a workers' compensation program, the Minnesota supplemental aid program, or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the Social Security retirement program, may not be counted in the determination of eligibility or benefit level for the assistance unit. Except as provided below, the assistance unit is ineligible for general assistance if the available resources or the countable income of the assistance unit and the parent or parents with whom the assistance unit lives are such that a family consisting of the assistance unit's parent or parents, the parent or parents' other family members and the assistance unit as the only or additional minor child would be financially ineligible for general assistance. For the purposes of calculating the countable income of the assistance unit's parent or parents, the calculation methods, income deductions, exclusions, and disregards used when calculating the countable income for a single adult or childless couple must be used follow the provisions under section 256P.06.

(d) For an assistance unit consisting of a childless couple, the standards of assistance are the same as the first and second adult standards of the aid to families with dependent children program in effect on July 16, 1996. If one member of the couple is not included in the general assistance grant, the standard of assistance for the other is the second adult standard of the aid to families with dependent children program as of July 16, 1996.
Sec. 6. Minnesota Statutes 2014, section 256D.02, is amended by adding a subdivision to read:

Subd. 1a. **Assistance unit.** "Assistance unit" means an individual who is, or an eligible married couple who live together who are, applying for or receiving benefits under this chapter.

Sec. 7. Minnesota Statutes 2014, section 256D.02, is amended by adding a subdivision to read:

Subd. 1b. **Cash assistance benefit.** "Cash assistance benefit" means any payment received as a disability benefit, including veterans or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, Supplemental Security Income, or other assistance program.

Sec. 8. Minnesota Statutes 2014, section 256D.02, subdivision 8, is amended to read:

Subd. 8. **Income.** "Income" means any form of income, including remuneration for services performed as an employee and earned income from rental income and self-employment earnings as described under section 256P.05 earned income as defined under section 256P.01, subdivision 3, and unearned income as defined under section 256P.01, subdivision 8.

Income includes any payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, interest and royalties; and support and maintenance payments. Such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is a family member or a spouse and the income is not excluded under section 256D.01, subdivision 1a.

Goods and services provided in lieu of cash payment shall be excluded from the definition of income, except that payments made for room, board, tuition or fees by a parent, on behalf of a child enrolled as a full-time student in a postsecondary institution, and payments made on behalf of an applicant or participant which the applicant or participant could legally demand to receive personally in cash, must be included as income. Benefits of an applicant or participant, such as those administered by the Social Security Administration, that are paid to a representative payee, and are spent on behalf of the applicant or participant, are considered available income of the applicant or participant.

Sec. 9. Minnesota Statutes 2014, section 256D.06, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; amount of assistance.** General assistance shall be granted in an amount that when added to the nonexempt countable income as determined to be actually available to the assistance unit under section 256P.06, the total amount equals the applicable standard of assistance for general assistance. In determining eligibility for and the amount of assistance for an individual or married couple, the agency shall apply the earned income disregard as determined in section 256P.03.

Sec. 10. Minnesota Statutes 2014, section 256D.405, subdivision 3, is amended to read:

Subd. 3. **Reports.** Participants must report changes in circumstances according to section 256P.07 that affect eligibility or assistance payment amounts within ten days of the change. Participants who do not receive SSI because of excess income must complete a monthly report form if they have earned income, if they have income deemed to them from a financially responsible relative with whom the participant resides, or if they have income deemed to them by a sponsor. If the report form is not received before the end of the month in which it is due, the county agency must terminate assistance. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month the assistance was terminated, the assistance unit is considered to have continued its application for assistance, effective the first day of the month the assistance was terminated.
Sec. 11. Minnesota Statutes 2014, section 256I.03, is amended by adding a subdivision to read:

Subd. 1b. Assistance unit. "Assistance unit" means an individual who is applying for or receiving benefits under this chapter.

Sec. 12. Minnesota Statutes 2014, section 256I.03, subdivision 7, is amended to read:

Subd. 7. Countable income. "Countable income" means all income received by an applicant or recipient as described under section 256P.06, less any applicable exclusions or disregards. For a recipient of any cash benefit from the SSI program, countable income means the SSI benefit limit in effect at the time the person is in a GRH, less the medical assistance personal needs allowance. If the SSI limit has been reduced for a person due to events occurring prior to the persons entering the GRH setting, countable income means actual income less any applicable exclusions and disregards.

Sec. 13. Minnesota Statutes 2014, section 256I.04, subdivision 1, is amended to read:

Subdivision 1. Individual eligibility requirements. An individual is eligible for and entitled to a group residential housing payment to be made on the individual's behalf if the agency has approved the individual's residence in a group residential housing setting and the individual meets the requirements in paragraph (a) or (b).

(a) The individual is aged, blind, or is over 18 years of age and disabled as determined under the criteria used by the title II program of the Social Security Act, and meets the resource restrictions and standards of section 256P.02, and the individual's countable income after deducting the (1) exclusions and disregards of the SSI program, (2) the medical assistance personal needs allowance under section 256B.35, and (3) an amount equal to the income actually made available to a community spouse by an elderly waiver participant under the provisions of sections 256B.0575, paragraph (a), clause (4), and 256B.058, subdivision 2, is less than the monthly rate specified in the agency's agreement with the provider of group residential housing in which the individual resides.

(b) The individual meets a category of eligibility under section 256D.05, subdivision 1, paragraph (a), and the individual's resources are less than the standards specified by section 256P.02, and the individual's countable income as determined under sections 256D.01 to 256D.21 section 256P.06, less the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the agency's agreement with the provider of group residential housing in which the individual resides.

Sec. 14. Minnesota Statutes 2014, section 256I.06, subdivision 6, is amended to read:

Subd. 6. Reports. Recipients must report changes in circumstances according to section 256P.07 that affect eligibility or group residential housing payment amounts within ten days of the change. Recipients with countable earned income must complete a monthly household report form. If the report form is not received before the end of the month in which it is due, the county agency must terminate eligibility for group residential housing payments. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month eligibility was terminated, the individual is considered to have continued an application for group residential housing payment effective the first day of the month the eligibility was terminated.

Sec. 15. Minnesota Statutes 2014, section 256J.08, subdivision 26, is amended to read:

Subd. 26. Earned income. "Earned income" means cash or in-kind income earned through the receipt of wages, salary, commissions, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, and any other profit from activity earned through effort or labor. The income must be in return for, or as a result of, legal activity has the meaning given in section 256P.01, subdivision 3.
Sec. 16. Minnesota Statutes 2014, section 256J.08, subdivision 86, is amended to read:

Subd. 86. **Unearned income.** "Unearned income" means income received by a person that does not meet the definition of earned income. Unearned income includes income from a contract for deed, interest, dividends, unemployment benefits, disability insurance payments, veterans benefits, pension payments, return on capital investment, insurance payments or settlements, severance payments, child support and maintenance payments, and payments for illness or disability whether the premium payments are made in whole or in part by an employer or participant has the meaning given in section 256P.01, subdivision 8.

Sec. 17. Minnesota Statutes 2014, section 256J.30, subdivision 1, is amended to read:

Subdivision 1. **Applicant reporting requirements.** An applicant must provide information on an application form and supplemental forms about the applicant's circumstances which affect MFIP eligibility or the assistance payment. An applicant must report changes identified in subdivision 9 while the application is pending. When an applicant does not accurately report information on an application, both an overpayment and a referral for a fraud investigation may result. When an applicant does not provide information or documentation, the receipt of the assistance payment may be delayed or the application may be denied depending on the type of information required and its effect on eligibility according to section 256P.07.

Sec. 18. Minnesota Statutes 2014, section 256J.30, subdivision 9, is amended to read:

Subd. 9. **Changes that must be reported.** A caregiver must report the changes or anticipated changes specified in clauses (1) to (15) within ten days of the date they occur, at the time of the periodic recertification of eligibility under section 256P.04, subdivisions 8 and 9, or within eight calendar days of a reporting period as in subdivision 5, whichever occurs first. A caregiver must report other changes at the time of the periodic recertification of eligibility under section 256P.04, subdivisions 8 and 9, or at the end of a reporting period under subdivision 5, as applicable. A caregiver must make these reports in writing to the agency. When an agency could have reduced or terminated assistance for one or more payment months if a delay in reporting a change specified under clauses (1) to (14) had not occurred, the agency must determine whether a timely notice under section 256J.31, subdivision 4, could have been issued on the day that the change occurred. When a timely notice could have been issued, each month's overpayment subsequent to that notice must be considered a client error overpayment under section 256J.38. Calculation of overpayments for late reporting under clause (15) is specified in section 256J.09, subdivision 9. Changes in circumstances which must be reported within ten days must also be reported on the MFIP household report form for the reporting period in which those changes occurred. Within ten days, a caregiver must report changes as specified under section 256P.07.

(1) a change in initial employment;

(2) a change in initial receipt of unearned income;

(3) a recurring change in unearned income;

(4) a nonrecurring change of unearned income that exceeds $30;

(5) the receipt of a lump sum;

(6) an increase in assets that may cause the assistance unit to exceed asset limits;

(7) a change in the physical or mental status of an incapacitated member of the assistance unit if the physical or mental status is the basis for reducing the hourly participation requirements under section 256J.55, subdivision 1, or the type of activities included in an employment plan under section 256J.521, subdivision 2;
(8) a change in employment status;

(9) the marriage or divorce of an assistance unit member;

(10) the death of a parent, minor child, or financially responsible person;

(11) a change in address or living quarters of the assistance unit;

(12) the sale, purchase, or other transfer of property;

(13) a change in school attendance of a caregiver under age 20 or an employed child;

(14) filing a lawsuit, a workers’ compensation claim, or a monetary claim against a third party; and

(15) a change in household composition, including births, returns to and departures from the home of assistance unit members and financially responsible persons, or a change in the custody of a minor child.

Sec. 19. Minnesota Statutes 2014, section 256J.35, is amended to read:

256J.35 AMOUNT OF ASSISTANCE PAYMENT.

Except as provided in paragraphs (a) to (d), the amount of an assistance payment is equal to the difference between the MFIP standard of need or the Minnesota family wage level in section 256J.24 and countable income.

(a) Beginning July 1, 2015, MFIP assistance units are eligible for an MFIP housing assistance grant of $110 per month, unless:

(1) the housing assistance unit is currently receiving public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) and is subject to section 256J.37, subdivision 3a; or

(2) the assistance unit is a child-only case under section 256J.88.

(b) When MFIP eligibility exists for the month of application, the amount of the assistance payment for the month of application must be prorated from the date of application or the date all other eligibility factors are met for that applicant, whichever is later. This provision applies when an applicant loses at least one day of MFIP eligibility.

(c) MFIP overpayments to an assistance unit must be recouped according to section 256J.38, subdivision 4.

(d) An initial assistance payment must not be made to an applicant who is not eligible on the date payment is made.

Sec. 20. Minnesota Statutes 2014, section 256J.40, is amended to read:

256J.40 FAIR HEARINGS.

Caregivers receiving a notice of intent to sanction or a notice of adverse action that includes a sanction, reduction in benefits, suspension of benefits, denial of benefits, or termination of benefits may request a fair hearing. A request for a fair hearing must be submitted in writing to the county agency or to the commissioner and must be mailed within 30 days after a participant or former participant receives written notice of the agency’s action or within 90 days when a participant or former participant shows good cause for not submitting the request within 30 days. A former participant who receives a notice of adverse action due to an overpayment may appeal the adverse action according to the requirements in this section. Issues that may be appealed are:
(1) the amount of the assistance payment;
(2) a suspension, reduction, denial, or termination of assistance;
(3) the basis for an overpayment, the calculated amount of an overpayment, and the level of recoupment;
(4) the eligibility for an assistance payment; and
(5) the use of protective or vendor payments under section 256J.39, subdivision 2, clauses (1) to (3).

Except for benefits issued under section 256J.95, a county agency must not reduce, suspend, or terminate payment when an aggrieved participant requests a fair hearing prior to the effective date of the adverse action or within ten days of the mailing of the notice of adverse action, whichever is later, unless the participant requests in writing not to receive continued assistance pending a hearing decision. An appeal request cannot extend benefits for the diversionary work program under section 256J.95 beyond the four-month time limit. Assistance issued pending a fair hearing is subject to recovery under section 256J.38, 256P.08 when as a result of the fair hearing decision the participant is determined ineligible for assistance or the amount of the assistance received. A county agency may increase or reduce an assistance payment while an appeal is pending when the circumstances of the participant change and are not related to the issue on appeal. The commissioner's order is binding on a county agency. No additional notice is required to enforce the commissioner's order.

A county agency shall reimburse appellants for reasonable and necessary expenses of attendance at the hearing, such as child care and transportation costs and for the transportation expenses of the appellant's witnesses and representatives to and from the hearing. Reasonable and necessary expenses do not include legal fees. Fair hearings must be conducted at a reasonable time and date by an impartial human services judge employed by the department. The hearing may be conducted by telephone or at a site that is readily accessible to persons with disabilities.

The appellant may introduce new or additional evidence relevant to the issues on appeal. Recommendations of the human services judge and decisions of the commissioner must be based on evidence in the hearing record and are not limited to a review of the county agency action.

Sec. 21. Minnesota Statutes 2014, section 256J.95, subdivision 19, is amended to read:

Subd. 19. DWP overpayments and underpayments. DWP benefits are subject to overpayments and underpayments. Anytime an overpayment or an underpayment is determined for DWP, the correction shall be calculated using prospective budgeting. Corrections shall be determined based on the policy in section 256J.34, subdivision 1, paragraphs (a), (b), and (c). ATM errors must be recovered as specified in section 256J.38, subdivision 5, 256P.08, subdivision 7. Cross program recoupment of overpayments cannot be assigned to or from DWP.

Sec. 22. Minnesota Statutes 2014, section 256P.001, is amended to read:

256P.001 APPLICABILITY.

General assistance and Minnesota supplemental aid under chapter 256D, child care assistance programs under chapter 119B, and programs governed by chapter 256I or 256J are subject to the requirements of this chapter, unless otherwise specified or exempted.

Sec. 23. Minnesota Statutes 2014, section 256P.01, is amended by adding a subdivision to read:

Subd. 2a. Assistance unit. "Assistance unit" is defined by program area under sections 119B.011, subdivision 13; 256D.02, subdivision 1a; 256D.35, subdivision 3a; 256I.03, subdivision 1b; and 256J.08, subdivision 7.
Sec. 24. Minnesota Statutes 2014, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means cash or in-kind income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, and any severance pay based on accrued leave time, payments from training programs at a rate at or greater than the state’s minimum wage, royalties, honoraria, or other profit from activity earned through effort that results from the client’s work, service, effort, or labor. The income must be in return for, or as a result of, legal activity.

Sec. 25. Minnesota Statutes 2014, section 256P.01, is amended by adding a subdivision to read:

Subd. 8. **Unearned income.** "Unearned income" has the meaning given in section 256P.06, subdivision 3, clause (2).

Sec. 26. Minnesota Statutes 2014, section 256P.02, is amended by adding a subdivision to read:

Subd. 1a. **Exemption.** Participants who qualify for child care assistance programs under chapter 119B are exempt from this section.

Sec. 27. Minnesota Statutes 2014, section 256P.03, subdivision 1, is amended to read:

Subdivision 1. **Exempted programs.** Participants who qualify for child care assistance programs under chapter 119B, Minnesota supplemental aid under chapter 256D, and for group residential housing under chapter 256I on the basis of eligibility for Supplemental Security Income are exempt from this section.

Sec. 28. Minnesota Statutes 2014, section 256P.04, subdivision 1, is amended to read:

Subdivision 1. **Exemption.** Participants who receive Minnesota supplemental aid and who maintain Supplemental Security Income eligibility under chapters 256D and 256I are exempt from the reporting requirements of this section, except that the policies and procedures for transfers of assets are those used by the medical assistance program under section 256B.0595. Participants who receive child care assistance under chapter 119B are exempt from the requirements of this section.

Sec. 29. Minnesota Statutes 2014, section 256P.04, subdivision 4, is amended to read:

Subd. 4. **Factors to be verified.** (a) The agency shall verify the following at application:

(1) identity of adults;
(2) age, if necessary to determine eligibility;
(3) immigration status;
(4) income;
(5) spousal support and child support payments made to persons outside the household;
(6) vehicles;
(7) checking and savings accounts;
(8) inconsistent information, if related to eligibility;

(9) residence; and

(10) Social Security number; and

(11) use of nonrecurring income under section 256P.06, subdivision 3, clause (2), item (ix), for the intended purpose for which it was given and received.

(b) Applicants who are qualified noncitizens and victims of domestic violence as defined under section 256J.08, subdivision 73, clause (7), are not required to verify the information in paragraph (a), clause (10). When a Social Security number is not provided to the agency for verification, this requirement is satisfied when each member of the assistance unit cooperates with the procedures for verification of Social Security numbers, issuance of duplicate cards, and issuance of new numbers which have been established jointly between the Social Security Administration and the commissioner.

Sec. 30. Minnesota Statutes 2014, section 256P.05, subdivision 1, is amended to read:

Subdivision 1. Exempted programs. Participants who qualify for child care assistance programs under chapter 119B, Minnesota supplemental aid under chapter 256D, and group residential housing under chapter 256I on the basis of eligibility for Supplemental Security Income are exempt from this section.

Sec. 31. [256P.06] INCOME CALCULATIONS.

Subdivision 1. Reporting of income. To determine eligibility, the county agency must evaluate income received by members of the assistance unit, or by other persons whose income is considered available to the assistance unit, and only count income that is available to the assistance unit. Income is available if the individual has legal access to the income.

Subd. 2. Exempted individuals. The following members of an assistance unit under chapters 119B and 256I are exempt from having their earned income count towards the income of an assistance unit:

(1) children under six years old;

(2) caregivers under 20 years of age enrolled at least half-time in school; and

(3) minors enrolled in school full time.

Subd. 3. Income inclusions. The following must be included in determining the income of an assistance unit:

(1) earned income; and

(2) unearned income, which includes:

(i) interest and dividends from investments and savings;

(ii) capital gains as defined by the Internal Revenue Service from any sale of real property;

(iii) proceeds from rent and contract for deed payments in excess of the principal and interest portion owed on property;
(iv) income from trusts, excluding special needs and supplemental needs trusts;

(v) interest income from loans made by the participant or household;

(vi) cash prizes and winnings;

(vii) unemployment insurance income;

(viii) retirement, survivors, and disability insurance payments;

(ix) nonrecurring income over $60 per quarter unless earmarked and used for the purpose for which it is intended. Income and use of this income is subject to verification requirements under section 256P.04;

(x) retirement benefits;

(xi) cash assistance benefits, as defined by each program in chapters 119B, 256D, 256I, and 256J;

(xii) tribal per capita payments unless excluded by federal and state law;

(xiii) income and payments from service and rehabilitation programs that meet or exceed the state's minimum wage rate;

(xiv) income from members of the United States armed forces unless excluded from income taxes according to federal or state law;

(xv) all child support payments for programs under chapters 119B, 256D, and 256I;

(xvi) the amount of current child support received that exceeds $100 for assistance units with one child and $200 for assistance units with two or more children for programs under chapter 256J; and

(xvii) spousal support.

Sec. 32. [256P.07] REPORTING OF INCOME AND CHANGES.

Subdivision 1. Exempted programs. Participants who qualify for Minnesota supplemental aid under chapter 256D and for group residential housing under chapter 256I on the basis of eligibility for Supplemental Security Income are exempt from this section.

Subd. 2. Reporting requirements. An applicant or participant must provide information on an application and any subsequent reporting forms about the assistance unit's circumstances that affect eligibility or benefits. An applicant or assistance unit must report changes identified in subdivision 3. When information is not accurately reported, both an overpayment and a referral for a fraud investigation may result. When information or documentation is not provided, the receipt of any benefit may be delayed or denied, depending on the type of information required and its effect on eligibility.

Subd. 3. Changes that must be reported. An assistance unit must report the changes or anticipated changes specified in clauses (1) to (12) within ten days of the date they occur, at the time of recertification of eligibility under section 256P.04, subdivisions 8 and 9, or within eight calendar days of a reporting period, whichever occurs first. An assistance unit must report other changes at the time of recertification of eligibility under section 256P.04, subdivisions 8 and 9, or at the end of a reporting period, as applicable. When an agency could have reduced or terminated assistance for one or more payment months if a delay in reporting a change specified under clauses (1) to
(12) had not occurred, the agency must determine whether a timely notice could have been issued on the day that the change occurred. When a timely notice could have been issued, each month's overpayment subsequent to that notice must be considered a client error overpayment under section 119B.11, subdivision 2a, or 256P.08. Changes in circumstances that must be reported within ten days must also be reported for the reporting period in which those changes occurred. Within ten days, an assistance unit must report:

(1) a change in earned income of $100 per month or greater;

(2) a change in unearned income of $50 per month or greater;

(3) a change in employment status and hours;

(4) a change in address or residence;

(5) a change in household composition with the exception of programs under chapter 256I;

(6) a receipt of a lump-sum payment;

(7) an increase in assets if over $9,000 with the exception of programs under chapter 119B;

(8) a change in citizenship or immigration status;

(9) a change in family status with the exception of programs under chapter 256I;

(10) a change in disability status of a unit member, with the exception of programs under chapter 119B;

(11) a new rent subsidy or a change in rent subsidy; and

(12) a sale, purchase, or transfer of real property.

Subd. 4. MFIP-specific reporting. In addition to subdivision 3, an assistance unit under chapter 256J, within ten days of the change, must report:

(1) a pregnancy not resulting in birth when there are no other minor children; and

(2) a change in school attendance of a parent under 20 years of age or of an employed child.

Subd. 5. DWP-specific reporting. In addition to subdivisions 3 and 4, an assistance unit participating in the diversionary work program under section 256J.95 must report on an application:

(1) shelter expenses; and

(2) utility expenses.

Subd. 6. Child care assistance programs-specific reporting. In addition to subdivision 3, an assistance unit under chapter 119B, within ten days of the change, must report:

(1) a change in a parentally responsible individual's visitation schedule or custody arrangement for any child receiving child care assistance program benefits; and

(2) a change in authorized activity status.
Subd. 7. **Minnesota supplemental aid-specific reporting.** In addition to subdivision 3, an assistance unit participating in the Minnesota supplemental aid program under section 256D.44, subdivision 5, paragraph (f), within ten days of the change, must report shelter expenses.

Sec. 33. [256P.08] **CORRECTION OF OVERPAYMENTS AND UNDERPAYMENTS.**

Subdivision 1. **Exempted programs.** Participants who qualify for child care assistance programs under chapter 119B or group residential housing under chapter 256I are exempt from this section.

Subd. 2. **Scope of overpayment.** (a) When a participant or former participant receives an overpayment due to client or ATM error, or due to assistance received while an appeal is pending and the participant or former participant is determined ineligible for assistance or for less assistance than was received, except as provided for interim assistance in section 256D.06, subdivision 5, the county agency must recoup or recover the overpayment using the following methods:

1. reconstruct each affected budget month and corresponding payment month;
2. use the policies and procedures that were in effect for the payment month; and
3. do not allow employment disregards in the calculation of the overpayment when the unit has not reported within two calendar months following the end of the month in which the income was received.

(b) Establishment of an overpayment is limited to six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

(c) A participant or former participant is not responsible for overpayments due to agency error, unless the amount of the overpayment is large enough that a reasonable person would know it is an error.

Subd. 3. **Notice of overpayment.** When a county agency discovers that a participant or former participant has received an overpayment for one or more months, the county agency must notify the participant or former participant of the overpayment in writing. A notice of overpayment must specify the reason for the overpayment, the authority for citing the overpayment, the time period in which the overpayment occurred, the amount of the overpayment, and the participant’s or former participant’s right to appeal. No limit applies to the period in which the county agency is required to recoup or recover an overpayment according to subdivisions 4, 5, and 6.

Subd. 4. **Recovering general assistance and Minnesota supplemental aid overpayments.** (a) If an amount of assistance is paid to an assistance unit in excess of the payment due, it shall be recoverable by the agency. The agency shall give written notice to the participant of its intention to recover the overpayment.

(b) If the individual is no longer receiving assistance, the agency may request voluntary repayment or pursue civil recovery.

(c) If the individual is receiving assistance, except as provided for interim assistance in section 256D.06, subdivision 5, when an overpayment occurs the agency shall recover the overpayment by withholding an amount equal to:

1. three percent of the assistance unit’s standard of need for all Minnesota supplemental aid assistance units, and nonfraud cases for general assistance; and
2. ten percent where fraud has occurred in general assistance cases; or
(3) the amount of the monthly general assistance or Minnesota supplemental aid payment, whichever is less.

(d) In cases when there is both an overpayment and underpayment, the county agency shall offset one against the other in correcting the payment.

(e) Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the assistance reductions provided in this subdivision, to include further voluntary reductions in the grant level agreed to in writing by the individual, until the total amount of the overpayment is repaid.

(f) The county agency shall make reasonable efforts to recover overpayments to individuals no longer on assistance. The agency need not attempt to recover overpayments of less than $35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of violating section 256.98.

(g) Establishment of an overpayment is limited to 12 months prior to the month of discovery due to agency error and six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

(h) Residents of licensed residential facilities shall not have overpayments recovered from their personal needs allowance.

(i) Overpayments by another maintenance benefit program shall not be recovered from the general assistance or Minnesota supplemental aid grant.

Subd. 5. Recovering MFIP overpayments. A county agency must initiate efforts to recover overpayments paid to a former participant or caregiver. Caregivers, both parental and nonparental, and minor caregivers of an assistance unit at the time an overpayment occurs, whether receiving assistance or not, are jointly and individually liable for repayment of the overpayment. The county agency must request repayment from the former participants and caregivers. When an agreement for repayment is not completed within six months of the date of discovery or when there is a default on an agreement for repayment after six months, the county agency must initiate recovery consistent with chapter 270A or section 541.05. When a person has been disqualified or convicted of fraud under section 256.98, recovery must be sought regardless of the amount of overpayment. When an overpayment is less than $35, and is not the result of a fraud conviction under section 256.98, the county agency must not seek recovery under this subdivision. When an adult, adult caregiver, or minor caregiver reapplies for assistance, the overpayment must be recouped under subdivision 6.

Subd. 6. Recouping overpayments from MFIP participants. A participant may voluntarily repay, in part or in full, an overpayment even if assistance is reduced under this subdivision, until the total amount of the overpayment is repaid. When an overpayment occurs due to fraud, the county agency must recover from the overpaid assistance unit, including child-only cases, ten percent of the applicable standard or the amount of the monthly assistance payment, whichever is less. When a nonfraud overpayment occurs, the county agency must recover from the overpaid assistance unit, including child-only cases, three percent of the MFIP standard of need or the amount of the monthly assistance payment, whichever is less.

Subd. 7. Recovering automatic teller machine errors. For recipients receiving benefits by electronic benefit transfer, if the overpayment is a result of an ATM dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient’s electronic benefit transfer account, up to the amount of the error.
Subd. 8. **Scope of underpayments.** A county agency must issue a corrective payment for underpayments made to a participant or to a person who would be a participant if an agency or client error causing the underpayment had not occurred. Corrective payments are limited to 12 months prior to the month of discovery. The county agency must issue the corrective payment according to subdivision 10.

Subd. 9. **Identifying the underpayment.** An underpayment may be identified by a county agency, participant, former participant, or person who would be a participant except for agency or client error.

Subd. 10. **Issuing corrective payments.** A county agency must correct an underpayment within seven calendar days after the underpayment has been identified, by adding the corrective payment amount to the monthly assistance payment of the participant, issuing a separate payment to a participant or former participant, or reducing an existing overpayment balance. When an underpayment occurs in a payment month and is not identified until the next payment month or later, the county agency must first subtract the underpayment from any overpayment balance before issuing the corrective payment. The county agency must not apply an underpayment in a current payment month against an overpayment balance. When an underpayment in the current payment month is identified, the corrective payment must be issued within seven calendar days after the underpayment is identified. Corrective payments must be excluded when determining the applicant's or participant's income and resources for the month of payment. The county agency must correct underpayments using the following methods:

1. reconstruct each affected budget month and corresponding payment month; and
2. use the policies and procedures that were in effect for the payment month.

Subd. 11. **Appeals.** A participant may appeal an underpayment, an overpayment, and a reduction in an assistance payment made to recoup the overpayment under subdivisions 4 and 6. The participant's appeal of each issue must be timely under section 256.045. When an appeal based on the notice issued under subdivision 3 is not timely, the fact or the amount of that overpayment must not be considered as a part of a later appeal, including an appeal of a reduction in an assistance payment to recoup that overpayment.

Sec. 34. **REPEALER.**

(a) Minnesota Statutes 2014, sections 256D.0513; 256D.06, subdivision 8; 256D.09, subdivision 6; 256D.49; and 256J.38, are repealed.

(b) Minnesota Rules, part 3400.0170, subparts 5, 6, 12, and 13, are repealed.

Sec. 35. **EFFECTIVE DATE.**

This article is effective August 1, 2016.

ARTICLE 6
NURSING FACILITY PAYMENT REFORM AND WORKFORCE DEVELOPMENT

Section 1. [144.1503] **HOME AND COMMUNITY-BASED SERVICES EMPLOYEE SCHOLARSHIP PROGRAM.**

Subdivision 1. **Creation.** The home and community-based services employee scholarship grant program is established for the purpose of assisting qualified provider applicants to fund employee scholarships for education in nursing and other health care fields.
Subd. 2. **Provision of grants.** The commissioner shall make grants available to qualified providers of older adult services. Grants must be used by home and community-based service providers to recruit and train staff through the establishment of an employee scholarship fund.

Subd. 3. **Eligibility.** (a) Eligible providers must primarily provide services to individuals who are 65 years of age and older in home and community-based settings, including housing with services establishments as defined in section 144D.01, subdivision 4; adult day care as defined in section 245A.02, subdivision 2a; and home care services as defined in section 144A.43, subdivision 3.

(b) Qualifying providers must establish a home and community-based services employee scholarship program, as specified in subdivision 4. Providers that receive funding under this section must use the funds to award scholarships to employees who work an average of at least 16 hours per week for the provider.

Subd. 4. **Home and community-based services employee scholarship program.** Each qualifying provider under this section must propose a home and community-based services employee scholarship program. Providers must establish criteria by which funds are to be distributed among employees. At a minimum, the scholarship program must cover employee costs related to a course of study that is expected to lead to career advancement with the provider or in the field of long-term care, including home care, care of persons with disabilities, or nursing.

Subd. 5. **Participating providers.** The commissioner shall publish a request for proposals in the State Register, specifying provider eligibility requirements, criteria for a qualifying employee scholarship program, provider selection criteria, documentation required for program participation, maximum award amount, and methods of evaluation. The commissioner must publish additional requests for proposals each year in which funding is available for this purpose.

Subd. 6. **Application requirements.** Eligible providers seeking a grant shall submit an application to the commissioner. Applications must contain a complete description of the employee scholarship program being proposed by the applicant, including the need for the organization to enhance the education of its workforce, the process for determining which employees will be eligible for scholarships, any other sources of funding for scholarships, the expected degrees or credentials eligible for scholarships, the amount of funding sought for the scholarship program, a proposed budget detailing how funds will be spent, and plans for retaining eligible employees after completion of their scholarship.

Subd. 7. **Selection process.** The commissioner shall determine a maximum award for grants and make grant selections based on the information provided in the grant application, including the demonstrated need for an applicant provider to enhance the education of its workforce, the proposed employee scholarship selection process, the applicant’s proposed budget, and other criteria as determined by the commissioner. Notwithstanding any law or rule to the contrary, funds awarded to grantees in a grant agreement do not lapse until the grant agreement expires.

Subd. 8. **Reporting requirements.** Participating providers shall submit an invoice for reimbursement and a report to the commissioner on a schedule determined by the commissioner and on a form supplied by the commissioner. The report shall include the amount spent on scholarships; the number of employees who received scholarships; and, for each scholarship recipient, the name of the recipient, the current position of the recipient, the amount awarded, the educational institution attended, the nature of the educational program, and the expected or actual program completion date. During the grant period, the commissioner may require and collect from grant recipients other information necessary to evaluate the program.

Sec. 2. Minnesota Statutes 2014, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. **Exceptions for replacement beds.** It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.
The commissioner of health in coordination with the commissioner of human services, may approve the
renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following
conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing
facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance
coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost
of the new facility or repairs;

(iv) the number of licensed and certified beds in the new facility does not exceed the number of licensed and
certified beds in the destroyed facility; and

(v) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar
threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a
nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed
$1,000,000;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility,
provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds
meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under
section 144A.073, and if the cost of any remodeling of the facility does not exceed $1,000,000. If boarding care
beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond
the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073
regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst
H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve
persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages,
provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed
or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the
existing facility. As a condition of receiving a license or certification under this clause, the facility must make a
written commitment to the commissioner of human services that it will not seek to receive an increase in its
property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which
may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled,
renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care
facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or $200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of $200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility acquired by the Minneapolis Community Development Agency as part of redevelopment activities in a city of the first class, provided the new facility is located within three miles of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under section 256B.431 or 256B.434;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed $1,000,000;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1998;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass County and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a $100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:
(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey County; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(r) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its inpatient hospital services at that hospital. After relocation, the nursing facility's status shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed $2,490,000;

(s) to license and certify two beds in a facility to replace beds that were voluntarily delicensed and decertified on June 28, 1991;

(t) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.
The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (c). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(u) to license and certify beds that are moved within an existing area of a facility or to a newly constructed addition which is built for the purpose of eliminating three- and four-bed rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed capacity of 129 beds;

(v) to relocate 36 beds in Crow Wing County and four beds from Hennepin County to a 160-bed facility in Crow Wing County, provided all the affected beds are under common ownership;

(w) to license and certify a total replacement project of up to 49 beds located in Norman County that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(x) to license and certify a total to the licensee of a nursing home in Polk County that was destroyed by flood in 1997 replacement project projects with a total of up to 129 beds, with at least 25 beds to be located in Polk County that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes, and up to 104 beds distributed among up to three other counties. These beds may only be distributed to counties with fewer than the median number of age intensity adjusted beds per thousand, as most recently published by the commissioner of human services. If the licensee chooses to distribute beds outside of Polk County under this paragraph, prior to distributing the beds, the commissioner of health must approve the location in which the licensee plans to distribute the beds. The commissioner of health shall consult with the commissioner of human services prior to approving the location of the proposed beds. The licensee may combine these beds with beds relocated from other nursing facilities as provided in section 144A.073, subdivision 3c. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of section 256B.431, 256B.434, or 256B.441 or Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility; parts 9549.0010 to 9549.0080. Property-related reimbursement rates shall be determined under section 256B.431, 256B.434, or 256B.441. If the replacement beds permitted under this paragraph are combined with beds from other nursing facilities, the rates shall be calculated as the weighted average of rates determined as provided in this paragraph and section 256B.441, subdivision 60;

(y) to license and certify beds in a renovation and remodeling project to convert 13 three-bed wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey County, was not owned by a hospital corporation, had a licensed capacity of 64 beds, and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;
(z) to license and certify up to 150 nursing home beds to replace an existing 285 bed nursing facility located in St. Paul. The replacement project shall include both the renovation of existing buildings and the construction of new facilities at the existing site. The reduction in the licensed capacity of the existing facility shall occur during the construction project as beds are taken out of service due to the construction process. Prior to the start of the construction process, the facility shall provide written information to the commissioner of health describing the process for bed reduction, plans for the relocation of residents, and the estimated construction schedule. The relocation of residents shall be in accordance with the provisions of law and rule;

(aa) to allow the commissioner of human services to license an additional 36 beds to provide residential services for the physically disabled under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 198-bed nursing home located in Red Wing, provided that the total number of licensed and certified beds at the facility does not increase;

(bb) to license and certify a new facility in St. Louis County with 44 beds constructed to replace an existing facility in St. Louis County with 31 beds, which has resident rooms on two separate floors and an antiquated elevator that creates safety concerns for residents and prevents nonambulatory residents from residing on the second floor. The project shall include the elimination of three- and four-bed rooms;

(cc) to license and certify four beds in a 16-bed certified boarding care home in Minneapolis to replace beds that were voluntarily delicensed and decertified on or before March 31, 1992. The licensure and certification is conditional upon the facility periodically assessing and adjusting its resident mix and other factors which may contribute to a potential institution for mental disease declaration. The commissioner of human services shall retain the authority to audit the facility at any time and shall require the facility to comply with any requirements necessary to prevent an institution for mental disease declaration, including delicensure and decertification of beds, if necessary;

(dd) to license and certify 72 beds in an existing facility in Mille Lacs County with 80 beds as part of a renovation project. The renovation must include construction of an addition to accommodate ten residents with beginning and midstage dementia in a self-contained living unit; creation of three resident households where dining, activities, and support spaces are located near resident living quarters; designation of four beds for rehabilitation in a self-contained area; designation of 30 private rooms; and other improvements;

(ee) to license and certify beds in a facility that has undergone replacement or remodeling as part of a planned closure under section 256B.437;

(ff) to license and certify a total replacement project of up to 124 beds located in Wilkin County that are in need of relocation from a nursing home significantly damaged by flood. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

( gg) to allow the commissioner of human services to license an additional nine beds to provide residential services for the physically disabled under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 240-bed nursing home located in Duluth, provided that the total number of licensed and certified beds at the facility does not increase;

(hh) to license and certify up to 120 new nursing facility beds to replace beds in a facility in Anoka County, which was licensed for 98 beds as of July 1, 2000, provided the new facility is located within four miles of the existing facility and is in Anoka County. Operating and property rates shall be determined and allowed under section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0080, or section 256B.434 or 256B.441; or
(ii) to transfer up to 98 beds of a 129-licensed bed facility located in Anoka County that, as of March 25, 2001, is in the active process of closing, to a 122-licensed bed nonprofit nursing facility located in the city of Columbia Heights or its affiliate. The transfer is effective when the receiving facility notifies the commissioner in writing of the number of beds accepted. The commissioner shall place all transferred beds on layaway status held in the name of the receiving facility. The layaway adjustment provisions of section 256B.431, subdivision 30, do not apply to this layaway. The receiving facility may only remove the beds from layaway for recertification and relicensure at the receiving facility's current site, or at a newly constructed facility located in Anoka County. The receiving facility must receive statutory authorization before removing these beds from layaway status, or may remove these beds from layaway status if removal from layaway status is part of a moratorium exception project approved by the commissioner under section 144A.073.

Sec. 3. Minnesota Statutes 2014, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. Eligibility for funding for services for nonmedical assistance recipients. (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, as determined under section 256B.0911, subdivision 4e, but for the provision of services under the alternative care program;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 135 days of admission to a nursing facility;

(4) the person is not ineligible for the payment of long-term care services by the medical assistance program due to an asset transfer penalty under section 256B.0595 or equity interest in the home exceeding $500,000 as stated in section 256B.056;

(5) the person needs long-term care services that are not funded through other state or federal funding, or other health insurance or other third-party insurance such as long-term care insurance;

(6) except for individuals described in clause (7), the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the monthly limit described under section 256B.0915, subdivision 3a. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased under this section exceed the difference between the client's monthly service limit defined under section 256B.0915, subdivision 3, and the alternative care program monthly service limit defined in this paragraph. If care-related supplies and equipment or environmental modifications and adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph;

(7) for individuals assigned a case mix classification A as described under section 256B.0915, subdivision 3a, paragraph (a), with (i) no dependencies in activities of daily living, or (ii) up to two dependencies in bathing, dressing, grooming, walking, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911, the monthly cost of alternative care services funded by the program cannot exceed $593 per month for all new participants enrolled in the program on or after July 1, 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in section 256B.0915, subdivision 3a, paragraphs (a) and (e). This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased exceed the difference between the client's monthly service limit defined in this clause and the limit described in clause (6) for case mix classification A; and
(8) the person is making timely payments of the assessed monthly fee.

A person is ineligible if payment of the fee is over 60 days past due, unless the person agrees to:

(i) the appointment of a representative payee;

(ii) automatic payment from a financial account;

(iii) the establishment of greater family involvement in the financial management of payments; or

(iv) another method acceptable to the lead agency to ensure prompt fee payments.

The lead agency may extend the client's eligibility as necessary while making arrangements to facilitate payment of past-due amounts and future premium payments. Following disenrollment due to nonpayment of a monthly fee, eligibility shall not be reinstated for a period of 30 days.

(b) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance and the elderly waiver program is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, alternative care funds may not be used to pay for any service the cost of which: (i) is payable by medical assistance; (ii) is used by a recipient to meet a waiver obligation; or (iii) is used to pay a medical assistance income spenddown for a person who is eligible to participate in the federally approved elderly waiver program under the special income standard provision.

(c) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process for a nursing home resident or certified boarding care home resident to assist with a relocation process to a community-based setting.

(d) Alternative care funding is not available for a person whose income is greater than the maintenance needs allowance under section 256B.0915, subdivision 1d, but equal to or less than 120 percent of the federal poverty guideline effective July 1 in the fiscal year for which alternative care eligibility is determined, who would be eligible for the elderly waiver with a waiver obligation.

Sec. 4. Minnesota Statutes 2014, section 256B.0915, subdivision 3a, is amended to read:

Subd. 3a. Elderly waiver cost limits. (a) The monthly limit for the cost of waivered services to an individual elderly waiver client except for individuals described in paragraphs (b) and (d) shall be the weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the recipient's maintenance needs allowance as described in subdivision 1d, paragraph (a), until the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the monthly limit for the cost of waivered services to an individual elderly waiver client shall be the rate monthly limit of the case mix resident class to which the waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, in effect on the last day of the previous state fiscal year, adjusted by any legislatively adopted home and community-based services percentage rate adjustment.
(b) The monthly limit for the cost of waivered services under paragraph (a) to an individual elderly waiver client assigned to a case mix classification A under paragraph (a) with:

(1) no dependencies in activities of daily living; or

(2) up to two dependencies in bathing, dressing, grooming, walking, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911 shall be $1,750 per month effective on July 1, 2011, for all new participants enrolled in the program on or after July 1, 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in paragraph paragraphs (a) and (e).

(c) If extended medical supplies and equipment or environmental modifications are or will be purchased for an elderly waiver client, the costs may be prorated for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's waivered services exceeds the monthly limit established in paragraph (a) or (b), or (d), or (e), the annual cost of all waivered services shall be determined. In this event, the annual cost of all waivered services shall not exceed 12 times the monthly limit of waivered services as described in paragraph (a) or (b), or (d), or (e).

(d) Effective July 1, 2013, the monthly cost limit of waiver services, including any necessary home care services described in section 256B.0651, subdivision 2, for individuals who meet the criteria as ventilator-dependent given in section 256B.0651, subdivision 1, paragraph (g), shall be the average of the monthly medical assistance amount established for home care services as described in section 256B.0652, subdivision 7, and the annual average contracted amount established by the commissioner for nursing facility services for ventilator-dependent individuals. This monthly limit shall be increased annually as described in paragraph paragraphs (a) and (e).

(e) Effective July 1, 2016, and each July 1 thereafter, the monthly cost limits for elderly waiver services in effect on the previous June 30 shall be increased by the difference between any legislatively adopted home and community-based provider rate increases effective on July 1 or since the previous July 1 and the average statewide percentage increase in nursing facility operating payment rates under sections 256B.431, 256B.434, and 256B.441, effective the previous January 1. This paragraph shall only apply if the average statewide percentage increase in nursing facility operating payment rates is greater than any legislatively adopted home and community-based provider rate increases effective on July 1, or occurring since the previous July 1.

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

Sec. 5. Minnesota Statutes 2014, section 256B.0915, subdivision 3e, is amended to read:

Subd. 3e. **Customized living service rate.** (a) Payment for customized living services shall be a monthly rate authorized by the lead agency within the parameters established by the commissioner. The payment agreement must delineate the amount of each component service included in the recipient's customized living service plan. The lead agency, with input from the provider of customized living services, shall ensure that there is a documented need within the parameters established by the commissioner for all component customized living services authorized.

(b) The payment rate must be based on the amount of component services to be provided utilizing component rates established by the commissioner. Counties and tribes shall use tools issued by the commissioner to develop and document customized living service plans and rates.

(c) Component service rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale. Customized living services must not include rent or raw food costs.
(d) With the exception of individuals described in subdivision 3a, paragraph (b), the individualized monthly authorized payment for the customized living service plan shall not exceed 50 percent of the greater of either the statewide or any of the geographic groups’ weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the maintenance needs allowance as described in subdivision 1d, paragraph (a), until the July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented and July 1 of each subsequent state fiscal year, the individualized monthly authorized payment for the services described in this clause shall not exceed the limit which was in effect on June 30 of the previous state fiscal year updated annually based on legislatively adopted changes to all service rate maximums for home and community-based service providers.

(e) Effective July 1, 2011, the individualized monthly payment for the customized living service plan for individuals described in subdivision 3a, paragraph (b), must be the monthly authorized payment limit for customized living for individuals classified as case mix A, reduced by 25 percent. This rate limit must be applied to all new participants enrolled in the program on or after July 1, 2011, who meet the criteria described in subdivision 3a, paragraph (b). This monthly limit also applies to all other participants who meet the criteria described in subdivision 3a, paragraph (b), at reassessment.

(f) Customized living services are delivered by a provider licensed by the Department of Health as a class A or class F home care provider and provided in a building that is registered as a housing with services establishment under chapter 144D. Licensed home care providers are subject to section 256B.0651, subdivision 14.

(g) A provider may not bill or otherwise charge an elderly waiver participant or their family for additional units of any allowable component service beyond those available under the service rate limits described in paragraph (d), nor for additional units of any allowable component service beyond those approved in the service plan by the lead agency.

(h) Effective July 1, 2016, and each July 1 thereafter, individualized service rate limits for customized living services under this subdivision shall be increased by the difference between any legislatively adopted home and community-based provider rate increases effective on July 1 or since the previous July 1 and the average statewide percentage increase in nursing facility operating payment rates under sections 256B.431, 256B.434, and 256B.441, effective the previous January 1. This paragraph shall only apply if the average statewide percentage increase in nursing facility operating payment rates is greater than any legislatively adopted home and community-based provider rate increases effective on July 1, or occurring since the previous July 1.

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

Sec. 6. Minnesota Statutes 2014, section 256B.0915, subdivision 3h, is amended to read:

Subd. 3h. **Service rate limits; 24-hour customized living services.** (a) The payment rate for 24-hour customized living services is a monthly rate authorized by the lead agency within the parameters established by the commissioner of human services. The payment agreement must delineate the amount of each component service included in each recipient's customized living service plan. The lead agency, with input from the provider of customized living services, shall ensure that there is a documented need within the parameters established by the commissioner for all component customized living services authorized. The lead agency shall not authorize 24-hour customized living services unless there is a documented need for 24-hour supervision.
(b) For purposes of this section, "24-hour supervision" means that the recipient requires assistance due to needs related to one or more of the following:

1. intermittent assistance with toileting, positioning, or transferring;
2. cognitive or behavioral issues;
3. a medical condition that requires clinical monitoring; or
4. for all new participants enrolled in the program on or after July 1, 2011, and all other participants at their first reassessment after July 1, 2011, dependency in at least three of the following activities of daily living as determined by assessment under section 256B.0911: bathing; dressing; grooming; walking; or eating when the dependency score in eating is three or greater; and needs medication management and at least 50 hours of service per month. The lead agency shall ensure that the frequency and mode of supervision of the recipient and the qualifications of staff providing supervision are described and meet the needs of the recipient.

(c) The payment rate for 24-hour customized living services must be based on the amount of component services to be provided utilizing component rates established by the commissioner. Counties and tribes will use tools issued by the commissioner to develop and document customized living plans and authorize rates.

(d) Component service rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale.

(e) The individually authorized 24-hour customized living payments, in combination with the payment for other elderly waiver services, including case management, must not exceed the recipient's community budget cap specified in subdivision 3a. Customized living services must not include rent or raw food costs.

(f) The individually authorized 24-hour customized living payment rates shall not exceed the 95 percentile of statewide monthly authorizations for 24-hour customized living services in effect and in the Medicaid management information systems on March 31, 2009, for each case mix resident class under Minnesota Rules, parts 9549.0050 to 9549.0059, to which elderly waiver service clients are assigned. When there are fewer than 50 authorizations in effect in the case mix resident class, the commissioner shall multiply the calculated service payment rate maximum for the A classification by the standard weight for that classification under Minnesota Rules, parts 9549.0050 to 9549.0059, to determine the applicable payment rate maximum. Service payment rate maximums shall be updated annually based on legislatively adopted changes to all service rates for home and community-based service providers.

(g) Notwithstanding the requirements of paragraphs (d) and (f), the commissioner may establish alternative payment rate systems for 24-hour customized living services in housing with services establishments which are freestanding buildings with a capacity of 16 or fewer, by applying a single hourly rate for covered component services provided in either:

1. licensed corporate adult foster homes; or
2. specialized dementia care units which meet the requirements of section 144D.065 and in which:
   (i) each resident is offered the option of having their own apartment; or
   (ii) the units are licensed as board and lodge establishments with maximum capacity of eight residents, and which meet the requirements of Minnesota Rules, part 9555.6205, subparts 1, 2, 3, and 4, item A.
(h) Twenty-four-hour customized living services are delivered by a provider licensed by the Department of Health as a class A or class F home care provider and provided in a building that is registered as a housing with services establishment under chapter 144D. Licensed home care providers are subject to section 256B.0651, subdivision 14.

(i) A provider may not bill or otherwise charge an elderly waiver participant or their family for additional units of any allowable component service beyond those available under the service rate limits described in paragraph (e), nor for additional units of any allowable component service beyond those approved in the service plan by the lead agency.

(i) Effective July 1, 2016, and each July 1 thereafter, individualized service rate limits for 24-hour customized living services under this subdivision shall be increased by the difference between any legislatively adopted home and community-based provider rate increases effective on July 1 or since the previous July 1 and the average statewide percentage increase in nursing facility operating payment rates under sections 256B.431, 256B.434, and 256B.441, effective the previous January 1. This paragraph shall only apply if the average statewide percentage increase in nursing facility operating payment rates is greater than any legislatively adopted home and community-based provider rate increases effective on July 1, or occurring since the previous July 1.

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

Sec. 7. Minnesota Statutes 2014, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. Operating costs after July 1, 1985. (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing facility's cost report of allowable operating costs incurred by the nursing facility during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, and size of the nursing facility. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing facilities in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing facilities established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. For rate years beginning on or after July 1, 1989, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052, on January 1, 1989, may choose to have the commissioner apply either the care related limits or the other operating cost limits calculated for facilities located in geographic group II, or both, if either of the limits calculated for the group II facilities is higher. The efficiency incentive for geographic group I nursing facilities must be calculated based on geographic group I limits. The phase-in must be established utilizing the chosen limits. For purposes of these exceptions to the geographic grouping requirements, the definitions in Minnesota Rules, parts 9549.0050 to 9549.0059 (Emergency), and 9549.0010 to 9549.0080, apply. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting
limits and nursing facility payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing facility is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing facilities that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing facilities licensed on July 1, 1983, by the commissioner to provide residential services for the physically disabled under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing facilities referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing facility shall receive an operating cost payment rate equal to the sum of the nursing facility's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing facility's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing facility's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate taxes under this subdivision for payments made by a nonprofit nursing facility that are in lieu of real estate taxes shall not exceed the amount which the nursing facility would have paid to a city or township and county for fire, police, sanitation services, and road maintenance costs had real estate taxes been levied on that property for those purposes. For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing facilities shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota Department of Health, for each nursing facility as an operating cost of that nursing facility. For rate years beginning on or after July 1, 1989, the commissioner shall include a nursing facility's reported Public Employee Retirement Act contribution for the reporting year as apportioned to the care-related operating cost categories and other operating cost categories multiplied by the appropriate composite index or indices established pursuant to paragraph (e) as costs under this paragraph. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, the indexed Public Employee Retirement Act contribution, and license fees paid as required by the Minnesota Department of Health, for each nursing facility (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the care-related operating cost limits or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e), unless otherwise indicated in this paragraph.
(b) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of a nursing facility that meets the criteria for the special dietary needs of its residents and the requirements in section 31.651. The adjustment for raw food cost shall be the difference between the nursing facility's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group.

The rate adjustment shall be reduced by the applicable phase-in percentage as provided under subdivision 2h.

Sec. 8. Minnesota Statutes 2014, section 256B.431, subdivision 36, is amended to read:

Subd. 36. **Employee scholarship costs and training in English as a second language.** (a) For the period between July 1, 2001, and June 30, 2003, the commissioner shall provide to each nursing facility reimbursed under this section, section 256B.434, or any other section, a scholarship per diem of 25 cents to the total operating payment rate. For the 27-month period beginning October 1, 2015, through December 31, 2017, the commissioner shall allow a scholarship per diem of up to 25 cents for each nursing facility with no scholarship per diem that is requesting a scholarship per diem to be added to the external fixed payment rate to be used:

(1) for employee scholarships that satisfy the following requirements:

(i) scholarships are available to all employees who work an average of at least 20 ten hours per week at the facility except the administrator, department supervisors, and registered nurses and to reimburse student loan expenses for newly hired and recently graduated registered nurses and licensed practical nurses, and training expenses for nursing assistants as defined in section 144A.611, subdivision 2, who are newly hired and have graduated within the last 12 months; and

(ii) the course of study is expected to lead to career advancement with the facility or in long-term care, including medical care interpreter services and social work; and

(2) to provide job-related training in English as a second language.

(b) A facility receiving all facilities may annually request a rate adjustment under this subdivision may submit by submitting information to the commissioner on a schedule determined by the commissioner and on in a form supplied by the commissioner a calculation of the scholarship per diem, including: the amount received from this rate adjustment; the amount used for training in English as a second language; the number of persons receiving the training; the name of the person or entity providing the training; and for each scholarship recipient, the name of the recipient, the amount awarded, the educational institution attended, the nature of the educational program, the program completion date, and a determination of the per diem amount of these costs based on actual resident days. The commissioner shall allow a scholarship payment rate equal to the reported and allowable costs divided by resident days.

(c) On July 1, 2003, the commissioner shall remove the 25 cent scholarship per diem from the total operating payment rate of each facility.

(d) For rate years beginning after June 30, 2003, the commissioner shall provide to each facility the scholarship per diem determined in paragraph (b). In calculating the per diem under paragraph (b), the commissioner shall allow only costs related to tuition and direct educational expenses, and reasonable costs as defined by the commissioner for child care costs and transportation expenses related to direct educational expenses.

(d) The rate increase under this subdivision is an optional rate add-on that the facility must request from the commissioner in a manner prescribed by the commissioner. The rate increase must be used for scholarships as specified in this subdivision.
(e) For instances in which a rate adjustment will be 15 cents or greater, nursing facilities that close beds during a 
rate year may request to have their scholarship adjustment under paragraph (b) recalculated by the commissioner for 
the remainder of the rate year to reflect the reduction in resident days compared to the cost report year.

Sec. 9. Minnesota Statutes 2014, section 256B.434, subdivision 4, is amended to read:

Subd. 4. Alternate rates for nursing facilities. (a) For nursing facilities which have their payment rates 
determined under this section rather than section 256B.431, the commissioner shall establish a rate under this 
subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the 
payment rate the facility would have received under section 256B.431.

(e) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under 
this section are the previous rate year's contract payment rates plus an inflation adjustment and, for facilities 
reimbursed under this section or section 256B.431, an adjustment to include the cost of any increase in Health 
Department licensing fees for the facility taking effect on or after July 1, 2001. The index for the inflation 
adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) 
(CPI-U) forecasted by the commissioner of management and budget's national economic consultant, as forecasted in 
the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 
12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is 
being determined. For the rate years beginning on July 1, 1999, July 1, 2000, July 1, 2001, July 1, 2002, July 1, 
paragraph shall apply only to the property-related payment rate. For the rate years beginning on October 1, 2011, 
October 1, 2012, October 1, 2013, October 1, 2014, October 1, 2015, and October 1, 2016, and January 1, 
2017, the rate adjustment under this paragraph shall be suspended. Beginning in 2005, adjustment to the property 
payment rate under this section and section 256B.431 shall be effective on October 1. In determining the amount of 
the property-related payment rate adjustment under this paragraph, the commissioner shall determine the proportion 
of the facility's rates that are property-related based on the facility's most recent cost report.

(d) The commissioner shall develop additional incentive-based payments of up to five percent above a facility's 
operating payment rate for achieving outcomes specified in a contract. The commissioner may solicit contract 
amendments and implement those which, on a competitive basis, best meet the state's policy objectives. The 
commissioner shall limit the amount of any incentive payment and the number of contract amendments under this 
paragraph to operate the incentive payments within funds appropriated for this purpose. The contract amendments 
may specify various levels of payment for various levels of performance. Incentive payments to facilities under this 
paragraph may be in the form of time-limited rate adjustments or onetime supplemental payments. In establishing 
the specified outcomes and related criteria, the commissioner shall consider the following state policy objectives:

(1) successful diversion or discharge of residents to the residents' prior home or other community-based 
alternatives;

(2) adoption of new technology to improve quality or efficiency;

(3) improved quality as measured in the Nursing Home Report Card;

(4) reduced acute care costs; and

(5) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.
(e) Notwithstanding the threshold in section 256B.431, subdivision 16, facilities that take action to come into compliance with existing or pending requirements of the life safety code provisions or federal regulations governing sprinkler systems must receive reimbursement for the costs associated with compliance if all of the following conditions are met:

1. the expenses associated with compliance occurred on or after January 1, 2005, and before December 31, 2008;
2. the costs were not otherwise reimbursed under subdivision 4f or section 144A.071 or 144A.073;
3. the total allowable costs reported under this paragraph are less than the minimum threshold established under section 256B.431, subdivision 15, paragraph (e), and subdivision 16.

The commissioner shall use money appropriated for this purpose to provide to qualifying nursing facilities a rate adjustment beginning October 1, 2007, and ending September 30, 2008. Nursing facilities that have spent money or anticipate the need to spend money to satisfy the most recent life safety code requirements by (1) installing a sprinkler system or (2) replacing all or portions of an existing sprinkler system may submit to the commissioner by June 30, 2007, on a form provided by the commissioner the actual costs of a completed project or the estimated costs, based on a project bid, of a planned project. The commissioner shall calculate a rate adjustment equal to the allowable costs of the project divided by the resident days reported for the report year ending September 30, 2006. If the costs from all projects exceed the appropriation for this purpose, the commissioner shall allocate the money appropriated on a pro rata basis to the qualifying facilities by reducing the rate adjustment determined for each facility by an equal percentage. Facilities that used estimated costs when requesting the rate adjustment shall report to the commissioner by January 31, 2009, on the use of this money on a form provided by the commissioner. If the nursing facility fails to provide the report, the commissioner shall recoup the money paid to the facility for this purpose. If the facility reports expenditures allowable under this subdivision that are less than the amount received in the facility's annualized rate adjustment, the commissioner shall recoup the difference.

Sec. 10. Minnesota Statutes 2014, section 256B.434, is amended by adding a subdivision to read:

Subd. 4i. **Construction project rate adjustments for certain nursing facilities.** (a) This subdivision applies to nursing facilities with at least 120 active beds as of January 1, 2015, that have projects approved in 2015 under the nursing facility moratorium exception process in section 144A.073. When each facility's moratorium exception construction project is completed, the facility must receive the rate adjustment allowed under subdivision 4f. In addition to that rate adjustment, facilities with at least 120 active beds, but not more than 149 active beds, as of January 1, 2015, must have their construction project rate adjustment increased by an additional $4; and facilities with at least 150 active beds, but not more than 160 active beds, as of January 1, 2015, must have their construction project rate adjustment increased by an additional $12.50.

(b) Notwithstanding any other law to the contrary, money available under section 144A.073, subdivision 11, after the completion of the moratorium exception approval process in 2015 under section 144A.073, subdivision 3, shall be used to reduce the fiscal impact to the medical assistance budget for the increases allowed in this subdivision.

Sec. 11. Minnesota Statutes 2014, section 256B.441, subdivision 1, is amended to read:

Subdivision 1. **Rebasing Calculation of nursing facility operating payment rates.** (a) The commissioner shall rebaseline nursing facility operating payment rates to align payments to facilities with the cost of providing care. The rebaselined operating payment rates shall be calculated using the statistical and cost report filed by each nursing facility for the report period ending one year 15 months prior to the rate year.
(b) The new operating payment rates based on this section shall take effect beginning with the rate year beginning October 1, 2008, and shall be phased in over eight rate years through October 1, 2015. For each year of the phase in, the operating payment rates shall be calculated using the statistical and cost report filed by each nursing facility for the report period ending one year prior to the rate year January 1, 2016.

(c) Operating payment rates shall be rebased on October 1, 2016, and every two years after that date.

(d) Each cost reporting year shall begin on October 1 and end on the following September 30. Beginning in 2014, a statistical and cost report shall be filed by each nursing facility by February 1 in a form and manner specified by the commissioner. Notice of rates shall be distributed by August 15 and the rates shall go into effect on October 1 for one year.

(e) Effective October 1, 2014, property rates shall be rebased in accordance with section 256B.431 and Minnesota Rules, chapter 9549. The commissioner shall determine what the property payment rate for a nursing facility would have been had the property rate determined under section 256B.431. The commissioner shall allow nursing facilities to provide information affecting this rate determination that would have been filed annually under Minnesota Rules, chapter 9549, and nursing facilities shall report information necessary to determine allowable debt. The commissioner shall use this information to determine the property payment rate.

Sec. 12. Minnesota Statutes 2014, section 256B.441, subdivision 5, is amended to read:

Subd. 5. Administrative costs. “Administrative costs” means the direct costs for administering the overall activities of the nursing home. These costs include salaries and wages of the administrator, assistant administrator, business office employees, security guards, and associated fringe benefits and payroll taxes, fees, contracts, or purchases related to business office functions, licenses, and permits except as provided in the external fixed costs category, employee recognition, travel including meals and lodging, all training except as specified in subdivision 11, voice and data communication or transmission, office supplies, property and liability insurance and other forms of insurance not designated to other areas, personnel recruitment, legal services, accounting services, management or business consultants, data processing, information technology, Web site, central or home office costs, business meetings and seminars, postage, fees for professional organizations, subscriptions, security services, advertising, board of director’s fees, working capital interest expense, and bad debts and bad debt collection fees.

Sec. 13. Minnesota Statutes 2014, section 256B.441, subdivision 6, is amended to read:

Subd. 6. Allowed costs. (a) ”Allowed costs” means the amounts reported by the facility which are necessary for the operation of the facility and the care of residents and which are reviewed by the department for accuracy; reasonableness, in accordance with the requirements set forth in title XVIII of the federal Social Security Act and the interpretations in the provider reimbursement manual; and compliance with this section and generally accepted accounting principles. All references to costs in this section shall be assumed to refer to allowed costs.

(b) For facilities where employees are represented by collective bargaining agents, costs related to the salaries and wages, payroll taxes, and employer’s share of fringe benefit costs, except employer health insurance costs, for facility employees who are members of the bargaining unit are allowed costs only if:

(1) these costs are incurred pursuant to a collective bargaining agreement. The commissioner shall allow until March 1 following the date on which the cost report was required to be submitted for a collective bargaining agent to notify the commissioner if a collective bargaining agreement, effective on the last day of the cost reporting year, was not in effect; or
(2) the collective bargaining agent notifies the commissioner by October 1 following the date on which the cost report was required to be submitted that these costs are incurred pursuant to an agreement or understanding between the facility and the collective bargaining agent.

(c) In any year when a portion of a facility's reported costs are not allowed costs under paragraph (b), when calculating the operating payment rate for the facility, the commissioner shall use the facility's allowed costs from the facility's second most recent cost report in place of the nonallowed costs. For the purpose of setting the price for other operating costs under subdivision 51, the price shall be reduced by the difference between the nonallowed costs and the allowed costs from the facility's second most recent cost report.

Sec. 14. Minnesota Statutes 2014, section 256B.441, is amended by adding a subdivision to read:

Subd. 11a. **Employer health insurance costs.** "Employer health insurance costs" means premium expenses for group coverage and reinsurance, actual expenses incurred for self-insured plans, and employer contributions to employee health reimbursement and health savings accounts. Premium and expense costs and contributions are allowable for employees who meet the definition of full-time employees and their spouse and dependents under the federal Affordable Care Act, Public Law 111-148, and part-time employees.

Sec. 15. Minnesota Statutes 2014, section 256B.441, subdivision 13, is amended to read:

Subd. 13. **External fixed costs.** "External fixed costs" means costs related to the nursing home surcharge under section 256.9657, subdivision 1; licensure fees under section 144.122; until September 30, 2013, long-term care consultation fees under section 256B.0911, subdivision 6; family advisory council fee under section 144A.33; scholarships under section 256B.431, subdivision 36; planned closure rate adjustments under section 256B.437; or single bed room incentives under section 256B.431, subdivision 42; property taxes and property insurance, assessments, and payments in lieu of taxes; employer health insurance costs; quality improvement incentive payment rate adjustments under subdivision 46c; performance-based incentive payments under subdivision 46d; special dietary needs under subdivision 51b; and PERA.

Sec. 16. Minnesota Statutes 2014, section 256B.441, subdivision 14, is amended to read:

Subd. 14. **Facility average case mix index.** "Facility average case mix index" or "CMI" means a numerical value score that describes the relative resource use for all residents within the groups under the resource utilization group (RUG III) (RUG) classification system prescribed by the commissioner based on an assessment of each resident. The facility average CMI shall be computed as the standardized days divided by total days for all residents in the facility. The RUG's weights used in this section shall be as follows for each RUG's class: SE3 1.605; SE2 1.247; SE1 1.081; RAD 1.509; RAC 1.259; RAB 1.109; RAA 0.957; SSC 1.453; SSB 1.224; SSA 1.047; CC2 1.292; CC1 1.200; CB2 1.086; CB1 1.017; CA2 0.908; CA1 0.834; IB2 0.877; IB1 0.817; IA2 0.720; IA1 0.676; BB2 0.956; BB1 0.885; BA2 0.716; BA1 0.673; PE2 1.199; PE1 1.101; PD2 1.023; PD1 0.948; PC2 0.926; PC1 0.860; PB2 0.786; PB1 0.734; PA2 0.691; PA1 0.651; BC1 0.651; and DDE 1.000 shall be based on the system prescribed in section 256B.438.

Sec. 17. Minnesota Statutes 2014, section 256B.441, subdivision 17, is amended to read:

Subd. 17. **Fringe benefit costs.** "Fringe benefit costs" means the costs for group life, health, dental, workers' compensation, and other employee insurances and pension, except for the Public Employees Retirement Association and employer health insurance costs; profit sharing; and retirement plans for which the employer pays all or a portion of the costs.
Sec. 18. Minnesota Statutes 2014, section 256B.441, subdivision 30, is amended to read:

**Subd. 30. Peer groups Median total care-related cost per diem and other operating per diem determined.** Facilities shall be classified into three groups by county. The groups shall consist of:

(1) group one: facilities in Anoka, Benton, Carlton, Carver, Chisago, Dakota, Dodge, Goodhue, Hennepin, Isanti, Mille Lacs, Morrison, Olmsted, Ramsey, Rice, Scott, Sherburne, St. Louis, Stearns, Steele, Wabasha, Washington, Winona, or Wright County;

(2) group two: facilities in Aitkin, Beltrami, Blue Earth, Brown, Cass, Clay, Cook, Crow Wing, Faribault, Fillmore, Freeborn, Houston, Hubbard, Itasca, Kanabec, Koochiching, Lake, Lake of the Woods, Le Sueur, Martin, McLeod, Meeker, Mower, Nicollet, Norman, Pine, Roseau, Sibley, Todd, Wadena, Waseca, Watonwan, or Wilkin County; and

(3) group three: facilities in all other counties (a) The commissioner shall determine the median total care-related per diem to be used in subdivision 50 and the median other operating per diem to be used in subdivision 51 using the cost reports from nursing facilities in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.

(b) The median total care-related per diem shall be equal to the median direct care cost for a RUG's weight of 1.00 for facilities located in the counties listed in paragraph (a).

(c) The median other operating per diem shall be equal to the median other operating per diem for facilities located in the counties listed in paragraph (a). The other operating per diem shall be the sum of each facility's administrative costs, dietary costs, housekeeping costs, laundry costs, and maintenance and plant operations costs divided by each facility's resident days.

Sec. 19. Minnesota Statutes 2014, section 256B.441, subdivision 31, is amended to read:

**Subd. 31. Prior system operating cost payment rate.** "Prior system operating cost payment rate” means the operating cost payment rate in effect on **September 30, 2008** December 31, 2015, under Minnesota Rules and Minnesota Statutes, not including planned closure rate adjustments under section 256B.437 or single bed room incentives under section 256B.431, subdivision 44 inclusive of health insurance plus property insurance costs from external fixed, but not including rate increases allowed under subdivision 55a.

Sec. 20. Minnesota Statutes 2014, section 256B.441, subdivision 33, is amended to read:

**Subd. 33. Rate year.** "Rate year” means the 12-month period beginning on **October January 1** following the second most recent reporting year.

Sec. 21. Minnesota Statutes 2014, section 256B.441, subdivision 35, is amended to read:

**Subd. 35. Reporting period.** "Reporting period” means the one-year period beginning on October 1 and ending on the following September 30 during which incurred costs are accumulated and then reported on the statistical and cost report. If a facility is reporting for an interim or settle-up period, the reporting period beginning date may be a date other than October 1. An interim or settle-up report must cover at least five months, but no more than 17 months, and must always end on September 30.
Sec. 22. Minnesota Statutes 2014, section 256B.441, subdivision 40, is amended to read:

Subd. 40. **Standardized days.** "Standardized days" means the sum of resident days by case mix category multiplied by the RUG index for each category. When a facility has resident days at a penalty classification, these days shall be reported as resident days at the RUG class established immediately after the penalty period, if available, and otherwise, at the RUG class in effect before the penalty began.

Sec. 23. Minnesota Statutes 2014, section 256B.441, subdivision 44, is amended to read:

Subd. 44. **Calculation of a quality score.** (a) The commissioner shall determine a quality score for each nursing facility using quality measures established in section 256B.439, according to methods determined by the commissioner in consultation with stakeholders and experts, and using the most recently available data as provided in the Minnesota Nursing Home Report Card. These methods shall be exempt from the rulemaking requirements under chapter 14.

(b) For each quality measure, a score shall be determined with a maximum the number of points available and number of points assigned as determined by the commissioner using the methodology established according to this subdivision. The scores determined for all quality measures shall be totaled. The determination of the quality measures to be used and the methods of calculating scores may be revised annually by the commissioner.

(c) For the initial rate year under the new payment system, the quality measures shall include:

(1) staff turnover;

(2) staff retention;

(3) use of pool staff;

(4) quality indicators from the minimum data set; and

(5) survey deficiencies.

(d) Beginning July 1, 2013 January 1, 2016, the quality score shall be a value between zero and 100, using data as provided in the Minnesota nursing home report card, with include up to 50 percent derived from points related to the Minnesota quality indicators score, up to 40 percent derived from points related to the resident quality of life score, and up to ten percent derived from points related to the state inspection results score.

(e) The commissioner, in cooperation with the commissioner of health, may adjust the formula in paragraph (d) (c), or the methodology for computing the total quality score, effective July 1 of any year beginning in 2014 2017, with five months advance public notice. In changing the formula, the commissioner shall consider quality measure priorities registered by report card users, advice of stakeholders, and available research.

Sec. 24. Minnesota Statutes 2014, section 256B.441, subdivision 46c, is amended to read:

Subd. 46c. **Quality improvement incentive system beginning October 1, 2015.** The commissioner shall develop a quality improvement incentive program in consultation with stakeholders. The annual funding pool available for quality improvement incentive payments shall be equal to 0.8 percent of all operating payments, not including any rate components resulting from equitable cost-sharing for publicly owned nursing facility program participation under subdivision 55a, critical access nursing facility program participation under subdivision 63, or performance-based incentive payment program participation under section 256B.434, subdivision 4, paragraph (d). For the period from October 1, 2015, to December 31, 2016, rate adjustments provided under this subdivision shall
be effective for 15 months. Beginning October 1, 2015 January 1, 2017, annual rate adjustments provided under this subdivision shall be effective for one year, starting October January 1 and ending the following September 30 December 31. The increase in this subdivision shall be included in the external fixed payment rate under subdivisions 13 and 53.

Sec. 25. Minnesota Statutes 2014, section 256B.441, is amended by adding a subdivision to read:

Subd. 46d. **Performance-based incentive payments.** The commissioner shall develop additional incentive-based payments of up to five percent above a facility's operating payment rate for achieving outcomes specified in a contract. The commissioner may solicit proposals and select those which, on a competitive basis, best meet the state's policy objectives. The commissioner shall limit the amount of any incentive payment and the number of contract amendments under this subdivision to operate the incentive payments within funds appropriated for this purpose. The commissioner shall approve proposals through a memorandum of understanding which shall specify various levels of payment for various levels of performance. Incentive payments to facilities under this subdivision shall be in the form of time-limited rate adjustments which shall be included in the external fixed payment rate under subdivisions 13 and 53. In establishing the specified outcomes and related criteria, the commissioner shall consider the following state policy objectives:

(1) successful diversion or discharge of residents to the residents’ prior home or other community-based alternatives;

(2) adoption of new technology to improve quality or efficiency;

(3) improved quality as measured in the Minnesota Nursing Home Report Card;

(4) reduced acute care costs; and

(5) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

Sec. 26. Minnesota Statutes 2014, section 256B.441, subdivision 48, is amended to read:

Subd. 48. **Calculation of operating care-related per diems.** The direct care per diem for each facility shall be the facility's direct care costs divided by its standardized days. The other care-related per diem shall be the sum of the facility's activities costs, other direct care costs, raw food costs, therapy costs, and social services costs, divided by the facility's resident days. The other operating per diem shall be the sum of the facility's administrative costs, dietary costs, housekeeping costs, laundry costs, and maintenance and plant operations costs divided by the facility's resident days.

Sec. 27. Minnesota Statutes 2014, section 256B.441, subdivision 50, is amended to read:

Subd. 50. **Determination of total care-related limit.** (a) The limit on the median total care-related per diem shall be determined for each peer group and facility type group combination. A facility’s total care-related per diem shall be limited to 120 percent of the median for the facility’s peer and facility type group. The facility-specific direct care costs used in making this comparison and in the calculation of the median shall be based on a RUG’s weight of 1.00. A facility that is above that limit shall have its total care-related per diem reduced to the limit. If a reduction of the total care-related per diem is necessary because of this limit, the reduction shall be made proportionally to both the direct care per diem and the other care-related per diem according to subdivision 30.

(b) Beginning with rates determined for October 1, 2016, the facility's total care-related limit shall be a variable amount based on each facility's quality score, as determined under subdivision 44, in accordance with clauses (1) to (4) (3):
(1) for each facility, the commissioner shall determine the quality score, subtract 40, divide by 40, and convert to a percentage the quality score shall be multiplied by 0.5625;

(2) if the value determined in clause (1) is less than zero, the total care-related limit shall be 105 percent of the median for the facility's peer and facility type group; add 89.375 to the amount determined in clause (1), and divide the total by 100; and

(3) if the value determined in clause (1) is greater than 100 percent, the total care-related limit shall be 125 percent of the median for the facility's peer and facility type group; multiply the amount determined in clause (2) by the median total care-related per diem determined in subdivision 30, paragraph (b).

(4) if the value determined in clause (1) is greater than zero and less than 100 percent, the total care-related limit shall be 105 percent of the median for the facility's peer and facility type group plus one-fifth of the percentage determined in clause (1).

(c) A RUG's weight of 1.00 shall be used in the calculation of the median total care-related per diem, and in comparisons of facility-specific direct care costs to the median.

(d) A facility that is above its total care-related limit as determined according to paragraph (b) shall have its total care-related per diem reduced to its limit. If a reduction of the total care-related per diem is necessary due to this limit, the reduction shall be made proportionally to both the direct care per diem and the other care-related per diem.

Sec. 28. Minnesota Statutes 2014, section 256B.441, subdivision 51, is amended to read:

Subd. 51. Determination of other operating limit price. The limit on the price for other operating per diem costs shall be determined for each peer group. A facility’s other operating per diem shall be limited to 105 percent of the median for its peer group other operating per diem described in subdivision 30, paragraph (c). A facility that is above that limit shall have its other operating per diem reduced to the limit.

Sec. 29. Minnesota Statutes 2014, section 256B.441, subdivision 51a, is amended to read:

Subd. 51a. Exception allowing contracting for specialized care facilities. (a) For rate years beginning on or after October 1, 2016, the commissioner may negotiate increases to the care-related limit for nursing facilities that provide specialized care, at a cost to the general fund not to exceed $600,000 per year. The commissioner shall publish a request for proposals annually, and may negotiate increases to the limits that shall apply for either one or two years before the increase shall be subject to a new proposal and negotiation. The care-related limit may for specialized care facilities shall be increased by up to 50 percent.

(b) In selecting facilities with which to negotiate, the commissioner shall consider: “Specialized care facilities” are defined as a facility having a program licensed under chapter 245A and Minnesota Rules, chapter 9570, or a facility with 96 beds on January 1, 2015, located in Robbinsdale that specializes in the treatment of Huntington’s Disease.

(1) the diagnoses or other circumstances of residents in the specialized program that require care that costs substantially more than the RUG’s rates associated with those residents;

(2) the nature of the specialized program or programs offered to meet the needs of these individuals; and

(3) outcomes achieved by the specialized program.
Sec. 30. Minnesota Statutes 2014, section 256B.441, is amended by adding a subdivision to read:

Subd. 51b. Special dietary needs. The commissioner shall adjust the rates of a nursing facility that meets the criteria for the special dietary needs of its residents and the requirements in section 31.651 or 31.658. The adjustment for raw food cost shall be the difference between the nursing facility's most recently reported allowable raw food cost per diem and 115 percent of the median allowable raw food cost per diem. For rate years beginning on or after January 1, 2016, this amount shall be removed from allowable raw food per diem costs under operating costs and included in the external fixed per diem rate under subdivisions 13 and 53.

Sec. 31. Minnesota Statutes 2014, section 256B.441, subdivision 53, is amended to read:

Subd. 53. Calculation of payment rate for external fixed costs. The commissioner shall calculate a payment rate for external fixed costs.

(a) For a facility licensed as a nursing home, the portion related to section 256.9657 shall be equal to $8.86. For a facility licensed as both a nursing home and a boarding care home, the portion related to section 256.9657 shall be equal to $8.86 multiplied by the result of its number of nursing home beds divided by its total number of licensed beds.

(b) The portion related to the licensure fee under section 144.122, paragraph (d), shall be the amount of the fee divided by actual resident days.

(c) The portion related to development and education of resident and family advisory councils under section 144A.33 shall be $5 divided by 365.

(d) The portion related to scholarships shall be determined under section 256B.431, subdivision 36.

(e) Until September 30, 2013, the portion related to long-term care consultation shall be determined according to section 256B.0911, subdivision 6.

(f) The portion related to development and education of resident and family advisory councils under section 144A.33 shall be $5 divided by 365.

(g) The portion related to planned closure rate adjustments shall be as determined under section 256B.437, subdivision 6, and Minnesota Statutes 2010, section 256B.436. Planned closure rate adjustments that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Planned closure rate adjustments that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(f) The single bed room incentives shall be as determined under section 256B.431, subdivision 42.

(g) The portions related to property insurance, real estate taxes, special assessments, and payments made in lieu of real estate taxes directly identified or allocated to the nursing facility shall be the actual amounts divided by actual resident days.

(h) The portion related to employer health insurance costs shall be the allowable costs divided by resident days.

(i) The portion related to the Public Employees Retirement Association shall be actual costs divided by resident days.
(i) The single bed room incentives shall be as determined under section 256B.431, subdivision 42. Single bed room incentives that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Single bed room incentives that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(j) The portion related to quality improvement incentive payment rate adjustments shall be as determined under subdivision 46c.

(k) The portion related to performance-based incentive payments shall be as determined under subdivision 46d.

(l) The portion related to special dietary needs shall be the per diem amount determined under subdivision 51b.

(i) (m) The payment rate for external fixed costs shall be the sum of the amounts in paragraphs (a) to (i) (l).

Sec. 32. Minnesota Statutes 2014, section 256B.441, subdivision 54, is amended to read:

Subd. 54. Determination of total payment rates. In rate years when rates are rebased, the total care-related per diem, other operating price, and external fixed per diem for each facility shall be converted to payment rates. The total payment rate for a RUG’s weight of 1.00 shall be the sum of the total care-related payment rate, other operating payment rate, efficiency incentive, external fixed cost rate, and the property rate determined under section 256B.434. To determine a total payment rate for each RUG’s level, the total care-related payment rate shall be divided into the direct care payment rate and the other care-related payment rate, and the direct care payment rate multiplied by the RUG’s weight for each RUG’s level using the weights in subdivision 14.

Sec. 33. Minnesota Statutes 2014, section 256B.441, subdivision 55a, is amended to read:

Subd. 55a. Alternative to phase-in for publicly owned nursing facilities. (a) For operating payment rates implemented between October 1, 2011, and the day before the phase-in under subdivision 55 is complete operating payment rates are determined under this section, the commissioner shall allow nursing facilities whose physical plant is owned or whose license is held by a city, county, or hospital district to apply for a higher payment rate under this section if the local governmental entity agrees to pay a specified portion of the nonfederal share of medical assistance costs. Nursing facilities that apply shall be eligible to select an operating payment rate, with a weight of 1.00, up to the rate calculated in subdivision 54, without application of the phase-in under subdivision 55. The rates for the other RUGs shall be computed as provided under subdivision 54.

(b) For operating payment rates implemented beginning the day when the phase-in under subdivision 55 is complete operating payment rates are determined under this section, the commissioner shall allow nursing facilities whose physical plant is owned or whose license is held by a city, county, or hospital district to apply for a higher payment rate under this section if the local governmental entity agrees to pay a specified portion of the nonfederal share of medical assistance costs. Nursing facilities that apply are eligible to select an operating payment rate with a weight of 1.00, up to an amount determined by the commissioner to be allowable under the Medicare upper payment limit test. The rates for the other RUGs shall be computed under subdivision 54. The rate increase allowed in this paragraph shall take effect only upon federal approval.

(c) Rates determined under this subdivision shall take effect beginning October 1, 2011, based on cost reports for the reporting year ending September 30, 2010, and in future rate years, rates determined for nursing facilities participating under this subdivision shall take effect on October 1 of each year in accordance with the rate year in subdivision 33, based on the most recent available cost report.
(d) Eligible nursing facilities that wish to participate under this subdivision shall make an application to the commissioner by August 31, 2011, or by September 30 of any subsequent year.

(e) For each participating nursing facility, the public entity that owns the physical plant or is the license holder of the nursing facility shall pay to the state the entire nonfederal share of medical assistance payments received as a result of the difference between the nursing facility's payment rate under paragraph (a) or (b), and the rates that the nursing facility would otherwise be paid without application of this subdivision under subdivision 54 of 55 as determined by the commissioner.

(f) The commissioner may, at any time, reduce the payments under this subdivision based on the commissioner's determination that the payments shall cause nursing facility rates to exceed the state's Medicare upper payment limit or any other federal limitation. If the commissioner determines a reduction is necessary, the commissioner shall reduce all payment rates for participating nursing facilities by a percentage applied to the amount of increase they would otherwise receive under this subdivision and shall notify participating facilities of the reductions. If payments to a nursing facility are reduced, payments under section 256B.19, subdivision 1e, shall be reduced accordingly.

Sec. 34. Minnesota Statutes 2014, section 256B.441, subdivision 56, is amended to read:

Subd. 56. Hold harmless. (a) For the rate years beginning October 1, 2008, to October 1, 2016, no nursing facility shall receive an operating cost payment rate, including the property insurance portion of operating costs plus the health insurance component of external fixed, less than its operating cost payment rate under section 256B.434. For rate years beginning between October 1, 2009, and October 1, 2015, no nursing facility shall receive an operating payment rate less than its operating payment rate in effect on September 30, 2009, which included operating costs inclusive of health insurance costs plus the property insurance component of external fixed. The comparison of operating payment rates under this section shall be made for a RUG's rate with a weight of 1.00.

(b) For rate years beginning on or after January 1, 2016, no facility shall be subject to a care-related payment rate limit reduction greater than five percent of the median determined in subdivision 30.

Sec. 35. Minnesota Statutes 2014, section 256B.441, subdivision 63, is amended to read:

Subd. 63. Critical access nursing facilities. (a) The commissioner, in consultation with the commissioner of health, may designate certain nursing facilities as critical access nursing facilities. The designation shall be granted on a competitive basis, within the limits of funds appropriated for this purpose.

(b) The commissioner shall request proposals from nursing facilities every two years. Proposals must be submitted in the form and according to the timelines established by the commissioner. In selecting applicants to designate, the commissioner, in consultation with the commissioner of health, and with input from stakeholders, shall develop criteria designed to preserve access to nursing facility services in isolated areas, rebalance long-term care, and improve quality. Beginning in fiscal year 2015, to the extent practicable, the commissioner shall ensure an even distribution of designations across the state.

(c) The commissioner shall allow the benefits in clauses (1) to (5) for nursing facilities designated as critical access nursing facilities:

(1) partial rebasing, with the commissioner allowing a designated facility operating payment rates being the sum of up to 60 percent of the operating payment rate determined in accordance with subdivision 54 and at least 40 percent, with the sum of the two portions being equal to 100 percent, of the operating payment rate that would have been allowed had the facility not been designated. The commissioner may adjust these percentages by up to 20 percent and may approve a request for less than the amount allowed;
(2) enhanced payments for leave days. Notwithstanding section 256B.431, subdivision 2r, upon designation as a critical access nursing facility, the commissioner shall limit payment for leave days to 60 percent of that nursing facility's total payment rate for the involved resident, and shall allow this payment only when the occupancy of the nursing facility, inclusive of bed hold days, is equal to or greater than 90 percent;

(3) two designated critical access nursing facilities, with up to 100 beds in active service, may jointly apply to the commissioner of health for a waiver of Minnesota Rules, part 4658.0500, subpart 2, in order to jointly employ a director of nursing. The commissioner of health will consider each waiver request independently based on the criteria under Minnesota Rules, part 4658.0040;

(4) the minimum threshold under section 256B.431, subdivision 15, paragraph (e), shall be 40 percent of the amount that would otherwise apply; and

(5) notwithstanding subdivision 58, beginning October 1, 2014, the quality-based rate limits under subdivision 50 shall apply to designated critical access nursing facilities.

(d) Designation of a critical access nursing facility shall be for a period of two years, after which the benefits allowed under paragraph (c) shall be removed. Designated facilities may apply for continued designation.

(e) This subdivision is suspended and no state or federal funding shall be appropriated or allocated for the purposes of this subdivision from January 1, 2016, to December 31, 2017.

Sec. 36. Minnesota Statutes 2014, section 256B.441, is amended by adding a subdivision to read:

Subd. 65. Nursing facility in Golden Valley. Effective for the rate year beginning January 1, 2016, and all subsequent rate years, the operating payment rate for a facility located in the city of Golden Valley at 3915 Golden Valley Road with 44 licensed rehabilitation beds as of January 7, 2015, must be calculated without the application of subdivisions 50 and 51.

Sec. 37. Minnesota Statutes 2014, section 256B.441, is amended by adding a subdivision to read:

Subd. 66. Nursing facilities in border cities. Effective for the rate year beginning January 1, 2016, and annually thereafter, operating payment rates of a nonprofit nursing facility that exists on January 1, 2015, is located anywhere within the boundaries of the city of Breckenridge, and is reimbursed under this section, section 256B.431, or section 256B.434, shall be adjusted to be equal to the median RUG's rates, including comparable rate components as determined by the commissioner, for the equivalent RUG's weight of the nonprofit nursing facility or facilities located in an adjacent city in another state and in cities contiguous to the adjacent city. The Minnesota facility's operating payment rate with a weight of 1.0 shall be computed by dividing the adjacent city's nursing facilities median operating payment rate with a weight of 1.02 by 1.02. If the adjustments under this subdivision result in a rate that exceeds the limits in subdivisions 50 and 51 in a given rate year, the facility's rate shall not be subject to those limits for that rate year. This subdivision shall apply only if it results in a higher operating payment rate than would otherwise be determined under this section, section 256B.431, or section 256B.434.

Sec. 38. Minnesota Statutes 2014, section 256B.441, is amended by adding a subdivision to read:

Subd. 67. Nursing facility; contract with insurance provider. Within the projected cost of nursing facility payment reform under this section, for a facility that did not provide employee health insurance coverage as of May 1, 2015, if the facility has a signed contract with a health insurance provider to begin providing employee health insurance coverage by January 1, 2016, the facility shall be paid for the employer health insurance costs portion of external fixed costs under subdivisions 13 and 53 beginning January 1, 2016.
Sec. 39. Minnesota Statutes 2014, section 256B.50, subdivision 1, is amended to read:

Subdivision 1. Scope. A provider may appeal from a determination of a payment rate established pursuant to this chapter or allowed costs under section 256B.441 and reimbursement rules of the commissioner if the appeal, if successful, would result in a change to the provider's payment rate or to the calculation of maximum charges to therapy vendors as provided by section 256B.433, subdivision 3. Appeals must be filed in accordance with procedures in this section. This section does not apply to a request from a resident or long-term care facility for reconsideration of the classification of a resident under section 144.0722.

EFFECTIVE DATE. This section is effective July 1, 2015, and applies to appeals filed on or after that date.

Sec. 40. Minnesota Statutes 2014, section 256I.05, subdivision 2, is amended to read:

Subd. 2. Monthly rates; exemptions. This subdivision applies to a residence that on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690. Notwithstanding the provisions of subdivision 1c, the rate paid to a facility reimbursed under this subdivision shall be determined under section 256B.431, or under section 256B.434, or 256B.441, if the facility is accepted by the commissioner for participation in the alternative payment demonstration project. The rate paid to this facility shall also include adjustments to the group residential housing rate according to subdivision 1, and any adjustments applicable to supplemental service rates statewide.

Sec. 41. DIRECTION TO COMMISSIONER; NURSING FACILITY PAYMENT REFORM REPORT.

By January 1, 2017, the commissioner of human services shall evaluate and report to the house of representatives and senate committees and divisions with jurisdiction over nursing facility payment rates on:

(1) the impact of using cost report data to set rates without accounting for cost report to rate year inflation;

(2) the impact of the quality adjusted care limits;

(3) the ability of nursing facilities to attract and retain employees, including how rate increases are being passed through to employees, under the new payment system;

(4) the efficacy of the critical access nursing facility program under Minnesota Statutes, section 256B.441, subdivision 63, given the new nursing facility payment system;

(5) creating a process for the commissioner to designate certain facilities as specialized care facilities for difficult-to-serve populations; and

(6) limiting the hold harmless in Minnesota Statutes, section 256B.441, subdivision 56.

Sec. 42. PROPERTY RATE SETTING.

The commissioner shall conduct a study, in consultation with stakeholders and experts, of property rate setting, based on a rental value or other approach for Minnesota nursing facilities, and shall report the findings to the house of representatives and senate committees and divisions with jurisdiction over nursing facility payment rates by March 1, 2016, for a system implementation date of January 1, 2017. The commissioner shall:

(1) contract with at least two firms to conduct appraisals of all nursing facilities in the medical assistance program. Each firm shall conduct appraisals of approximately equal portions of all nursing facilities assigned to them at random. The appraisals shall determine the value of the land, building, and equipment of each nursing facility, taking into account the quality of construction and current condition of the building;
(2) use the information from the appraisals to complete the design of a rental value or other system and calculate a replacement value and an effective age for each nursing facility. Nursing facilities may request an appraisal by a second firm which shall be assigned randomly by the commissioner. The commissioner shall use the findings of the second appraisal. If the second firm increases the appraisal value by more than five percent, the state shall pay for the second appraisal. Otherwise, the nursing facility shall pay the cost of the appraisal. Results of appraisals are not otherwise subject to appeal under section 256B.50; and

(3) include in the report required under this section the following items:

(i) a description of the proposed rental value or other system;

(ii) options for adjusting the system parameters that vary the cost of implementing the new property rate system and an analysis of individual nursing facilities under the current property payment rate and the rates under various approaches to calculating rates under the rental value or other system;

(iii) recommended steps for transition to the rental value or other system;

(iv) an analysis of the expected long-term incentives of the rental value or other system for nursing facilities to maintain and replace buildings, including how the current exceptions to the moratorium process under Minnesota Statutes, section 144A.073, may be adapted; and

(v) bill language for implementation of the rental value or other system.

Sec. 43. REVISOR'S INSTRUCTION.

The revisor of statutes, in consultation with the House Research Department, Office of Senate Counsel, Research, and Fiscal Analysis, Department of Human Services, and stakeholders, shall prepare legislation for the 2016 legislative session to recodify laws governing nursing home payments and rates in Minnesota Statutes, chapter 256B, and in Minnesota Rules, chapter 9549.

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

Sec. 44. REPEALER.

Minnesota Statutes 2014, sections 256B.434, subdivision 19b; and 256B.441, subdivisions 14a, 19, 50a, 52, 55, 58, and 62, are repealed.

ARTICLE 7
CONTINUING CARE

Section 1. Minnesota Statutes 2014, section 13.461, is amended by adding a subdivision to read:

Subd. 32. ABLE accounts and designated beneficiaries. Data on ABLE accounts and designated beneficiaries of ABLE accounts are classified under section 256Q.05, subdivision 7.

Sec. 2. Minnesota Statutes 2014, section 144.057, subdivision 1, is amended to read:

Subdivision 1. Background studies required. The commissioner of health shall contract with the commissioner of human services to conduct background studies of:
(1) individuals providing services which have direct contact, as defined under section 245C.02, subdivision 11, with patients and residents in hospitals, boarding care homes, outpatient surgical centers licensed under sections 144.50 to 144.58; nursing homes and home care agencies licensed under chapter 144A; residential care homes licensed under chapter 144B, and board and lodging establishments that are registered to provide supportive or health supervision services under section 157.17;

(2) individuals specified in section 245C.03, subdivision 1, who perform direct contact services in a nursing home or a home care agency licensed under chapter 144A or a boarding care home licensed under sections 144.50 to 144.58, and If the individual under study resides outside Minnesota, the study must be at least as comprehensive as that of a Minnesota resident and include a search of information from the criminal justice data communications network in the state where the subject of the study resides include a check for substantiated findings of maltreatment of adults and children in the individual's state of residence when the information is made available by that state, and must include a check of the National Crime Information Center database;

(3) beginning July 1, 1999, all other employees in nursing homes licensed under chapter 144A, and boarding care homes licensed under sections 144.50 to 144.58. A disqualification of an individual in this section shall disqualify the individual from positions allowing direct contact or access to patients or residents receiving services. "Access" means physical access to a client or the client's personal property without continuous, direct supervision as defined in section 245C.02, subdivision 8, when the employee's employment responsibilities do not include providing direct contact services;

(4) individuals employed by a supplemental nursing services agency, as defined under section 144A.70, who are providing services in health care facilities; and

(5) controlling persons of a supplemental nursing services agency, as defined under section 144A.70.

If a facility or program is licensed by the Department of Human Services and subject to the background study provisions of chapter 245C and is also licensed by the Department of Health, the Department of Human Services is solely responsible for the background studies of individuals in the jointly licensed programs.

Sec. 3. Minnesota Statutes 2014, section 245A.06, is amended by adding a subdivision to read:

Subd. 1a. Correction orders and conditional licenses for programs licensed as home and community-based services. (a) For programs licensed under both this chapter and chapter 245D, if the license holder operates more than one service site under a single license governed by chapter 245D, the order issued under this section shall be specific to the service site or sites at which the violations of applicable law or rules occurred. The order shall not apply to other service sites governed by chapter 245D and operated by the same license holder unless the commissioner has included in the order the articulable basis for applying the order to another service site.

(b) If the commissioner has issued more than one license to the license holder under this chapter, the conditions imposed under this section shall be specific to the license for the program at which the violations of applicable law or rules occurred and shall not apply to other licenses held by the same license holder if those programs are being operated in substantial compliance with applicable law and rules.

Sec. 4. [245A.081] SETTLEMENT AGREEMENT;

(a) A license holder who has made a timely appeal pursuant to section 245A.06, subdivision 4, or 245A.07, subdivision 3, or the commissioner may initiate a discussion about a possible settlement agreement related to the licensing sanction. For the purposes of this section, the following conditions apply to a settlement agreement reached by the parties:
(1) if the parties enter into a settlement agreement, the effect of the agreement shall be that the appeal is withdrawn and the agreement shall constitute the full agreement between the commissioner and the party who filed the appeal; and

(2) the settlement agreement must identify the agreed upon actions the license holder has taken and will take in order to achieve and maintain compliance with the licensing requirements that the commissioner determined the license holder had violated.

(b) Neither the license holder nor the commissioner is required to initiate a settlement discussion under this section.

c) If a settlement discussion is initiated by the license holder, the commissioner shall respond to the license holder within 14 calendar days of receipt of the license holder’s submission.

(d) If the commissioner agrees to engage in settlement discussions, the commissioner may decide at any time not to continue settlement discussions with a license holder.

Sec. 5. Minnesota Statutes 2014, section 245A.155, subdivision 1, is amended to read:

Subdivision 1. Licensed foster care and respite care. This section applies to foster care agencies and licensed foster care providers who place, supervise, or care for individuals who rely on medical monitoring equipment to sustain life or monitor a medical condition that could become life-threatening without proper use of the medical equipment in respite care or foster care.

Sec. 6. Minnesota Statutes 2014, section 245A.155, subdivision 2, is amended to read:

Subd. 2. Foster care agency requirements. In order for an agency to place an individual who relies on medical equipment to sustain life or monitor a medical condition that could become life-threatening without proper use of the medical equipment with a foster care provider, the agency must ensure that the foster care provider has received the training to operate such equipment as observed and confirmed by a qualified source, and that the provider:

(1) is currently caring for an individual who is using the same equipment in the foster home; or

(2) has written documentation that the foster care provider has cared for an individual who relied on such equipment within the past six months; or

(3) has successfully completed training with the individual being placed with the provider.

Sec. 7. Minnesota Statutes 2014, section 245A.65, subdivision 2, is amended to read:

Subd. 2. Abuse prevention plans. All license holders shall establish and enforce ongoing written program abuse prevention plans and individual abuse prevention plans as required under section 626.557, subdivision 14.

(a) The scope of the program abuse prevention plan is limited to the population, physical plant, and environment within the control of the license holder and the location where licensed services are provided. In addition to the requirements in section 626.557, subdivision 14, the program abuse prevention plan shall meet the requirements in clauses (1) to (5).

(1) The assessment of the population shall include an evaluation of the following factors: age, gender, mental functioning, physical and emotional health or behavior of the client; the need for specialized programs of care for clients; the need for training of staff to meet identified individual needs; and the knowledge a license holder may have regarding previous abuse that is relevant to minimizing risk of abuse for clients.
(2) The assessment of the physical plant where the licensed services are provided shall include an evaluation of the following factors: the condition and design of the building as it relates to the safety of the clients; and the existence of areas in the building which are difficult to supervise.

(3) The assessment of the environment for each facility and for each site when living arrangements are provided by the agency shall include an evaluation of the following factors: the location of the program in a particular neighborhood or community; the type of grounds and terrain surrounding the building; the type of internal programming; and the program's staffing patterns.

(4) The license holder shall provide an orientation to the program abuse prevention plan for clients receiving services. If applicable, the client's legal representative must be notified of the orientation. The license holder shall provide this orientation for each new person within 24 hours of admission, or for persons who would benefit more from a later orientation, the orientation may take place within 72 hours.

(5) The license holder's governing body or the governing body's delegated representative shall review the plan at least annually using the assessment factors in the plan and any substantiated maltreatment findings that occurred since the last review. The governing body or the governing body's delegated representative shall revise the plan, if necessary, to reflect the review results.

(6) A copy of the program abuse prevention plan shall be posted in a prominent location in the program and be available upon request to mandated reporters, persons receiving services, and legal representatives.

(b) In addition to the requirements in section 626.557, subdivision 14, the individual abuse prevention plan shall meet the requirements in clauses (1) and (2).

(1) The plan shall include a statement of measures that will be taken to minimize the risk of abuse to the vulnerable adult when the individual assessment required in section 626.557, subdivision 14, paragraph (b), indicates the need for measures in addition to the specific measures identified in the program abuse prevention plan. The measures shall include the specific actions the program will take to minimize the risk of abuse within the scope of the licensed services, and will identify referrals made when the vulnerable adult is susceptible to abuse outside the scope or control of the licensed services. When the assessment indicates that the vulnerable adult does not need specific risk reduction measures in addition to those identified in the program abuse prevention plan, the individual abuse prevention plan shall document this determination.

(2) An individual abuse prevention plan shall be developed for each new person as part of the initial individual program plan or service plan required under the applicable licensing rule. The review and evaluation of the individual abuse prevention plan shall be done as part of the review of the program plan or service plan. The person receiving services shall participate in the development of the individual abuse prevention plan to the full extent of the person's abilities. If applicable, the person's legal representative shall be given the opportunity to participate with or for the person in the development of the plan. The interdisciplinary team shall document the review of all abuse prevention plans at least annually, using the individual assessment and any reports of abuse relating to the person. The plan shall be revised to reflect the results of this review.

Sec. 8. Minnesota Statutes 2014, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by Department of Human Services.** (a) For a background study conducted by the Department of Human Services, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (j);
(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, paragraph (a), when there is reasonable cause;

(4) information from the Bureau of Criminal Apprehension, including information regarding a background study subject's registration in Minnesota as a predatory offender under section 243.166;

(5) except as provided in clause (6), information from the national crime information system when the commissioner has reasonable cause as defined under section 245C.05, subdivision 5, or as required under section 144.057, subdivision 1, clause (2); and

(6) for a background study related to a child foster care application for licensure, a transfer of permanent legal and physical custody of a child under sections 260C.503 to 260C.515, or adoptions, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided for the past five years; and

(ii) information from national crime information databases, when the background study subject is 18 years of age or older.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

(c) The commissioner shall also review criminal case information received according to section 245C.04, subdivision 4a, from the Minnesota court information system that relates to individuals who have already been studied under this chapter and who remain affiliated with the agency that initiated the background study.

(d) When the commissioner has reasonable cause to believe that the identity of a background study subject is uncertain, the commissioner may require the subject to provide a set of classifiable fingerprints for purposes of completing a fingerprint-based record check with the Bureau of Criminal Apprehension. Fingerprints collected under this paragraph shall not be saved by the commissioner after they have been used to verify the identity of the background study subject against the particular criminal record in question.

(e) The commissioner may inform the entity that initiated a background study under NETStudy 2.0 of the status of processing of the subject's fingerprints.

Sec. 9. Minnesota Statutes 2014, section 245C.12, is amended to read:

245C.12 BACKGROUND STUDY; TRIBAL ORGANIZATIONS.

(a) For the purposes of background studies completed by tribal organizations performing licensing activities otherwise required of the commissioner under this chapter, after obtaining consent from the background study subject, tribal licensing agencies shall have access to criminal history data in the same manner as county licensing agencies and private licensing agencies under this chapter.

(b) Tribal organizations may contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to adoptions according to section 245C.34. Tribal organizations may also contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to child foster care according to section 245C.34.
(c) For the purposes of background studies completed to comply with a tribal organization's licensing requirements for individuals affiliated with a tribally licensed nursing facility, the commissioner shall obtain criminal history data from the National Criminal Records Repository in accordance with section 245C.32.

Sec. 10. Minnesota Statutes 2014, section 245D.02, is amended by adding a subdivision to read:

Subd. 37. Working day. "Working day" means Monday, Tuesday, Wednesday, Thursday, or Friday, excluding any legal holiday.

Sec. 11. Minnesota Statutes 2014, section 245D.05, subdivision 1, is amended to read:

Subdivision 1. Health needs. (a) The license holder is responsible for meeting health service needs assigned in the coordinated service and support plan or the coordinated service and support plan addendum, consistent with the person's health needs. Unless directed otherwise in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder is responsible for promptly notifying the person's legal representative, if any, and the case manager of changes in a person's physical and mental health needs affecting health service needs assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, when discovered by the license holder, unless the license holder has reason to know the change has already been reported. The license holder must document when the notice is provided.

(b) If responsibility for meeting the person's health service needs has been assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must maintain documentation on how the person's health needs will be met, including a description of the procedures the license holder will follow in order to:

(1) provide medication setup, assistance, or administration according to this chapter. Unlicensed staff responsible for medication setup or medication administration under this section must complete training according to section 245D.09, subdivision 4a, paragraph (d);

(2) monitor health conditions according to written instructions from a licensed health professional;

(3) assist with or coordinate medical, dental, and other health service appointments; or

(4) use medical equipment, devices, or adaptive aides or technology safely and correctly according to written instructions from a licensed health professional.

Sec. 12. Minnesota Statutes 2014, section 245D.05, subdivision 2, is amended to read:

Subd. 2. Medication administration. (a) For purposes of this subdivision, "medication administration" means:

(1) checking the person's medication record;

(2) preparing the medication as necessary;

(3) administering the medication or treatment to the person;

(4) documenting the administration of the medication or treatment or the reason for not administering the medication or treatment; and
(5) reporting to the prescriber or a nurse any concerns about the medication or treatment, including side effects, effectiveness, or a pattern of the person refusing to take the medication or treatment as prescribed. Adverse reactions must be immediately reported to the prescriber or a nurse.

(b)(1) If responsibility for medication administration is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must implement medication administration procedures to ensure a person takes medications and treatments as prescribed. The license holder must ensure that the requirements in clauses (2) and (3) have been met before administering medication or treatment.

(2) The license holder must obtain written authorization from the person or the person's legal representative to administer medication or treatment and must obtain reauthorization annually as needed. This authorization shall remain in effect unless it is withdrawn in writing and may be withdrawn at any time. If the person or the person's legal representative refuses to authorize the license holder to administer medication, the medication must not be administered. The refusal to authorize medication administration must be reported to the prescriber as expediently as possible.

(3) For a license holder providing intensive support services, the medication or treatment must be administered according to the license holder's medication administration policy and procedures as required under section 245D.11, subdivision 2, clause (3).

(c) The license holder must ensure the following information is documented in the person's medication administration record:

(1) the information on the current prescription label or the prescriber's current written or electronically recorded order or prescription that includes the person's name, description of the medication or treatment to be provided, and the frequency and other information needed to safely and correctly administer the medication or treatment to ensure effectiveness;

(2) information on any risks or other side effects that are reasonable to expect, and any contraindications to its use. This information must be readily available to all staff administering the medication;

(3) the possible consequences if the medication or treatment is not taken or administered as directed;

(4) instruction on when and to whom to report the following:

(i) if a dose of medication is not administered or treatment is not performed as prescribed, whether by error by the staff or the person or by refusal by the person; and

(ii) the occurrence of possible adverse reactions to the medication or treatment;

(5) notation of any occurrence of a dose of medication not being administered or treatment not performed as prescribed, whether by error by the staff or the person or by refusal by the person, or of adverse reactions, and when and to whom the report was made; and

(6) notation of when a medication or treatment is started, administered, changed, or discontinued.
Sec. 13. Minnesota Statutes 2014, section 245D.06, subdivision 1, is amended to read:

Subdivision 1. Incident response and reporting. (a) The license holder must respond to incidents under section 245D.02, subdivision 11, that occur while providing services to protect the health and safety of and minimize risk of harm to the person.

(b) The license holder must maintain information about and report incidents to the person's legal representative or designated emergency contact and case manager within 24 hours of an incident occurring while services are being provided, within 24 hours of discovery or receipt of information that an incident occurred, unless the license holder has reason to know that the incident has already been reported, or as otherwise directed in a person's coordinated service and support plan or coordinated service and support plan addendum. An incident of suspected or alleged maltreatment must be reported as required under paragraph (d), and an incident of serious injury or death must be reported as required under paragraph (e).

(c) When the incident involves more than one person, the license holder must not disclose personally identifiable information about any other person when making the report to each person and case manager unless the license holder has the consent of the person.

(d) Within 24 hours of reporting maltreatment as required under section 626.556 or 626.557, the license holder must inform the case manager of the report unless there is reason to believe that the case manager is involved in the suspected maltreatment. The license holder must disclose the nature of the activity or occurrence reported and the agency that received the report.

(e) The license holder must report the death or serious injury of the person as required in paragraph (b) and to the Department of Human Services Licensing Division, and the Office of Ombudsman for Mental Health and Developmental Disabilities as required under section 245.94, subdivision 2a, within 24 hours of the death or serious injury, or receipt of information that the death or serious injury occurred, unless the license holder has reason to know that the death or serious injury has already been reported.

(f) When a death or serious injury occurs in a facility certified as an intermediate care facility for persons with developmental disabilities, the death or serious injury must be reported to the Department of Health, Office of Health Facility Complaints, and the Office of Ombudsman for Mental Health and Developmental Disabilities, as required under sections 245.91 and 245.94, subdivision 2a, unless the license holder has reason to know that the death or serious injury has already been reported.

(g) The license holder must conduct an internal review of incident reports of deaths and serious injuries that occurred while services were being provided and that were not reported by the program as alleged or suspected maltreatment, for identification of incident patterns, and implementation of corrective action as necessary to reduce occurrences. The review must include an evaluation of whether related policies and procedures were followed, whether the policies and procedures were adequate, whether there is a need for additional staff training, whether the reported event is similar to past events with the persons or the services involved, and whether there is a need for corrective action by the license holder to protect the health and safety of persons receiving services. Based on the results of this review, the license holder must develop, document, and implement a corrective action plan designed to correct current lapses and prevent future lapses in performance by staff or the license holder, if any.

(h) The license holder must verbally report the emergency use of manual restraint of a person as required in paragraph (b) within 24 hours of the occurrence. The license holder must ensure the written report and internal review of all incident reports of the emergency use of manual restraints are completed according to the requirements in section 245D.061 or successor provisions.
Sec. 14. Minnesota Statutes 2014, section 245D.06, subdivision 2, is amended to read:

Subd. 2. **Environment and safety.** The license holder must:

1. ensure the following when the license holder is the owner, lessor, or tenant of the service site:
   
   i. the service site is a safe and hazard-free environment;

   ii. that toxic substances or dangerous items are inaccessible to persons served by the program only to protect the safety of a person receiving services when a known safety threat exists and not as a substitute for staff supervision or interactions with a person who is receiving services. If toxic substances or dangerous items are made inaccessible, the license holder must document an assessment of the physical plant, its environment, and its population identifying the risk factors which require toxic substances or dangerous items to be inaccessible and a statement of specific measures to be taken to minimize the safety risk to persons receiving services and to restore accessibility to all persons receiving services at the service site;

   iii. doors are locked from the inside to prevent a person from exiting only when necessary to protect the safety of a person receiving services and not as a substitute for staff supervision or interactions with the person. If doors are locked from the inside, the license holder must document an assessment of the physical plant, the environment and the population served, identifying the risk factors which require the use of locked doors, and a statement of specific measures to be taken to minimize the safety risk to persons receiving services at the service site; and

   iv. a staff person is available at the service site who is trained in basic first aid and, when required in a person's coordinated service and support plan or coordinated service and support plan addendum, cardiopulmonary resuscitation (CPR) whenever persons are present and staff are required to be at the site to provide direct support service. The CPR training must include in-person instruction, hands-on practice, and an observed skills assessment under the direct supervision of a CPR instructor;

2. maintain equipment, vehicles, supplies, and materials owned or leased by the license holder in good condition when used to provide services;

3. follow procedures to ensure safe transportation, handling, and transfers of the person and any equipment used by the person, when the license holder is responsible for transportation of a person or a person's equipment;

4. be prepared for emergencies and follow emergency response procedures to ensure the person's safety in an emergency; and

5. follow universal precautions and sanitary practices, including hand washing, for infection prevention and control, and to prevent communicable diseases.

Sec. 15. Minnesota Statutes 2014, section 245D.06, subdivision 7, is amended to read:

Subd. 7. **Permitted actions and procedures.** (a) Use of the instructional techniques and intervention procedures as identified in paragraphs (b) and (c) is permitted when used on an intermittent or continuous basis. When used on a continuous basis, it must be addressed in a person's coordinated service and support plan addendum as identified in sections 245D.07 and 245D.071. For purposes of this chapter, the requirements of this subdivision supersede the requirements identified in Minnesota Rules, part 9525.2720.

(b) Physical contact or instructional techniques must use the least restrictive alternative possible to meet the needs of the person and may be used:
(1) to calm or comfort a person by holding that person with no resistance from that person;

(2) to protect a person known to be at risk of injury due to frequent falls as a result of a medical condition;

(3) to facilitate the person's completion of a task or response when the person does not resist or the person's resistance is minimal in intensity and duration;

(4) to block or redirect a person's limbs or body without holding the person or limiting the person's movement to interrupt the person's behavior that may result in injury to self or others with less than 60 seconds of physical contact by staff; or

(5) to redirect a person's behavior when the behavior does not pose a serious threat to the person or others and the behavior is effectively redirected with less than 60 seconds of physical contact by staff.

(c) Restraint may be used as an intervention procedure to:

(1) allow a licensed health care professional to safely conduct a medical examination or to provide medical treatment ordered by a licensed health care professional to a person necessary to promote healing or recovery from an acute, meaning short term, medical condition;

(2) assist in the safe evacuation or redirection of a person in the event of an emergency and the person is at imminent risk of harm; or

(3) position a person with physical disabilities in a manner specified in the person's coordinated service and support plan addendum.

Any use of manual restraint as allowed in this paragraph must comply with the restrictions identified in subdivision 6, paragraph (b).

(d) Use of adaptive aids or equipment, orthotic devices, or other medical equipment ordered by a licensed health professional to treat a diagnosed medical condition do not in and of themselves constitute the use of mechanical restraint.

Sec. 16. Minnesota Statutes 2014, section 245D.07, subdivision 2, is amended to read:

Subd. 2. Service planning requirements for basic support services. (a) License holders providing basic support services must meet the requirements of this subdivision.

(b) Within 15 calendar days of service initiation the license holder must complete a preliminary coordinated service and support plan addendum based on the coordinated service and support plan.

(c) Within 60 calendar days of service initiation the license holder must review and revise as needed the preliminary coordinated service and support plan addendum to document the services that will be provided including how, when, and by whom services will be provided, and the person responsible for overseeing the delivery and coordination of services.

(d) The license holder must participate in service planning and support team meetings for the person following stated timelines established in the person's coordinated service and support plan or as requested by the person or the person's legal representative, the support team or the expanded support team.
Sec. 17. Minnesota Statutes 2014, section 245D.071, subdivision 5, is amended to read:

Subd. 5. Service plan review and evaluation. (a) The license holder must give the person or the person's legal representative and case manager an opportunity to participate in the ongoing review and development of the service plan and the methods used to support the person and accomplish outcomes identified in subdivisions 3 and 4. The license holder, in coordination with the person's support team or expanded support team, must meet with the person, the person's legal representative, and the case manager, and participate in service plan review meetings following stated timelines established in the person's coordinated service and support plan or coordinated service and support plan addendum or within 30 days of a written request by the person, the person's legal representative, or the case manager, at a minimum of once per year. The purpose of the service plan review is to determine whether changes are needed to the service plan based on the assessment information, the license holder's evaluation of progress towards accomplishing outcomes, or other information provided by the support team or expanded support team.

(b) The license holder must summarize the person's status and progress toward achieving the identified outcomes and make recommendations and identify the rationale for changing, continuing, or discontinuing implementation of supports and methods identified in subdivision 4 in a written report sent to the person or the person's legal representative and case manager five working days prior to the review meeting, unless the person, the person's legal representative, or the case manager requests to receive the report available at the time of the progress review meeting. The report must be sent at least five working days prior to the progress review meeting if requested by the team in the coordinated service and support plan or coordinated service and support plan addendum.

(c) The license holder must send the coordinated service and support plan addendum to the person, the person's legal representative, and case manager by mail within ten working days of the progress review meeting. Within ten working days of the progress review meeting mailing of the coordinated service and support plan addendum, the license holder must obtain dated signatures from the person or the person's legal representative and the case manager to document approval of any changes to the coordinated service and support plan addendum.

(d) If, within ten working days of submitting changes to the coordinated service and support plan and coordinated service and support plan addendum, the person or the person's legal representative or case manager has not signed and returned to the license holder the coordinated service and support plan or coordinated service and support plan addendum or has not proposed written modifications to the license holder's submission, the submission is deemed approved and the coordinated service and support plan addendum becomes effective and remains in effect until the legal representative or case manager submits a written request to revise the coordinated service and support plan addendum.

Sec. 18. Minnesota Statutes 2014, section 245D.09, subdivision 3, is amended to read:

Subd. 3. Staff qualifications. (a) The license holder must ensure that staff providing direct support, or staff who have responsibilities related to supervising or managing the provision of direct support service, are competent as demonstrated through skills and knowledge training, experience, and education relevant to the primary disability of the person and to meet the person's needs and additional requirements as written in the coordinated service and support plan or coordinated service and support plan addendum, or when otherwise required by the case manager or the federal waiver plan. The license holder must verify and maintain evidence of staff competency, including documentation of:

(1) education and experience qualifications relevant to the job responsibilities assigned to the staff and to the primary disability of persons served by the program, including a valid degree and transcript, or a current license, registration, or certification, when a degree or licensure, registration, or certification is required by this chapter or in the coordinated service and support plan or coordinated service and support plan addendum;
(2) demonstrated competency in the orientation and training areas required under this chapter, and when applicable, completion of continuing education required to maintain professional licensure, registration, or certification requirements. Competency in these areas is determined by the license holder through knowledge testing or observed skill assessment conducted by the trainer or instructor or by an individual who has been previously deemed competent by the trainer or instructor in the area being assessed; and

(3) except for a license holder who is the sole direct support staff, periodic performance evaluations completed by the license holder of the direct support staff person's ability to perform the job functions based on direct observation.

(b) Staff under 18 years of age may not perform overnight duties or administer medication.

Sec. 19. Minnesota Statutes 2014, section 245D.09, subdivision 5, is amended to read:

Subd. 5. Annual training. A license holder must provide annual training to direct support staff on the topics identified in subdivision 4, clauses (3) to (10). If the direct support staff has a first aid certification, annual training under subdivision 4, clause (9), is not required as long as the certification remains current. A license holder must provide a minimum of 24 hours of annual training to direct service staff providing intensive services and having fewer than five years of documented experience and 12 hours of annual training to direct service staff providing intensive services and having five or more years of documented experience in topics described in subdivisions 4 and 4a, paragraphs (a) to (f). Training on relevant topics received from sources other than the license holder may count toward training requirements. A license holder must provide a minimum of 12 hours of annual training to direct service staff providing basic services and having fewer than five years of documented experience and six hours of annual training to direct service staff providing basic services and having five or more years of documented experience.

Sec. 20. Minnesota Statutes 2014, section 245D.22, subdivision 4, is amended to read:

Subd. 4. First aid must be available on site. (a) A staff person trained in first aid must be available on site and, when required in a person's coordinated service and support plan or coordinated service and support plan addendum, be able to provide cardiopulmonary resuscitation, whenever persons are present and staff are required to be at the site to provide direct service. The CPR training must include in-person instruction, hands-on practice, and an observed skills assessment under the direct supervision of a CPR instructor.

(b) A facility must have first aid kits readily available for use by, and that meet the needs of, persons receiving services and staff. At a minimum, the first aid kit must be equipped with accessible first aid supplies including bandages, sterile compresses, scissors, an ice bag or cold pack, an oral or surface thermometer, mild liquid soap, adhesive tape, and first aid manual.

Sec. 21. Minnesota Statutes 2014, section 245D.31, subdivision 3, is amended to read:

Subd. 3. Staff ratio requirement for each person receiving services. The case manager, in consultation with the interdisciplinary team, must determine at least once each year which of the ratios in subdivisions 4, 5, and 6 is appropriate for each person receiving services on the basis of the characteristics described in subdivisions 4, 5, and 6. The ratio assigned each person and the documentation of how the ratio was arrived at must be kept in each person's individual service plan. Documentation must include an assessment of the person with respect to the characteristics in subdivisions 4, 5, and 6 recorded on a standard assessment form required by the commissioner.
Sec. 22. Minnesota Statutes 2014, section 245D.31, subdivision 4, is amended to read:

Subd. 4. Person requiring staff ratio of one to four. A person must be assigned a staff ratio requirement of one to four if:

(1) on a daily basis the person requires total care and monitoring or constant hand-over-hand physical guidance to successfully complete at least three of the following activities: toileting, communicating basic needs, eating, or ambulating; or is not capable of taking appropriate action for self preservation under emergency conditions; or

(2) the person engages in conduct that poses an imminent risk of physical harm to self or others at a documented level of frequency, intensity, or duration requiring frequent daily ongoing intervention and monitoring as established in the person's coordinated service and support plan or coordinated service and support plan addendum.

Sec. 23. Minnesota Statutes 2014, section 245D.31, subdivision 5, is amended to read:

Subd. 5. Person requiring staff ratio of one to eight. A person must be assigned a staff ratio requirement of one to eight if:

(1) the person does not meet the requirements in subdivision 4; and

(2) on a daily basis the person requires verbal prompts or spot checks and minimal or no physical assistance to successfully complete at least four of the following activities: toileting, communicating basic needs, eating, or ambulating, or taking appropriate action for self preservation under emergency conditions.

Sec. 24. Minnesota Statutes 2014, section 252.27, subdivision 2a, is amended to read:

Subd. 2a. Contribution amount. (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute to the cost of services used by making monthly payments on a sliding scale based on income, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to chapter 259A or through title IV-E of the Social Security Act. The parental contribution is a partial or full payment for medical services provided for diagnostic, therapeutic, curing, treating, mitigating, rehabilitation, maintenance, and personal care services as defined in United States Code, title 26, section 213, needed by the child with a chronic illness or disability.

(b) For households with adjusted gross income equal to or greater than 275 percent of federal poverty guidelines, the parental contribution shall be computed by applying the following schedule of rates to the adjusted gross income of the natural or adoptive parents:

(1) if the adjusted gross income is equal to or greater than 275 percent of federal poverty guidelines and less than or equal to 545 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at \( \frac{2.48}{2.23} \) percent of adjusted gross income at 275 percent of federal poverty guidelines and increases to \( \frac{6.75}{6.08} \) percent of adjusted gross income for those with adjusted gross income up to 545 percent of federal poverty guidelines;

(2) if the adjusted gross income is greater than 545 percent of federal poverty guidelines and less than 675 percent of federal poverty guidelines, the parental contribution shall be \( \frac{6.75}{6.08} \) percent of adjusted gross income;

(3) if the adjusted gross income is equal to or greater than 675 percent of federal poverty guidelines and less than 975 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at \( \frac{6.25}{6.08} \) percent of adjusted gross income at 675 percent of federal poverty guidelines and increases to \( \frac{8.1}{6.08} \) percent of adjusted gross income for those with adjusted gross income up to 975 percent of federal poverty guidelines; and
(4) if the adjusted gross income is equal to or greater than 975 percent of federal poverty guidelines, the parental contribution shall be 10.13 percent of adjusted gross income.

If the child lives with the parent, the annual adjusted gross income is reduced by $2,400 prior to calculating the parental contribution. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form, except, effective retroactive to July 1, 2003, taxable capital gains to the extent the funds have been used to purchase a home shall not be counted as income.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon readetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted. All reimbursements must include a notice that the amount reimbursed may be taxable income if the parent paid for the parent's fees through an employer's health care flexible spending account under the Internal Revenue Code, section 125, and that the parent is responsible for paying the taxes owed on the amount reimbursed.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a). An amount equal to the annual court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the adjusted gross income of the parent making the payment prior to calculating the parental contribution under paragraph (b).

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, "insurance" means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.
(i) The contribution under paragraph (b) shall be reduced by $300 per fiscal year if, in the 12 months prior to July 1:

1. the parent applied for insurance for the child;

2. the insurer denied insurance;

3. the parents submitted a complaint or appeal, in writing to the insurer, submitted a complaint or appeal, in writing, to the commissioner of health or the commissioner of commerce, or litigated the complaint or appeal; and

4. as a result of the dispute, the insurer reversed its decision and granted insurance.

For purposes of this section, "insurance" has the meaning given in paragraph (h).

A parent who has requested a reduction in the contribution amount under this paragraph shall submit proof in the form and manner prescribed by the commissioner or county agency, including, but not limited to, the insurer's denial of insurance, the written letter or complaint of the parents, court documents, and the written response of the insurer approving insurance. The determinations of the commissioner or county agency under this paragraph are not rules subject to chapter 14.

Sec. 25. Minnesota Statutes 2014, section 256.478, is amended to read:

**256.478 HOME AND COMMUNITY-BASED SERVICES TRANSITIONS GRANTS.**

(a) The commissioner shall make available home and community-based services transition grants to serve individuals who do not meet eligibility criteria for the medical assistance program under section 256B.056 or 256B.057, but who otherwise meet the criteria under section 256B.092, subdivision 13, or 256B.49, subdivision 24.

(b) For the purposes of this section, the commissioner has the authority to transfer funds between the medical assistance account and the home and community-based services transitions grants account.

Sec. 26. Minnesota Statutes 2014, section 256.975, is amended by adding a subdivision to read:

Subd. 11. Regional and local dementia grants. (a) The Minnesota Board on Aging shall award competitive grants to eligible applicants for regional and local projects and initiatives targeted to a designated community, which may consist of a specific geographic area or population, to increase awareness of Alzheimer's disease and other dementias, increase the rate of cognitive testing in the population at risk for dementias, promote the benefits of early diagnosis of dementias, or connect caregivers of persons with dementia to education and resources.

(b) The project areas for grants include:

1. local or community-based initiatives to promote the benefits of physician consultations for all individuals who suspect a memory or cognitive problem;

2. local or community-based initiatives to promote the benefits of early diagnosis of Alzheimer's disease and other dementias; and

3. local or community-based initiatives to provide informational materials and other resources to caregivers of persons with dementia.
(c) Eligible applicants for local and regional grants may include, but are not limited to, community health boards, school districts, colleges and universities, community clinics, tribal communities, nonprofit organizations, and other health care organizations.

(d) Applicants must:

(1) describe the proposed initiative, including the targeted community and how the initiative meets the requirements of this subdivision; and

(2) identify the proposed outcomes of the initiative and the evaluation process to be used to measure these outcomes.

(e) In awarding the regional and local dementia grants, the Minnesota Board on Aging must give priority to applicants who demonstrate that the proposed project:

(1) is supported by and appropriately targeted to the community the applicant serves;

(2) is designed to coordinate with other community activities related to other health initiatives, particularly those initiatives targeted at the elderly;

(3) is conducted by an applicant able to demonstrate expertise in the project areas;

(4) utilizes and enhances existing activities and resources or involves innovative approaches to achieve success in the project areas; and

(5) strengthens community relationships and partnerships in order to achieve the project areas.

(f) The board shall divide the state into specific geographic regions and allocate a percentage of the money available for the local and regional dementia grants to projects or initiatives aimed at each geographic region.

(g) The board shall award any available grants by January 1, 2016, and each July 1 thereafter.

(h) Each grant recipient shall report to the board on the progress of the initiative at least once during the grant period, and within two months of the end of the grant period shall submit a final report to the board that includes the outcome results.

(i) The Minnesota Board on Aging shall:

(1) develop the criteria and procedures to allocate the grants under this subdivision, evaluate all applicants on a competitive basis and award the grants, and select qualified providers to offer technical assistance to grant applicants and grantees. The selected provider shall provide applicants and grantees assistance with project design, evaluation methods, materials, and training; and

(2) submit by January 15, 2017, and on each January 15 thereafter, a progress report on the dementia grants programs under this subdivision to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over health finance and policy. The report shall include:

(i) information on each grant recipient;

(ii) a summary of all projects or initiatives undertaken with each grant;
(iii) the measurable outcomes established by each grantee, an explanation of the evaluation process used to
determine whether the outcomes were met, and the results of the evaluation; and

(iv) an accounting of how the grant funds were spent.

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

Sec. 27. Minnesota Statutes 2014, section 256B.056, subdivision 5c, is amended to read:

Subd. 5c. **Excess income standard.** (a) The excess income standard for parents and caretaker relatives,
pregnant women, infants, and children ages two through 20 is the standard specified in subdivision 4, paragraph (b).

(b) The excess income standard for a person whose eligibility is based on blindness, disability, or age of 65 or
more years shall equal $65 of the federal poverty guidelines.

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

Sec. 28. Minnesota Statutes 2014, section 256B.057, subdivision 9, is amended to read:

Subd. 9. **Employed persons with disabilities.** (a) Medical assistance may be paid for a person who is
employed and who:

(1) but for excess earnings or assets, meets the definition of disabled under the Supplemental Security Income
program;

(2) meets the asset limits in paragraph (d); and

(3) pays a premium and other obligations under paragraph (e).

(b) For purposes of eligibility, there is a $65 earned income disregard. To be eligible for medical assistance
under this subdivision, a person must have more than $65 of earned income. Earned income must have Medicare,
Social Security, and applicable state and federal taxes withheld. The person must document earned income tax
withholding. Any spousal income or assets shall be disregarded for purposes of eligibility and premium
determinations.

(c) After the month of enrollment, a person enrolled in medical assistance under this subdivision who:

(1) is temporarily unable to work and without receipt of earned income due to a medical condition, as verified by
a physician; or

(2) loses employment for reasons not attributable to the enrollee, and is without receipt of earned income may
retain eligibility for up to four consecutive months after the month of job loss. To receive a four-month extension,
enrollees must verify the medical condition or provide notification of job loss. All other eligibility requirements
must be met and the enrollee must pay all calculated premium costs for continued eligibility.

(d) For purposes of determining eligibility under this subdivision, a person's assets must not exceed $20,000,
excluding:

(1) all assets excluded under section 256B.056;
(2) retirement accounts, including individual accounts, 401(k) plans, 403(b) plans, Keogh plans, and pension plans;

(3) medical expense accounts set up through the person's employer; and

(4) spousal assets, including spouse's share of jointly held assets.

(e) All enrollees must pay a premium to be eligible for medical assistance under this subdivision, except as provided under clause (5).

(1) An enrollee must pay the greater of a $65 $35 premium or the premium calculated based on the person's gross earned and unearned income and the applicable family size using a sliding fee scale established by the commissioner, which begins at one percent of income at 100 percent of the federal poverty guidelines and increases to 7.5 percent of income for those with incomes at or above 300 percent of the federal poverty guidelines.

(2) Annual adjustments in the premium schedule based upon changes in the federal poverty guidelines shall be effective for premiums due in July of each year.

(3) All enrollees who receive unearned income must pay five one-half of one percent of unearned income in addition to the premium amount, except as provided under clause (5).

(4) Increases in benefits under title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year.

(5) Effective July 1, 2009, American Indians are exempt from paying premiums as required by section 5006 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5. For purposes of this clause, an American Indian is any person who meets the definition of Indian according to Code of Federal Regulations, title 42, section 447.50.

(f) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(g) Any required premium shall be determined at application and redetermined at the enrollee's six-month income review or when a change in income or household size is reported. Enrollees must report any change in income or household size within ten days of when the change occurs. A decreased premium resulting from a reported change in income or household size shall be effective the first day of the next available billing month after the change is reported. Except for changes occurring from annual cost-of-living increases, a change resulting in an increased premium shall not affect the premium amount until the next six-month review.

(h) Premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(i) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. Good cause exists if the requirements specified in Minnesota Rules, part 9506.0040, subpart 7, items B to D, are met. Except when an installment agreement is accepted by the commissioner, all persons disenrolled for nonpayment of a premium must pay any past due premiums as well as current premiums due prior to being reenrolled. Nonpayment shall include payment with a returned, refused, or dishonored instrument. The commissioner may require a guaranteed form of payment as the only means to replace a returned, refused, or dishonored instrument.

(j) For enrollees whose income does not exceed 200 percent of the federal poverty guidelines and who are also enrolled in Medicare, the commissioner shall reimburse the enrollee for Medicare part B premiums under section 256B.0625, subdivision 15, paragraph (a).

**EFFECTIVE DATE.** This section is effective September 1, 2015.
Sec. 29. Minnesota Statutes 2014, section 256B.059, subdivision 5, is amended to read:

Subd. 5. Asset availability. (a) At the time of initial determination of eligibility for medical assistance benefits following the first continuous period of institutionalization on or after October 1, 1989, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the following amount for the community spouse:

(1) prior to July 1, 1994, the greater of:

(i) $14,148;

(ii) the lesser of the spousal share or $70,740; or

(iii) the amount required by court order to be paid to the community spouse;

(2) for persons whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) $20,000;

(ii) the lesser of the spousal share or $70,740; or

(iii) the amount required by court order to be paid to the community spouse.

The value of assets transferred for the sole benefit of the community spouse under section 256B.0595, subdivision 4, in combination with other assets available to the community spouse under this section, cannot exceed the limit for the community spouse asset allowance determined under subdivision 3 or 4. Assets that exceed this allowance shall be considered available to the institutionalized spouse whether or not converted to income. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 3; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under paragraph (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under the Supplemental Security Income program.
Sec. 30. Minnesota Statutes 2014, section 256B.0916, subdivision 2, is amended to read:

Subd. 2. Distribution of funds; partnerships. (a) Beginning with fiscal year 2000, the commissioner shall distribute all funding available for home and community-based waiver services for persons with developmental disabilities to individual counties or to groups of counties that form partnerships to jointly plan, administer, and authorize funding for eligible individuals. The commissioner shall encourage counties to form partnerships that have a sufficient number of recipients and funding to adequately manage the risk and maximize use of available resources.

(b) Counties must submit a request for funds and a plan for administering the program as required by the commissioner. The plan must identify the number of clients to be served, their ages, and their priority listing based on:

1. requirements in Minnesota Rules, part 9525.1880; and
2. statewide priorities identified in section 256B.092, subdivision 12.

The plan must also identify changes made to improve services to eligible persons and to improve program management.

(c) In allocating resources to counties, priority must be given to groups of counties that form partnerships to jointly plan, administer, and authorize funding for eligible individuals and to counties determined by the commissioner to have sufficient waiver capacity to maximize resource use.

(d) Within 30 days after receiving the county request for funds and plans, the commissioner shall provide a written response to the plan that includes the level of resources available to serve additional persons.

(e) Counties are eligible to receive medical assistance administrative reimbursement for administrative costs under criteria established by the commissioner.

(f) The commissioner shall manage waiver allocations in such a manner as to fully use available state and federal waiver appropriations.

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

Sec. 31. Minnesota Statutes 2014, section 256B.0916, subdivision 11, is amended to read:

Subd. 11. Excess spending. County and tribal agencies are responsible for spending in excess of the allocation made by the commissioner. In the event a county or tribal agency spends in excess of the allocation made by the commissioner for a given allocation period, they must submit a corrective action plan to the commissioner for approval. The plan must state the actions the agency will take to correct their overspending for the year two years following the period when the overspending occurred. Failure to correct overspending shall result in recoupment of spending in excess of the allocation. The commissioner shall recoup spending in excess of the allocation only in cases where statewide spending exceeds the appropriation designated for the home and community-based services waivers. Nothing in this subdivision shall be construed as reducing the county's responsibility to offer and make available feasible home and community-based options to eligible waiver recipients within the resources allocated to them for that purpose.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 32. Minnesota Statutes 2014, section 256B.0916, is amended by adding a subdivision to read:

Subd. 12. Use of waiver allocations. County and tribal agencies are responsible for spending the annual allocation made by the commissioner. In the event a county or tribal agency spends less than 97 percent of the allocation, while maintaining a list of persons waiting for waiver services, the county or tribal agency must submit a corrective action plan to the commissioner for approval. The commissioner may determine a plan is unnecessary given the size of the allocation and capacity for new enrollment. The plan must state the actions the agency will take to assure reasonable and timely access to home and community-based waiver services for persons waiting for services. If a county or tribe does not submit a plan when required or implement the changes required, the commissioner shall assure access to waiver services within the county's or tribe's available allocation and take other actions needed to assure that all waiver participants in that county or tribe are receiving appropriate waiver services to meet their needs.

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

Sec. 33. Minnesota Statutes 2014, section 256B.49, subdivision 26, is amended to read:

Subd. 26. Excess allocations. (a) Effective through June 30, 2018, county and tribal agencies will be responsible for authorizations in excess of the annual allocation made by the commissioner. In the event a county or tribal agency authorizes in excess of the allocation made by the commissioner for a given allocation period, the county or tribal agency must submit a corrective action plan to the commissioner for approval. The plan must state the actions the agency will take to correct their overspending for the two years following the period when the overspending occurred. Failure to correct overauthorizations shall result in recoupment of authorizations in excess of the allocation. The commissioner shall recoup funds spent in excess of the allocation only in cases where statewide spending exceeds the appropriation designated for the home and community-based services waivers. Nothing in this subdivision shall be construed as reducing the county's responsibility to offer and make available feasible home and community-based options to eligible waiver recipients within the resources allocated to them for that purpose.

(b) Effective July 1, 2018, county and tribal agencies will be responsible for spending in excess of the annual allocation made by the commissioner. In the event a county or tribal agency spends in excess of the allocation made by the commissioner for a given allocation period, the county or tribal agency must submit a corrective action plan to the commissioner for approval. The plan must state the actions the agency will take to correct its overspending for the two years following the period when the overspending occurred. The commissioner shall recoup funds spent in excess of the allocation only in cases when statewide spending exceeds the appropriation designated for the home and community-based services waivers. Nothing in this subdivision shall be construed as reducing the county or tribe's responsibility to offer and make available feasible home and community-based options to eligible waiver recipients within the resources allocated to it for that purpose.

Sec. 34. Minnesota Statutes 2014, section 256B.49, is amended by adding a subdivision to read:

Subd. 27. Use of waiver allocations. (a) Effective until June 30, 2018, county and tribal agencies are responsible for authorizing the annual allocation made by the commissioner. In the event a county or tribal agency authorizes less than 97 percent of the allocation, while maintaining a list of persons waiting for waiver services, the county or tribal agency must submit a corrective action plan to the commissioner for approval. The commissioner may determine a plan is unnecessary given the size of the allocation and capacity for new enrollment. The plan must state the actions the agency will take to assure reasonable and timely access to home and community-based waiver services for persons waiting for services.

(b) Effective July 1, 2018, county and tribal agencies are responsible for spending the annual allocation made by the commissioner. In the event a county or tribal agency spends less than 97 percent of the allocation, while maintaining a list of persons waiting for waiver services, the county or tribal agency must submit a corrective action
plan to the commissioner for approval. The commissioner may determine a plan is unnecessary given the size of the allocation and capacity for new enrollment. The plan must state the actions the agency will take to assure reasonable and timely access to home and community-based waiver services for persons waiting for services.

(c) If a county or tribe does not submit a plan when required or implement the changes required, the commissioner shall assure access to waiver services within the county or tribe's available allocation, and take other actions needed to assure that all waiver participants in that county or tribe are receiving appropriate waiver services to meet their needs.

Sec. 35. Minnesota Statutes 2014, section 256B.4913, subdivision 4a, is amended to read:

Subd. 4a. **Rate stabilization adjustment.** (a) For purposes of this subdivision, "implementation period" means the period beginning January 1, 2014, and ending on the last day of the month in which the rate management system is populated with the data necessary to calculate rates for substantially all individuals receiving home and community-based waiver services under sections 256B.092 and 256B.49. "Banding period" means the time period beginning on January 1, 2014, and ending upon the expiration of the 12-month period defined in paragraph (c), clause (5).

(b) For purposes of this subdivision, the historical rate for all service recipients means the individual reimbursement rate for a recipient in effect on December 1, 2013, except that:

(1) for a day service recipient who was not authorized to receive these waiver services prior to January 1, 2014; added a new service or services on or after January 1, 2014; or changed providers on or after January 1, 2014, the historical rate must be the authorized rate for the provider in the county of service, effective December 1, 2013; or

(2) for a unit-based service with programming or a unit-based service without programming recipient who was not authorized to receive these waiver services prior to January 1, 2014; added a new service or services on or after January 1, 2014; or changed providers on or after January 1, 2014, the historical rate must be the weighted average authorized rate for each provider number in the county of service, effective December 1, 2013; or

(3) for residential service recipients who change providers on or after January 1, 2014, the historical rate must be set by each lead agency within their county aggregate budget using their respective methodology for residential services effective December 1, 2013, for determining the provider rate for a similarly situated recipient being served by that provider.

(c) The commissioner shall adjust individual reimbursement rates determined under this section so that the unit rate is no higher or lower than:

(1) 0.5 percent from the historical rate for the implementation period;

(2) 0.5 percent from the rate in effect in clause (1), for the 12-month period immediately following the time period of clause (1);

(3) 0.5 percent from the rate in effect in clause (2), for the 12-month period immediately following the time period of clause (2);

(4) 1.0 percent from the rate in effect in clause (3), for the 12-month period immediately following the time period of clause (3); and

(5) 1.0 percent from the rate in effect in clause (4), for the 12-month period immediately following the time period of clause (4); and
(6) no adjustment to the rate in effect in clause (5) for the 12-month period immediately following the time period of clause (5). During this banding rate period, the commissioner shall not enforce any rate decrease or increase that would otherwise result from the end of the banding period. The commissioner shall, upon enactment, seek federal approval for the addition of this banding period.

(d) The commissioner shall review all changes to rates that were in effect on December 1, 2013, to verify that the rates in effect produce the equivalent level of spending and service unit utilization on an annual basis as those in effect on October 31, 2013.

(e) By December 31, 2014, the commissioner shall complete the review in paragraph (d), adjust rates to provide equivalent annual spending, and make appropriate adjustments.

(f) During the banding period, the Medicaid Management Information System (MMIS) service agreement rate must be adjusted to account for change in an individual's need. The commissioner shall adjust the Medicaid Management Information System (MMIS) service agreement rate by:

1. calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the level of service in effect on December 1, 2013;

2. calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the updated level of service at the time of application; and

3. adding to or subtracting from the Medicaid Management Information System (MMIS) service agreement rate, the difference between the values in clauses (1) and (2).

(g) This subdivision must not apply to rates for recipients served by providers new to a given county after January 1, 2014. Providers of personal supports services who also acted as fiscal support entities must be treated as new providers as of January 1, 2014.

Sec. 36. Minnesota Statutes 2014, section 256B.4913, subdivision 5, is amended to read:

Subd. 5. Stakeholder consultation and county training. (a) The commissioner shall continue consultation on regular intervals with the existing stakeholder group established as part of the rate-setting methodology process and others, to gather input, concerns, and data, to assist in the full implementation of the new rate payment system and to make pertinent information available to the public through the department’s Web site.

(b) The commissioner shall offer training at least annually for county personnel responsible for administering the rate-setting framework in a manner consistent with this section and section 256B.4914.

(c) The commissioner shall maintain an online instruction manual explaining the rate-setting framework. The manual shall be consistent with this section and section 256B.4914, and shall be accessible to all stakeholders including recipients, representatives of recipients, county or tribal agencies, and license holders.

(d) The commissioner shall not defer to the county or tribal agency on matters of technical application of the rate-setting framework, and a county or tribal agency shall not set rates in a manner that conflicts with this section or section 256B.4914.

Sec. 37. Minnesota Statutes 2014, section 256B.4914, subdivision 2, is amended to read:

Subd. 2. Definitions. (a) For purposes of this section, the following terms have the meanings given them, unless the context clearly indicates otherwise.
(b) "Commissioner" means the commissioner of human services.

(c) "Component value" means underlying factors that are part of the cost of providing services that are built into the waiver rates methodology to calculate service rates.

(d) "Customized living tool" means a methodology for setting service rates that delineates and documents the amount of each component service included in a recipient's customized living service plan.

(e) "Disability waiver rates system" means a statewide system that establishes rates that are based on uniform processes and captures the individualized nature of waiver services and recipient needs.

(f) "Individual staffing" means the time spent as a one-to-one interaction specific to an individual recipient by staff brought in solely to provide direct support and assistance with activities of daily living, instrumental activities of daily living, and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; and an assessment tool. Provider observation of an individual's needs must also be considered.

(g) "Lead agency" means a county, partnership of counties, or tribal agency charged with administering waivered services under sections 256B.092 and 256B.49.

(h) "Median" means the amount that divides distribution into two equal groups, one-half above the median and one-half below the median.

(i) "Payment or rate" means reimbursement to an eligible provider for services provided to a qualified individual based on an approved service authorization.

(j) "Rates management system" means a Web-based software application that uses a framework and component values, as determined by the commissioner, to establish service rates.

(k) "Recipient" means a person receiving home and community-based services funded under any of the disability waivers.

(l) "Shared staffing" means time spent by employees, not defined under paragraph (f), providing or available to provide more than one individual with direct support and assistance with activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (b); instrumental activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (i); ancillary activities needed to support individual services; and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; an assessment tool; and provider observation of an individual's service need. Total shared staffing hours are divided proportionally by the number of individuals who receive the shared service provisions.

(m) "Staffing ratio" means the number of recipients a service provider employee supports during a unit of service based on a uniform assessment tool, provider observation, case history, and the recipient's services of choice, and not based on the staffing ratios under section 245D.31.

(n) "Unit of service" means the following:

(1) for residential support services under subdivision 6, a unit of service is a day. Any portion of any calendar day, within allowable Medicaid rules, where an individual spends time in a residential setting is billable as a day;
(2) for day services under subdivision 7:

(i) for day training and habilitation services, a unit of service is either:

(A) a day unit of service is defined as six or more hours of time spent providing direct services and transportation; or

(B) a partial day unit of service is defined as fewer than six hours of time spent providing direct services and transportation; and

(C) for new day service recipients after January 1, 2014, 15 minute units of service must be used for fewer than six hours of time spent providing direct services and transportation;

(ii) for adult day and structured day services, a unit of service is a day or 15 minutes.

(iii) for prevocational services, a unit of service is a day or an hour.

(3) for unit-based services with programming under subdivision 8:

(i) for supported living services, a unit of service is a day or 15 minutes.

(ii) for all other services, a unit of service is 15 minutes.

(4) for unit-based services without programming under subdivision 9:

(i) for respite services, a unit of service is a day or 15 minutes.

(ii) for all other services, a unit of service is 15 minutes.

Sec. 38. Minnesota Statutes 2014, section 256B.4914, subdivision 6, is amended to read:

Subd. 6. Payments for residential support services. (a) Payments for residential support services, as defined in sections 256B.092, subdivision 11, and 256B.49, subdivision 22, must be calculated as follows:

(1) determine the number of shared staffing and individual direct staff hours to meet a recipient's needs provided on site or through monitoring technology;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5. This is defined as the direct-care rate;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct-care rate;

(4) multiply the number of shared and individual direct staff hours provided on site or through monitoring technology and nursing hours by the appropriate staff wages in subdivision 5, paragraph (a), or the customized direct-care rate;
(5) multiply the number of shared and individual direct staff hours provided on site or through monitoring technology and nursing hours by the product of the supervision span of control ratio in subdivision 5, paragraph (b), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (16);

(6) combine the results of clauses (4) and (5), excluding any shared and individual direct staff hours provided through monitoring technology, and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (b), clause (2). This is defined as the direct staffing cost;

(7) for employee-related expenses, multiply the direct staffing cost, excluding any shared and individual direct staff hours provided through monitoring technology, by one plus the employee-related cost ratio in subdivision 5, paragraph (b), clause (3);

(8) for client programming and supports, the commissioner shall add $2,179; and

(9) for transportation, if provided, the commissioner shall add $1,680, or $3,000 if customized for adapted transport, based on the resident with the highest assessed need.

(b) The total rate must be calculated using the following steps:

(1) subtotal paragraph (a), clauses (7) to (9), and the direct staffing cost of any shared and individual direct staff hours provided through monitoring technology that was excluded in clause (7);

(2) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization ratio;

(3) divide the result of clause (1) by one minus the result of clause (2). This is the total payment amount; and

(4) adjust the result of clause (3) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(c) The payment methodology for customized living, 24-hour customized living, and residential care services must be the customized living tool. Revisions to the customized living tool must be made to reflect the services and activities unique to disability-related recipient needs.

(d) The commissioner shall establish a Monitoring Technology Review Panel to annually review and approve the plans, safeguards, and rates that include residential direct care provided remotely through monitoring technology. Lead agencies shall submit individual service plans that include supervision using monitoring technology to the Monitoring Technology Review Panel for approval. Individual service plans that include supervision using monitoring technology as of December 31, 2013, shall be submitted to the Monitoring Technology Review Panel, but the plans are not subject to approval.

(e) For individuals enrolled prior to January 1, 2014, the days of service authorized must meet or exceed the days of service used to convert service agreements in effect on December 1, 2013, and must not result in a reduction in spending or service utilization due to conversion during the implementation period under section 256B.4913, subdivision 4a. If during the implementation period, an individual's historical rate, including adjustments required under section 256B.4913, subdivision 4a, paragraph (c), is equal to or greater than the rate determined in this subdivision, the number of days authorized for the individual is 365.

(f) The number of days authorized for all individuals enrolling after January 1, 2014, in residential services must include every day that services start and end.
Sec. 39. Minnesota Statutes 2014, section 256B.4914, subdivision 8, is amended to read:

Subd. 8. **Payments for unit-based services with programming.** Payments for unit-based with program services with programming, including behavior programming, housing access coordination, in-home family support, independent living skills training, hourly supported living services, and supported employment provided to an individual outside of any day or residential service plan must be calculated as follows, unless the services are authorized separately under subdivision 6 or 7:

1. determine the number of units of service to meet a recipient's needs;
2. personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;
3. for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct-care rate;
4. multiply the number of direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a), or the customized direct-care rate;
5. multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (e), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (16);
6. combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (e), clause (2). This is defined as the direct staffing rate;
7. for program plan support, multiply the result of clause (6) by one plus the program plan supports ratio in subdivision 5, paragraph (e), clause (4);
8. for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (e), clause (3);
9. for client programming and supports, multiply the result of clause (8) by one plus the client programming and supports ratio in subdivision 5, paragraph (e), clause (5);
10. this is the subtotal rate;
11. sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;
12. divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount;
13. for supported employment provided in a shared manner, divide the total payment amount in clause (12) by the number of service recipients, not to exceed three. For independent living skills training provided in a shared manner, divide the total payment amount in clause (12) by the number of service recipients, not to exceed two; and
14. adjust the result of clause (13) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.
Sec. 40. Minnesota Statutes 2014, section 256B.4914, subdivision 10, is amended to read:

Subd. 10. **Updating payment values and additional information.** (a) From January 1, 2014, through December 31, 2017, the commissioner shall develop and implement uniform procedures to refine terms and adjust values used to calculate payment rates in this section.

(b) No later than July 1, 2014, the commissioner shall, within available resources, begin to conduct research and gather data and information from existing state systems or other outside sources on the following items:

(1) differences in the underlying cost to provide services and care across the state; and

(2) mileage, vehicle type, lift requirements, incidents of individual and shared rides, and units of transportation for all day services, which must be collected from providers using the rate management worksheet and entered into the rates management system; and

(3) the distinct underlying costs for services provided by a license holder under sections 245D.05, 245D.06, 245D.07, 245D.071, 245D.081, and 245D.09, and for services provided by a license holder certified under section 245D.33.

(c) Using a statistically valid set of rates management system data, the commissioner, in consultation with stakeholders, shall analyze for each service the average difference in the rate on December 31, 2013, and the framework rate at the individual, provider, lead agency, and state levels. The commissioner shall issue semiannual reports to the stakeholders on the difference in rates by service and by county during the banding period under section 256B.4913, subdivision 4a. The commissioner shall issue the first report by October 1, 2014.

(d) No later than July 1, 2014, the commissioner, in consultation with stakeholders, shall begin the review and evaluation of the following values already in subdivisions 6 to 9, or issues that impact all services, including, but not limited to:

(1) values for transportation rates for day services;

(2) values for transportation rates in residential services;

(3) values for services where monitoring technology replaces staff time;

(4) values for indirect services;

(5) values for nursing;

(6) component values for independent living skills;

(7) component values for family foster care that reflect licensing requirements;

(8) adjustments to other components to replace the budget neutrality factor;

(9) remote monitoring technology for nonresidential services;

(10) values for basic and intensive services in residential services;

(11) values for the facility use rate in day services, and the weightings used in the day service ratios and adjustments to those weightings;
(12) values for workers' compensation as part of employee-related expenses;

(13) values for unemployment insurance as part of employee-related expenses;

(14) a component value to reflect costs for individuals with rates previously adjusted for the inclusion of group residential housing rate 3 costs, only for any individual enrolled as of December 31, 2013; and

(15) any changes in state or federal law with an impact on the underlying cost of providing home and community-based services.

(e) The commissioner shall report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance with the information and data gathered under paragraphs (b) to (d) on the following dates:

(1) January 15, 2015, with preliminary results and data;

(2) January 15, 2016, with a status implementation update, and additional data and summary information;

(3) January 15, 2017, with the full report; and

(4) January 15, 2019, with another full report, and a full report once every four years thereafter.

(f) Based on the commissioner's evaluation of the information and data collected in paragraphs (b) to (d), the commissioner shall make recommendations to the legislature by January 15, 2015, to address any issues identified during the first year of implementation. After January 15, 2015, the commissioner may make recommendations to the legislature to address potential issues.

(g) The commissioner shall implement a regional adjustment factor to all rate calculations in subdivisions 6 to 9, effective no later than January 1, 2015. Prior to implementation, the commissioner shall consult with stakeholders on the methodology to calculate the adjustment.

(h) The commissioner shall provide a public notice via LISTSERV in October of each year beginning October 1, 2014, containing information detailing legislatively approved changes in:

(1) calculation values including derived wage rates and related employee and administrative factors;

(2) service utilization;

(3) county and tribal allocation changes; and

(4) information on adjustments made to calculation values and the timing of those adjustments.

The information in this notice must be effective January 1 of the following year.

(i) No later than July 1, 2016, the commissioner shall develop and implement, in consultation with stakeholders, a methodology sufficient to determine the shared staffing levels necessary to meet, at a minimum, health and welfare needs of individuals who will be living together in shared residential settings, and the required shared staffing activities described in subdivision 2, paragraph (l). This determination methodology must ensure staffing levels are adaptable to meet the needs and desired outcomes for current and prospective residents in shared residential settings.
(j) When the available shared staffing hours in a residential setting are insufficient to meet the needs of an individual who enrolled in residential services after January 1, 2014, or insufficient to meet the needs of an individual with a service agreement adjustment described in section 256B.4913, subdivision 4a, paragraph (f), then individual staffing hours shall be used.

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

Sec. 41. Minnesota Statutes 2014, section 256B.4914, subdivision 14, is amended to read:

Subd. 14. **Exceptions.** (a) In a format prescribed by the commissioner, lead agencies must identify individuals with exceptional needs that cannot be met under the disability waiver rate system. The commissioner shall use that information to evaluate and, if necessary, approve an alternative payment rate for those individuals. Whether granted, denied, or modified, the commissioner shall respond to all exception requests in writing. The commissioner shall include in the written response the basis for the action and provide notification of the right to appeal under paragraph (h).

(b) Lead agencies must act on an exception request within 30 days and notify the initiator of the request of their recommendation in writing. A lead agency shall submit all exception requests along with its recommendation to the state commissioner.

(c) An application for a rate exception may be submitted for the following criteria:

1. An individual has service needs that cannot be met through additional units of service; or

2. An individual's rate determined under subdivisions 6, 7, 8, and 9 results is so insufficient that it has resulted in an individual being discharged receiving a notice of discharge from the individual's provider; or

3. An individual's service needs, including behavioral changes, require a level of service which necessitates a change in provider or which requires the current provider to propose service changes beyond those currently authorized.

(d) Exception requests must include the following information:

1. The service needs required by each individual that are not accounted for in subdivisions 6, 7, 8, and 9;

2. The service rate requested and the difference from the rate determined in subdivisions 6, 7, 8, and 9;

3. A basis for the underlying costs used for the rate exception and any accompanying documentation; and

4. The duration of the rate exception; and

5. Any contingencies for approval.

(e) Approved rate exceptions shall be managed within lead agency allocations under sections 256B.092 and 256B.49.

(f) Individual disability waiver recipients, an interested party, or the license holder that would receive the rate exception increase may request that a lead agency submit an exception request. A lead agency that denies such a request shall notify the individual waiver recipient, interested party, or license holder of its decision and the reasons for denying the request in writing no later than 30 days after the individual’s request has been made and shall submit its denial to the commissioner in accordance with paragraph (b). The reasons for the denial must be based on the failure to meet the criteria in paragraph (c).
(g) The commissioner shall determine whether to approve or deny an exception request no more than 30 days after receiving the request. If the commissioner denies the request, the commissioner shall notify the lead agency and the individual disability waiver recipient, the interested party, and the license holder in writing of the reasons for the denial.

(h) The individual disability waiver recipient may appeal any denial of an exception request by either the lead agency or the commissioner, pursuant to sections 256.045 and 256.0451. When the denial of an exception request results in the proposed demission of a waiver recipient from a residential or day habilitation program, the commissioner shall issue a temporary stay of demission, when requested by the disability waiver recipient, consistent with the provisions of section 256.045, subdivisions 4a and 6, paragraph (c). The temporary stay shall remain in effect until the lead agency can provide an informed choice of appropriate, alternative services to the disability waiver.

(i) Providers may petition lead agencies to update values that were entered incorrectly or erroneously into the rate management system, based on past service level discussions and determination in subdivision 4, without applying for a rate exception.

(j) The starting date for the rate exception will be the later of the date of the recipient's change in support or the date of the request to the lead agency for an exception.

(k) The commissioner shall track all exception requests received and their dispositions. The commissioner shall issue quarterly public exceptions statistical reports, including the number of exception requests received and the numbers granted, denied, withdrawn, and pending. The report shall include the average amount of time required to process exceptions.

(l) No later than January 15, 2016, the commissioner shall provide research findings on the estimated fiscal impact, the primary cost drivers, and common population characteristics of recipients with needs that cannot be met by the framework rates.

(m) No later than July 1, 2016, the commissioner shall develop and implement, in consultation with stakeholders, a process to determine eligibility for rate exceptions for individuals with rates determined under the methodology in section 256B.4913, subdivision 4a. Determination of eligibility for an exception will occur as annual service renewals are completed.

(n) Approved rate exceptions will be implemented at such time that the individual's rate is no longer banded and remain in effect in all cases until an individual's needs change as defined in paragraph (c).

Sec. 42. Minnesota Statutes 2014, section 256B.4914, subdivision 15, is amended to read:

Subd. 15. County or tribal allocations. (a) Upon implementation of the disability waiver rates management system on January 1, 2014, the commissioner shall establish a method of tracking and reporting the fiscal impact of the disability waiver rates management system on individual lead agencies.

(b) Beginning January 1, 2014, the commissioner shall make annual adjustments to lead agencies' home and community-based waivered service budget allocations to adjust for rate differences and the resulting impact on county allocations upon implementation of the disability waiver rates system.

(c) During the first two years of implementation under section 256B.4913, Lead agencies exceeding their allocations shall be subject to the provisions under sections 256B.092, 256B.0916, subdivision 11, and 256B.49 shall only be held liable for spending in excess of their allocations after a reallocation of resources by the commissioner under paragraph (b). The commissioner shall reallocate resources under sections 256B.092, subdivision 12, and 256B.49, subdivision 11a. The commissioner shall notify lead agencies of this process by July 1, 2014. 256B.49, subdivision 26.
Sec. 43. Minnesota Statutes 2014, section 256B.492, is amended to read:

256B.492 HOME AND COMMUNITY-BASED SETTINGS FOR PEOPLE WITH DISABILITIES.

(a) Individuals receiving services under a home and community-based waiver under section 256B.092 or 256B.49 may receive services in the following settings:

(1) an individual’s own home or family home and community-based settings that comply with all requirements identified by the federal Centers for Medicare and Medicaid Services in the Code of Federal Regulations, title 42, section 441.301(c), and with the requirements of the federally approved transition plan and waiver plans for each home and community-based services waiver; and

(2) a licensed adult foster care or child foster care setting of up to five people or community residential setting of up to five people; and settings required by the Housing Opportunities for Persons with AIDS Program.

(3) community living settings as defined in section 256B.49, subdivision 23, where individuals with disabilities may reside in all of the units in a building of four or fewer units, and who receive services under a home and community-based waiver occupy no more than the greater of four or 25 percent of the units in a multifamily building of more than four units, unless required by the Housing Opportunities for Persons with AIDS Program.

(b) The settings in paragraph (a) must not:

(1) be located in a building that is a publicly or privately operated facility that provides institutional treatment or custodial care;

(2) be located in a building on the grounds of or adjacent to a public or private institution;

(3) be a housing complex designed expressly around an individual’s diagnosis or disability, unless required by the Housing Opportunities for Persons with AIDS Program;

(4) be segregated based on a disability, either physically or because of setting characteristics, from the larger community; and

(5) have the qualities of an institution which include, but are not limited to: regimented meal and sleep times, limitations on visitors, and lack of privacy. Restrictions agreed to and documented in the person’s individual service plan shall not result in a residence having the qualities of an institution as long as the restrictions for the person are not imposed upon others in the same residence and are the least restrictive alternative, imposed for the shortest possible time to meet the person’s needs.

(c) The provisions of paragraphs (a) and (b) do not apply to any setting in which individuals receive services under a home and community-based waiver as of July 1, 2012, and the setting does not meet the criteria of this section.

(d) Notwithstanding paragraph (c), a program in Hennepin County established as part of a Hennepin County demonstration project is qualified for the exception allowed under paragraph (c).

(e) Notwithstanding paragraphs (a) and (b), a program in Hennepin County, located in the city of Golden Valley, within the city of Golden Valley’s Highway 55 West redevelopment area, that is not a provider-owned or controlled home and community-based setting, and is scheduled to open by July 1, 2016, is exempt from the restrictions in paragraphs (a) and (b). If the program fails to comply with the Centers for Medicare and Medicaid Services rules for home and community-based settings, the exemption is void.
EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 44. [256Q.01] PLAN ESTABLISHED.

A savings plan known as the Minnesota ABLE plan is established. In establishing this plan, the legislature seeks to encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life, and to provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, the Medicaid program under title XIX of the Social Security Act, the Supplemental Security Income program under title XVI of the Social Security Act, the beneficiary's employment, and other sources.

Sec. 45. [256Q.02] CITATION.

This chapter may be cited as the "Minnesota Achieving a Better Life Experience Act" or "Minnesota ABLE Act."

Sec. 46. [256Q.03] DEFINITIONS.

Subdivision 1. Scope. For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. ABLE account. "ABLE account" has the meaning given in section 529A(e)(6) of the Internal Revenue Code.

Subd. 3. ABLE plan or plan. "ABLE plan" or "plan" means the qualified ABLE program, as defined in section 529A(b) of the Internal Revenue Code, provided for in this chapter.

Subd. 4. Account. "Account" means the formal record of transactions relating to an ABLE plan beneficiary.

Subd. 5. Account owner. "Account owner" means the designated beneficiary of the account.

Subd. 6. Annual contribution limit. "Annual contribution limit" has the meaning given in section 529A(b)(2) of the Internal Revenue Code.

Subd. 7. Application. "Application" means the form executed by a prospective account owner to enter into a participation agreement and open an account in the plan. The application incorporates by reference the participation agreement.

Subd. 8. Board. "Board" means the State Board of Investment.

Subd. 9. Commissioner. "Commissioner" means the commissioner of human services.

Subd. 10. Contribution. "Contribution" means a payment directly allocated to an account for the benefit of a beneficiary.

Subd. 11. Department. "Department" means the Department of Human Services.
Subd. 12. **Designated beneficiary or beneficiary.** "Designated beneficiary" or "beneficiary" has the meaning given in section 529A(e)(3) of the Internal Revenue Code and further defined through regulations issued under that section.

Subd. 13. **Earnings.** "Earnings" means the total account balance minus the investment in the account.

Subd. 14. **Eligible individual.** "Eligible individual" has the meaning given in section 529A(e)(1) of the Internal Revenue Code and further defined through regulations issued under that section.

Subd. 15. **Executive director.** "Executive director" means the executive director of the State Board of Investment.

Subd. 16. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

Subd. 17. **Investment in the account.** "Investment in the account" means the sum of all contributions made to an account by a particular date minus the aggregate amount of contributions included in distributions or rollover distributions, if any, made from the account as of that date.

Subd. 18. **Member of the family.** "Member of the family" has the meaning given in section 529A(e)(4) of the Internal Revenue Code.

Subd. 19. **Participation agreement.** "Participation agreement" means an agreement to participate in the Minnesota ABLE plan between an account owner and the state through its agencies, the commissioner, and the board.

Subd. 20. **Person.** "Person" means an individual, trust, estate, partnership, association, company, corporation, or the state.

Subd. 21. **Plan administrator.** "Plan administrator" means the person selected by the commissioner and the board to administer the daily operations of the ABLE plan and provide record keeping, investment management, and other services for the plan.

Subd. 22. **Qualified disability expense.** "Qualified disability expense" has the meaning given in section 529A(e)(5) of the Internal Revenue Code and further defined through regulations issued under that section.

Subd. 23. **Qualified distribution.** "Qualified distribution" means a withdrawal from an ABLE account to pay the qualified disability expenses of the beneficiary of the account. A qualified withdrawal may be made by the beneficiary, by an agent of the beneficiary who has the power of attorney, or by the beneficiary's legal guardian.

Subd. 24. **Rollover distribution.** "Rollover distribution" means a transfer of funds made:

(1) from one account in another state's qualified ABLE program to an account for the benefit of the same designated beneficiary or an eligible individual who is a family member of the former designated beneficiary; or

(2) from one account to another account for the benefit of an eligible individual who is a family member of the former designated beneficiary.

Subd. 25. **Total account balance.** "Total account balance" means the amount in an account on a particular date or the fair market value of an account on a particular date.
Sec. 47. [256Q.04] ABLE PLAN REQUIREMENTS.

Subdivision 1. State residency requirement. The designated beneficiary of an ABLE account must be a resident of Minnesota, or the resident of a state that has entered into a contract with Minnesota to provide its residents access to the Minnesota ABLE plan.

Subd. 2. Single account requirement. No more than one ABLE account shall be established per beneficiary, except as permitted under section 529A(c)(4) of the Internal Revenue Code.

Subd. 3. Accounts-type plan. The plan must be operated as an accounts-type plan. A separate account must be maintained for each designated beneficiary for whom contributions are made.

Subd. 4. Contribution and account requirements. Contributions to an ABLE account are subject to the requirements of section 529A(b)(2) of the Internal Revenue Code prohibiting noncash contributions and contributions in excess of the annual contribution limit. The total account balance may not exceed the maximum account balance limit imposed under section 136G.09, subdivision 8.

Subd. 5. Limited investment direction. Designated beneficiaries may not direct the investment of assets in their accounts more than twice in any calendar year.

Subd. 6. Security for loans. An interest in an account must not be used as security for a loan.

Sec. 48. [256Q.05] ABLE PLAN ADMINISTRATION.

Subdivision 1. Plan to comply with federal law. The commissioner shall ensure that the plan meets the requirements for an ABLE account under section 529A of the Internal Revenue Code, including any regulations released after the effective date of this section. The commissioner may request a private letter ruling or rulings from the Internal Revenue Service or Secretary of Health and Human Services and must take any necessary steps to ensure that the plan qualifies under relevant provisions of federal law.

Subd. 2. Plan rules and procedures. (a) The commissioner shall establish the rules, terms, and conditions for the plan, subject to the requirements of this chapter and section 529A of the Internal Revenue Code.

(b) The commissioner shall prescribe the application forms, procedures, and other requirements that apply to the plan.

Subd. 3. Consultation with other state agencies; annual fee. In designing and establishing the plan’s requirements and in negotiating or entering into contracts with third parties under subdivision 4, the commissioner shall consult with the executive director of the board and the commissioner of the Office of Higher Education. The commissioner and the executive director shall establish an annual fee, equal to a percentage of the average daily net assets of the plan, to be imposed on account owners to recover the costs of administration, record keeping, and investment management as provided in subdivision 5.

Subd. 4. Administration. The commissioner shall administer the plan, including accepting and processing applications, verifying state residency, verifying eligibility, maintaining account records, making payments, and undertaking any other necessary tasks to administer the plan. Notwithstanding other requirements of this chapter, the commissioner shall adopt rules for purposes of implementing and administering the plan. The commissioner may contract with one or more third parties to carry out some or all of these administrative duties, including providing incentives. The commissioner and the board may jointly contract with third-party providers, if the commissioner and board determine that it is desirable to contract with the same entity or entities for administration and investment management.
Subd. 5. Authority to impose fees. The commissioner, or the commissioner's designee, may impose annual fees, as provided in subdivision 3, on account owners to recover the costs of administration. The commissioner must keep the fees as low as possible, consistent with efficient administration, so that the returns on savings invested in the plan are as high as possible.

Subd. 6. Federally mandated reporting. (a) As required under section 529A(d) of the Internal Revenue Code, the commissioner or the commissioner's designee shall submit a notice to the Secretary of the Treasury upon the establishment of each ABLE account. The notice must contain the name and state of residence of the designated beneficiary and other information as the secretary may require.

(b) As required under section 529A(d) of the Internal Revenue Code, the commissioner or the commissioner's designee shall submit electronically on a monthly basis to the Commissioner of Social Security, in a manner specified by the Commissioner of Social Security, statements on relevant distributions and account balances from all ABLE accounts.

Subd. 7. Data. (a) Data on ABLE accounts and designated beneficiaries of ABLE accounts are private data on individuals or nonpublic data as defined in section 13.02.

(b) The commissioner may share or disseminate data classified as private or nonpublic in this subdivision as follows:

(1) with other state or federal agencies, only to the extent necessary to verify identity of, determine the eligibility of, or process applications for an eligible individual participating in the Minnesota ABLE plan; and

(2) with a nongovernmental person, only to the extent necessary to carry out the functions of the Minnesota ABLE plan, provided the commissioner has entered into a data-sharing agreement with the person, as provided in section 13.05, subdivision 6, prior to sharing data under this clause or a contract with that person that complies with section 13.05, subdivision 11, as applicable.

Sec. 49. [256Q.06] PLAN ACCOUNTS.

Subdivision 1. Contributions to an account. Any person may make contributions to an ABLE account on behalf of a designated beneficiary. Contributions to an account made by persons other than the account owner become the property of the account owner. A person does not acquire an interest in an ABLE account by making contributions to an account. Contributions to an account must be made in cash, by check, or by other commercially acceptable means, as permitted by the Internal Revenue Service and approved by the plan administrator in cooperation with the commissioner and the board.

Subd. 2. Contribution and account limitations. Contributions to an ABLE account are subject to the requirements of section 529A(b) of the Internal Revenue Code. The total account balance of an ABLE account may not exceed the maximum account balance limit imposed under section 136G.09, subdivision 8. The plan administrator must reject any portion of a contribution to an account that exceeds the annual contribution limit or that would cause the total account balance to exceed the maximum account balance limit imposed under section 136G.09, subdivision 8.

Subd. 3. Authority of account owner. An account owner is the only person entitled to:

(1) request distributions;

(2) request rollover distributions; or
(3) change the beneficiary of an ABLE account to a member of the family of the current beneficiary, but only if the beneficiary to whom the ABLE account is transferred is an eligible individual.

Subd. 4. **Effect of plan changes on participation agreement.** Amendments to this chapter automatically amend the participation agreement. Any amendments to the operating procedures and policies of the plan automatically amend the participation agreement after adoption by the commissioner or the board.

Subd. 5. **Special account to hold plan assets in trust.** All assets of the plan, including contributions to accounts, are held in trust for the exclusive benefit of account owners. Assets must be held in a separate account in the state treasury to be known as the Minnesota ABLE plan account or in accounts with the third-party provider selected pursuant to section 256Q.05, subdivision 4. Plan assets are not subject to claims by creditors of the state, are not part of the general fund, and are not subject to appropriation by the state. Payments from the Minnesota ABLE plan account shall be made under this chapter.

Sec. 50. **[256Q.07] INVESTMENT OF ABLE ACCOUNTS.**

Subdivision 1. **State Board of Investment to invest.** The State Board of Investment shall invest the money deposited in accounts in the plan.

Subd. 2. **Permitted investments.** The board may invest the accounts in any permitted investment under section 11A.24, except that the accounts may be invested without limit in investment options from open-ended investment companies registered under the federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64.

Subd. 3. **Contracting authority.** The board may contract with one or more third parties for investment management, record keeping, or other services in connection with investing the accounts. The board and commissioner may jointly contract with third-party providers, if the commissioner and board determine that it is desirable to contract with the same entity or entities for administration and investment management.

Sec. 51. **[256Q.08] ACCOUNT DISTRIBUTIONS.**

Subdivision 1. **Qualified distribution methods.** (a) Qualified distributions may be made:

(1) directly to participating providers of goods and services that are qualified disability expenses, if purchased for a beneficiary;

(2) in the form of a check payable to both the beneficiary and provider of goods or services that are qualified disability expenses; or

(3) directly to the beneficiary, if the beneficiary has already paid qualified disability expenses.

(b) Qualified distributions must be withdrawn proportionally from contributions and earnings in an account owner's account on the date of distribution as provided in section 529A of the Internal Revenue Code.

Subd. 2. **Distributions upon death of a beneficiary.** Upon the death of a beneficiary, the amount remaining in the beneficiary's account must be distributed pursuant to section 529A(f) of the Internal Revenue Code.

Subd. 3. **Nonqualified distribution.** An account owner may request a nonqualified distribution from an account at any time. Nonqualified distributions are based on the total account balances in an account owner's account and must be withdrawn proportionally from contributions and earnings as provided in section 529A of the Internal Revenue Code. The earnings portion of a nonqualified distribution is subject to a federal additional tax.
pursuant to section 529A of the Internal Revenue Code. For purposes of this subdivision, "earnings portion" means the ratio of the earnings in the account to the total account balance, immediately prior to the distribution, multiplied by the distribution.

Sec. 52. **INDIVIDUAL PROVIDERS OF DIRECT SUPPORT SERVICES.**

The labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota, submitted to the Legislative Coordinating Commission on March 2, 2015, is ratified.

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

Sec. 53. **RATE INCREASE FOR DIRECT SUPPORT SERVICES PROVIDERS WORKFORCE NEGOTIATIONS.**

(a) If the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved pursuant to Minnesota Statutes, sections 3.855 and 179A.22, the commissioner of human services shall increase reimbursement rates, individual budgets, grants, or allocations by 1.53 percent for services provided on or after July 1, 2015, and by an additional 0.2 percent for services provided on or after July 1, 2016, to implement the minimum hourly wage and paid time off provisions of that agreement.

(b) The rate changes described in this section apply to direct support services provided through a covered program, as defined in Minnesota Statutes, section 256B.0711, subdivision 1.

Sec. 54. **CONSUMER-DIRECTED COMMUNITY SUPPORTS BUDGET METHODOLOGY EXCEPTION.**

(a) No later than September 30, 2015, if necessary, the commissioner of human services shall submit an amendment to the Centers for Medicare and Medicaid Services for the home and community-based services waivers authorized under Minnesota Statutes, sections 256B.092 and 256B.49, to establish an exception to the consumer-directed community supports budget methodology to provide up to 20 percent more funds for:

(1) consumer-directed community supports participants who have graduated from high school and have a coordinated service and support plan which identifies the need for more services under consumer-directed community supports, either prior to graduation or in order to increase the amount of time a person works or to improve their employment opportunities, than the amount they are eligible to receive under the current consumer-directed community supports budget methodology; and

(2) home and community-based waiver participants who are currently using licensed services for employment supports or services during the day which cost more annually than the person would spend under a consumer-directed community supports plan for individualized employment supports or services during the day.

(b) The exception under paragraph (a) is limited to those persons who can demonstrate either that they will have to leave consumer-directed community supports and use other waiver services because their need for day or employment supports cannot be met within the consumer-directed community supports budget limits or they will move to consumer-directed community supports and their services will cost less than services currently being used.

**EFFECTIVE DATE.** The exception under this section is effective October 1, 2015, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when this occurs.
Sec. 55. **HOME AND COMMUNITY-BASED SERVICES INCENTIVE POOL.**

The commissioner of human services shall develop an initiative to provide incentives for innovation in achieving integrated competitive employment, living in the most integrated setting, and other outcomes determined by the commissioner. The commissioner shall seek requests for proposals and shall contract with one or more entities to provide incentive payments for meeting identified outcomes. The initial requests for proposals must be issued by October 1, 2016.

Sec. 56. **DIRECTION TO COMMISSIONER; REPORTS REQUIRED.**

The commissioner of human services shall develop and submit reports to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over health and human services policy and finance on the implementation of Minnesota Statutes, sections 256B.0916, subdivisions 2, 11, and 12, and 256B.49, subdivisions 26 and 27. The commissioner shall submit two reports, one by February 15, 2018, and the second by February 15, 2019.

Sec. 57. **INSTRUCTIONS TO THE COMMISSIONER.**

The commissioner shall determine the number of individuals who were determined to be ineligible to receive community first services and supports because they did not require constant supervision and cuing in order to accomplish activities of daily living. The commissioner shall issue a report with these findings to the chairs and ranking minority members of the house and senate committees with jurisdiction over human services programs.

Sec. 58. **REPEALER.**

Laws 2012, chapter 247, article 4, section 47, as amended by Laws 2014, chapter 312, article 27, section 72, is repealed upon the effective date of section 54.

ARTICLE 8
HEALTH DEPARTMENT AND PUBLIC HEALTH

Section 1. Minnesota Statutes 2014, section 16A.724, subdivision 2, is amended to read:

Subd. 2. Transfers. (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective for the biennium beginning July 1, 2007, the commissioner of management and budget shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in any fiscal biennium shall not exceed $96,000,000. The purpose of this transfer is to meet the rate increase required under Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6.

(b) For fiscal years 2006 to 2011, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

(c) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund after the transfer required in paragraph (a), effective for the biennium beginning July 1, 2013, the commissioner of management and budget shall transfer $1,000,000 each fiscal year from the health access fund to the medical education and research costs fund established under section 62J.692, for distribution under section 62J.692, subdivision 4, paragraph (c)
Sec. 2. Minnesota Statutes 2014, section 62J.498, is amended to read:

62J.498 HEALTH INFORMATION EXCHANGE.

Subdivision 1. Definitions. The following definitions apply to sections 62J.498 to 62J.4982:

(a) "Clinical data repository" means a real time database that consolidates data from a variety of clinical sources to present a unified view of a single patient and is used by a state-certified health information exchange service provider to enable health information exchange among health care providers that are not related health care entities as defined in section 144.291, subdivision 2, paragraph (j). This does not include clinical data that are submitted to the commissioner for public health purposes required or permitted by law, including any rules adopted by the commissioner.

(b) "Clinical transaction" means any meaningful use transaction or other health information exchange transaction that is not covered by section 62J.536.

(c) "Commissioner" means the commissioner of health.

(d) "Direct health information exchange" means the electronic transmission of health-related information through a direct connection between the electronic health record systems of health care providers without the use of a health data intermediary.

(e) "Health care provider" or "provider" means a health care provider or provider as defined in section 62J.03, subdivision 8.

(f) "Health data intermediary" means an entity that provides the infrastructure technical capabilities or related products and services to connect computer systems or other electronic devices used by health care providers, laboratories, pharmacies, health plans, third-party administrators, or pharmacy benefit managers to facilitate the secure transmission of health information, including enable health information exchange among health care providers that are not related health care entities as defined in section 144.291, subdivision 2, paragraph (j). This includes but is not limited to: health information service providers (HISP), electronic health record vendors, and pharmaceutical electronic data intermediaries as defined in section 62J.495. This does not include health care providers engaged in direct health information exchange.

(g) "Health information exchange" means the electronic transmission of health-related information between organizations according to nationally recognized standards.

(h) "Health information exchange service provider" means a health data intermediary or health information organization that has been issued a certificate of authority by the commissioner under section 62J.4981.

(i) "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act as defined in section 62J.495.
(j) "Major participating entity" means:

(1) a participating entity that receives compensation for services that is greater than 30 percent of the health information organization’s gross annual revenues from the health information exchange service provider;

(2) a participating entity providing administrative, financial, or management services to the health information organization, if the total payment for all services provided by the participating entity exceeds three percent of the gross revenue of the health information organization; and

(3) a participating entity that nominates or appoints 30 percent or more of the board of directors or equivalent governing body of the health information organization.

(k) "Master patient index" means an electronic database that holds unique identifiers of patients registered at a care facility and is used by a state-certified health information exchange service provider to enable health information exchange among health care providers that are not related health care entities as defined in section 144.291, subdivision 2, paragraph (j). This does not include data that are submitted to the commissioner for public health purposes required or permitted by law, including any rules adopted by the commissioner.

(l) "Meaningful use" means use of certified electronic health record technology that includes e-prescribing, and is connected in a manner that provides for the electronic exchange of health information and used for the submission of clinical quality measures to improve quality, safety, and efficiency and reduce health disparities; engage patients and families; improve care coordination and population and public health; and maintain privacy and security of patient health information as established by the Center for Medicare and Medicaid Services and the Minnesota Department of Human Services pursuant to sections 4101, 4102, and 4201 of the HITECH Act.

(m) "Meaningful use transaction" means an electronic transaction that a health care provider must exchange to receive Medicare or Medicaid incentives or avoid Medicare penalties pursuant to sections 4101, 4102, and 4201 of the HITECH Act.

(n) "Participating entity" means any of the following persons, health care providers, companies, or other organizations with which a health information organization or health data intermediary has contracts or other agreements for the provision of health information exchange services:

(1) a health care facility licensed under sections 144.50 to 144.56, a nursing home licensed under sections 144A.02 to 144A.10, and any other health care facility otherwise licensed under the laws of this state or registered with the commissioner;

(2) a health care provider, and any other health care professional otherwise licensed under the laws of this state or registered with the commissioner;

(3) a group, professional corporation, or other organization that provides the services of individuals or entities identified in clause (2), including but not limited to a medical clinic, a medical group, a home health care agency, an urgent care center, and an emergent care center;

(4) a health plan as defined in section 62A.011, subdivision 3; and

(5) a state agency as defined in section 13.02, subdivision 17.

(o) "Reciprocal agreement" means an arrangement in which two or more health information exchange service providers agree to share in-kind services and resources to allow for the pass-through of meaningful use clinical transactions.
(p) "State-certified health data intermediary" means a health data intermediary that—has been issued a certificate of authority to operate in Minnesota.

(1) provides a subset of the meaningful use transaction capabilities necessary for hospitals and providers to achieve meaningful use of electronic health records;

(2) is not exclusively engaged in the exchange of meaningful use transactions covered by section 62J.536; and

(3) has been issued a certificate of authority to operate in Minnesota.

(q) "State-certified health information organization" means a nonprofit health information organization that provides transaction capabilities necessary to fully support clinical transactions required for meaningful use of electronic health records that has been issued a certificate of authority to operate in Minnesota.

Subd. 2. Health information exchange oversight. (a) The commissioner shall protect the public interest on matters pertaining to health information exchange. The commissioner shall:

(1) review and act on applications from health data intermediaries and health information organizations for certificates of authority to operate in Minnesota;

(2) provide ongoing monitoring to ensure compliance with criteria established under sections 62J.498 to 62J.4982;

(3) respond to public complaints related to health information exchange services;

(4) take enforcement actions as necessary, including the imposition of fines, suspension, or revocation of certificates of authority as outlined in section 62J.4982;

(5) provide a biennial report on the status of health information exchange services that includes but is not limited to:

(i) recommendations on actions necessary to ensure that health information exchange services are adequate to meet the needs of Minnesota citizens and providers statewide;

(ii) recommendations on enforcement actions to ensure that health information exchange service providers act in the public interest without causing disruption in health information exchange services;

(iii) recommendations on updates to criteria for obtaining certificates of authority under this section; and

(iv) recommendations on standard operating procedures for health information exchange, including but not limited to the management of consumer preferences; and

(6) other duties necessary to protect the public interest.

(b) As part of the application review process for certification under paragraph (a), prior to issuing a certificate of authority, the commissioner shall:

(1) hold public hearings that provide an adequate opportunity for participating entities and consumers to provide feedback and recommendations on the application under consideration. The commissioner shall make all portions of the application classified as public data available to the public for at least ten days in advance of the hearing while an application is under consideration. At the request of the commissioner, the applicant shall participate in the public hearing by presenting an overview of their application and responding to questions from interested parties; and
(2) make available all feedback and recommendations gathered at the hearing available to the public prior to issuing a certificate of authority; and

(3) consult with hospitals, physicians, and other professionals eligible to receive meaningful use incentive payments or subject to penalties as established in the HITECH Act, and their respective statewide associations, providers prior to issuing a certificate of authority.

(c) When the commissioner is actively considering a suspension or revocation of a certificate of authority as described in section 62J.4982, subdivision 3, all investigatory data that are collected, created, or maintained related to the suspension or revocation are classified as confidential data on individuals and as protected nonpublic data in the case of data not on individuals.

(d) The commissioner may disclose data classified as protected nonpublic or confidential under paragraph (c) if disclosing the data will protect the health or safety of patients.

(e) After the commissioner makes a final determination regarding a suspension or revocation of a certificate of authority, all minutes, orders for hearing, findings of fact, conclusions of law, and the specification of the final disciplinary action, are classified as public data.

Sec. 3. Minnesota Statutes 2014, section 62J.4981, is amended to read:

62J.4981 CERTIFICATE OF AUTHORITY TO PROVIDE HEALTH INFORMATION EXCHANGE SERVICES.

Subdivision 1. Authority to require organizations to apply. The commissioner shall require an entity providing health information exchange services a health data intermediary or a health information organization to apply for a certificate of authority under this section. An applicant may continue to operate until the commissioner acts on the application. If the application is denied, the applicant is considered a health information exchange service provider whose certificate of authority has been revoked under section 62J.4982, subdivision 2, paragraph (d).

Subd. 2. Certificate of authority for health data intermediaries. (a) A health data intermediary that provides health information exchange services for the transmission of one or more clinical transactions necessary for hospitals, providers, or eligible professionals to achieve meaningful use must be registered with certified by the state and comply with requirements established in this section.

(b) Notwithstanding any law to the contrary, any corporation organized to do so may apply to the commissioner for a certificate of authority to establish and operate as a health data intermediary in compliance with this section. No person shall establish or operate a health data intermediary in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health data intermediary contract unless the organization has a certificate of authority or has an application under active consideration under this section.

(c) In issuing the certificate of authority, the commissioner shall determine whether the applicant for the certificate of authority has demonstrated that the applicant meets the following minimum criteria:

(1) interoperate with at least one state-certified health information organization;

(2) provide an option for Minnesota entities to connect to their services through at least one state-certified health information organization;
(3) have a record locator service as defined in section 144.291, subdivision 2, paragraph (i), that is compliant with the requirements of section 144.293, subdivision 8, when conducting meaningful use transactions; and

(4) (1) hold reciprocal agreements with at least one state-certified health information organization to enable access to record locator services to find patient data, and for the transmission and receipt of meaningful use clinical transactions consistent with the format and content required by national standards established by Centers for Medicare and Medicaid Services. Reciprocal agreements must meet the requirements established in subdivision 5; and

(2) participate in statewide shared health information exchange services as defined by the commissioner to support interoperability between state-certified health information organizations and state-certified health data intermediaries.

Subd. 3. Certificate of authority for health information organizations. (a) A health information organization that provides all electronic capabilities for the transmission of clinical transactions necessary for meaningful use of electronic health records must obtain a certificate of authority from the commissioner and demonstrate compliance with the criteria in paragraph (c).

(b) Notwithstanding any law to the contrary, a nonprofit corporation organized to do so an organization may apply for a certificate of authority to establish and operate a health information organization under this section. No person shall establish or operate a health information organization in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health information organization or health information contract unless the organization has a certificate of authority under this section.

(c) In issuing the certificate of authority, the commissioner shall determine whether the applicant for the certificate of authority has demonstrated that the applicant meets the following minimum criteria:

(1) the entity is a legally established nonprofit organization;

(2) appropriate insurance, including liability insurance, for the operation of the health information organization is in place and sufficient to protect the interest of the public and participating entities;

(3) strategic and operational plans clearly address governance, technical infrastructure, legal and policy issues, finance, and business operations in regard to how the organization will expand technical capacity of the health information organization to support providers in achieving meaningful use of electronic health records health information exchange goals over time;

(4) the entity addresses the parameters to be used with participating entities and other health information organizations exchange service providers for meaningful use clinical transactions, compliance with Minnesota law, and interstate health information exchange in trust agreements;

(5) the entity’s board of directors or equivalent governing body is composed of members that broadly represent the health information organization’s participating entities and consumers;

(6) the entity maintains a professional staff responsible to the board of directors or equivalent governing body with the capacity to ensure accountability to the organization’s mission;

(7) the organization is compliant with criteria established under the Health Information Exchange Accreditation Program of the Electronic Healthcare Network Accreditation Commission (EHNAC) or equivalent criteria established national certification and accreditation programs designated by the commissioner;
(8) the entity maintains the capability to query for patient information based on national standards. The query capability may utilize a master patient index, clinical data repository, or record locator service as defined in section 144.291, subdivision 2, paragraph (i), that is, ... The entity must be compliant with the requirements of section 144.293, subdivision 8, when conducting meaningful use clinical transactions;

(9) the organization demonstrates interoperability with all other state-certified health information organizations using nationally recognized standards;

(10) the organization demonstrates compliance with all privacy and security requirements required by state and federal law; and

(11) the organization uses financial policies and procedures consistent with generally accepted accounting principles and has an independent audit of the organization's financials on an annual basis.

(d) Health information organizations that have obtained a certificate of authority must:

(1) meet the requirements established for connecting to the Nationwide Health Information Network (NHIN) within the federally mandated timeline or within a time frame established by the commissioner and published in the State Register. If the state timeline for implementation varies from the federal timeline, the State Register notice shall include an explanation for the variation National eHealth Exchange;

(2) annually submit strategic and operational plans for review by the commissioner that address:

(i) increasing adoption rates to include a sufficient number of participating entities to achieve financial sustainability; and

(ii) progress in achieving objectives included in previously submitted strategic and operational plans across the following domains: business and technical operations, technical infrastructure, legal and policy issues, finance, and organizational governance;

(3) develop and maintain a business plan that addresses:

(i) (ii) plans for ensuring the necessary capacity to support meaningful use clinical transactions;

(ii) (iii) approach for attaining financial sustainability, including public and private financing strategies, and rate structures;

(iii) (iv) rates of adoption, utilization, and transaction volume, and mechanisms to support health information exchange; and

(iv) (v) an explanation of methods employed to address the needs of community clinics, critical access hospitals, and free clinics in accessing health information exchange services;

(4) annually submit a rate plan to the commissioner outlining fee structures for health information exchange services for approval by the commissioner. The commissioner shall approve the rate plan if it:

(i) distributes costs equitably among users of health information services;

(ii) provides predictable costs for participating entities;
(iii) covers all costs associated with conducting the full range of meaningful use clinical transactions, including access to health information retrieved through other state-certified health information exchange service providers; and

(iv) provides for a predictable revenue stream for the health information organization and generates sufficient resources to maintain operating costs and develop technical infrastructure necessary to serve the public interest;

(5) (3) enter into reciprocal agreements with all other state-certified health information organizations and state-certified health data intermediaries to enable access to record locator services to find patient data, and for the transmission and receipt of meaningful use clinical transactions consistent with the format and content required by national standards established by Centers for Medicare and Medicaid Services. Reciprocal agreements must meet the requirements in subdivision 5; and

(4) participate in statewide shared health information exchange services as defined by the commissioner to support interoperability between state-certified health information organizations and state-certified health data intermediaries; and

(6) (5) comply with additional requirements for the certification or recertification of health information organizations that may be established by the commissioner.

Subd. 4. Application for certificate of authority for health information exchange service providers. (a) Each application for a certificate of authority shall be in a form prescribed by the commissioner and verified by an officer or authorized representative of the applicant. Each application shall include the following in addition to information described in the criteria in subdivisions 2 and 3:

(1) for health information organizations only, a copy of the basic organizational document, if any, of the applicant and of each major participating entity, such as the articles of incorporation, or other applicable documents, and all amendments to it;

(2) for health information organizations only, a list of the names, addresses, and official positions of the following:

(i) all members of the board of directors or equivalent governing body, and the principal officers and, if applicable, shareholders of the applicant organization; and

(ii) all members of the board of directors or equivalent governing body, and the principal officers of each major participating entity and, if applicable, each shareholder beneficially owning more than ten percent of any voting stock of the major participating entity;

(3) for health information organizations only, the name and address of each participating entity and the agreed-upon duration of each contract or agreement if applicable;

(4) a copy of each standard agreement or contract intended to bind the participating entities and the health information organization exchange service provider. Contractual provisions shall be consistent with the purposes of this section, in regard to the services to be performed under the standard agreement or contract, the manner in which payment for services is determined, the nature and extent of responsibilities to be retained by the health information organization, and contractual termination provisions;

(5) a copy of each contract intended to bind major participating entities and the health information organization. Contract information filed with the commissioner under this section shall be nonpublic as defined in section 13.02, subdivision 9;
(6) (5) a statement generally describing the health information exchange service provider, its health information exchange contracts, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide participants with comprehensive health information exchange services;

(7) financial statements showing the applicant’s assets, liabilities, and sources of financial support, including a copy of the applicant’s most recent certified financial statement;

(8) strategic and operational plans that specifically address how the organization will expand technical capacity of the health information organization to support providers in achieving meaningful use of electronic health records over time, a description of the proposed method of marketing the services, a schedule of proposed charges, and a financial plan that includes a three-year projection of the expenses and income and other sources of future capital;

(9) (6) a statement reasonably describing the geographic area or areas to be served and the type or types of participants to be served;

(10) (7) a description of the complaint procedures to be used as required under this section;

(11) (8) a description of the mechanism by which participating entities will have an opportunity to participate in matters of policy and operation;

(12) (9) a copy of any pertinent agreements between the health information organization and insurers, including liability insurers, demonstrating coverage is in place;

(13) (10) a copy of the conflict of interest policy that applies to all members of the board of directors or equivalent governing body and the principal officers of the health information organization; and

(14) (11) other information as the commissioner may reasonably require to be provided.

(b) Within 30 45 days after the receipt of the application for a certificate of authority, the commissioner shall determine whether or not the application submitted meets the requirements for completion in paragraph (a), and notify the applicant of any further information required for the application to be processed.

(c) Within 90 days after the receipt of a complete application for a certificate of authority, the commissioner shall issue a certificate of authority to the applicant if the commissioner determines that the applicant meets the minimum criteria requirements of subdivision 2 for health data intermediaries or subdivision 3 for health information organizations. If the commissioner determines that the applicant is not qualified, the commissioner shall notify the applicant and specify the reasons for disqualification.

(d) Upon being granted a certificate of authority to operate as a state-certified health information organization or state-certified health data intermediary, the organization must operate in compliance with the provisions of this section. Noncompliance may result in the imposition of a fine or the suspension or revocation of the certificate of authority according to section 62J.4982.

Subd. 5. Reciprocal agreements between health information exchange entities. (a) Reciprocal agreements between two health information organizations or between a health information organization and a health data intermediary must include a fair and equitable model for charges between the entities that:

(1) does not impede the secure transmission of clinical transactions necessary to achieve meaningful use;
(2) does not charge a fee for the exchange of meaningful use transactions transmitted according to nationally recognized standards where no additional value-added service is rendered to the sending or receiving health information organization or health data intermediary either directly or on behalf of the client;

(3) is consistent with fair market value and proportionately reflects the value-added services accessed as a result of the agreement; and

(4) prevents health care stakeholders from being charged multiple times for the same service.

(b) Reciprocal agreements must include comparable quality of service standards that ensure equitable levels of services.

(c) Reciprocal agreements are subject to review and approval by the commissioner.

(d) Nothing in this section precludes a state-certified health information organization or state-certified health data intermediary from entering into contractual agreements for the provision of value-added services beyond meaningful use transactions.

(e) The commissioner of human services or health, when providing access to data or services through a certified health information organization, must offer the same data or services directly through any certified health information organization at the same pricing, if the health information organization pays for all connection costs to the state data or service. For all external connectivity to the respective agencies through existing or future information exchange implementations, the respective agency shall establish the required connectivity methods as well as protocol standards to be utilized.

Subd. 6. State participation in health information exchange. A state agency that connects to a health information exchange service provider for the purpose of exchanging meaningful use transactions must ensure that the contracted health information exchange service provider has reciprocal agreements in place as required by this section. The reciprocal agreements must provide equal access to information supplied by the agency as necessary for meaningful use by the participating entities of the other health information service providers.

Sec. 4. Minnesota Statutes 2014, section 62J.4982, subdivision 4, is amended to read:

Subd. 4. Coordination. (a) The commissioner shall, to the extent possible, seek the advice of the Minnesota e-Health Advisory Committee, in the review and update of criteria for the certification and recertification of health information exchange service providers when implementing sections 62J.498 to 62J.4982.

(b) By January 1, 2011, the commissioner shall report to the governor and the chairs of the senate and house of representatives committees having jurisdiction over health information policy issues on the status of health information exchange in Minnesota, and provide recommendations on further action necessary to facilitate the secure electronic movement of health information among health providers that will enable Minnesota providers and hospitals to meet meaningful use exchange requirements.

Sec. 5. Minnesota Statutes 2014, section 62J.4982, subdivision 5, is amended to read:

Subd. 5. Fees and monetary penalties. (a) The commissioner shall assess fees on every health information exchange service provider subject to sections 62J.4981 and 62J.4982 as follows:

(1) filing an application for certificate of authority to operate as a health information organization, $40,500 $7,000;

(2) filing an application for certificate of authority to operate as a health data intermediary, $7,000;
(3) annual health information organization certificate fee, $14,000 $7,000; and

(4) annual health data intermediary certificate fee, $7,000; and

(5) fees for other filings, as specified by rule.

(b) Fees collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

(d) (c) Administrative monetary penalties imposed under this subdivision shall be credited to an account in the special revenue fund and are appropriated to the commissioner for the purposes of sections 62J.498 to 62J.4982.

Sec. 6. Minnesota Statutes 2014, section 62J.692, subdivision 4, is amended to read:

Subd. 4. Distribution of funds. (a) The commissioner shall annually distribute the available medical education funds to all qualifying applicants based on a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool.

Public program revenue for the distribution formula includes revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue are ineligible for funds available under this subdivision. For purposes of determining training-site level grants to be distributed under this paragraph, total statewide average costs per trainee for medical residents is based on audited clinical training costs per trainee in primary care clinical medical education programs for medical residents. Total statewide average costs per trainee for dental residents is based on audited clinical training costs per trainee in clinical medical education programs for dental students. Total statewide average costs per trainee for pharmacy residents is based on audited clinical training costs per trainee in clinical medical education programs for pharmacy students. Training sites whose training site level grant is less than $5,000, based on the formula described in this paragraph, or that train fewer than 0.1 FTE eligible trainees, are ineligible for funds available under this subdivision. No training sites shall receive a grant per FTE trainee that is in excess of the 95th percentile grant per FTE across all eligible training sites; grants in excess of this amount will be redistributed to other eligible sites based on the formula described in this paragraph.

(b) For funds distributed in fiscal years 2014 and 2015, the distribution formula shall include a supplemental public program volume factor, which is determined by providing a supplemental payment to training sites whose public program revenue accounted for at least 0.98 percent of the total public program revenue received by all eligible training sites. The supplemental public program volume factor shall be equal to ten percent of each training site's grant for funds distributed in fiscal year 2014 and for funds distributed in fiscal year 2015. Grants to training sites whose public program revenue accounted for less than 0.98 percent of the total public program revenue received by all eligible training sites shall be reduced by an amount equal to the total value of the supplemental payment. For fiscal year 2016 and beyond, the distribution of funds shall be based solely on the public program volume factor as described in paragraph (a).

(c) Of available medical education funds, $1,000,000 shall be distributed each year for grants to family medicine residency programs located outside the seven-county metropolitan area, as defined in section 473.121, subdivision 4, focused on education and training of family medicine physicians to serve communities outside the metropolitan area. To be eligible for a grant under this paragraph, a family medicine residency program must demonstrate that over the most recent three calendar years, at least 25 percent of its residents practice in Minnesota communities outside the metropolitan area. Grant funds must be allocated proportionally based on the number of residents per eligible residency program.
(d) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(e) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds allocated under paragraphs (a) and (b) to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the Department of Education or the Centers for Medicare and Medicaid Services, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

1. develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and
2. take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(f) Use of funds is limited to expenses related to clinical training program costs for eligible programs.

(g) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(h) A maximum of $150,000 of the funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), may be used by the commissioner for administrative expenses associated with implementing this section.

Sec. 7. Minnesota Statutes 2014, section 62Q.37, subdivision 2, is amended to read:

Subd. 2. Definitions. For purposes of this section, the following terms have the meanings given them.

(a) "Commissioner" means the commissioner of health for purposes of regulating health maintenance organizations and community integrated service networks, the commissioner of commerce for purposes of regulating nonprofit health service plan corporations, or the commissioner of human services for the purpose of contracting with managed care organizations serving persons enrolled in programs under chapter 256B, 256D, or 256L.

(b) "Health plan company" means (i) a nonprofit health service plan corporation operating under chapter 62C; (ii) a health maintenance organization operating under chapter 62D; (iii) a community integrated service network operating under chapter 62N; or (iv) a managed care organization operating under chapter 256B, 256D, or 256L.

(c) "Nationally recognized independent organization" means (i) an organization that sets specific national standards governing health care quality assurance processes, utilization review, provider credentialing, marketing, and other topics covered by this chapter and other chapters and audits and provides accreditation to those health plan companies that meet those standards. The American Accreditation Health Care Commission (URAC), the National Committee for Quality Assurance (NCQA), and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and the Accreditation Association for Ambulatory Health Care (AAAHC) are, at a minimum, defined as nationally recognized independent organizations; and (ii) the Centers for Medicare and Medicaid Services for purposes of reviews or audits conducted of health plan companies under Part C of Title XVIII of the Social Security Act or under section 1876 of the Social Security Act.

(d) "Performance standard" means those standards relating to quality management and improvement, access and availability of service, utilization review, provider selection, provider credentialing, marketing, member rights and responsibilities, complaints, appeals, grievance systems, enrollee information and materials, enrollment and disenrollment, subcontractual relationships and delegation, confidentiality, continuity and coordination of care, assurance of adequate capacity and services, coverage and authorization of services, practice guidelines, health information systems, and financial solvency.
Sec. 8. Minnesota Statutes 2014, section 62U.04, subdivision 11, is amended to read:

Subd. 11. **Restricted uses of the all-payer claims data.** (a) Notwithstanding subdivision 4, paragraph (b), and subdivision 5, paragraph (b), the commissioner or the commissioner's designee shall only use the data submitted under subdivisions 4 and 5 for the following purposes:

(1) to evaluate the performance of the health care home program as authorized under sections 256B.0751, subdivision 6, and 256B.0752, subdivision 2;

(2) to study, in collaboration with the reducing avoidable readmissions effectively (RARE) campaign, hospital readmission trends and rates;

(3) to analyze variations in health care costs, quality, utilization, and illness burden based on geographical areas or populations; and

(4) to evaluate the state innovation model (SIM) testing grant received by the Departments of Health and Human Services, including the analysis of health care cost, quality, and utilization baseline and trend information for targeted populations and communities;

(5) to compile one or more public use files of summary data or tables that must:

   (i) be available to the public for no or minimal cost by March 1, 2016, and available by Web-based electronic data download by June 30, 2019;

   (ii) not identify individual patients, payers, or providers;

   (iii) be updated by the commissioner, at least annually, with the most current data available;

   (iv) contain clear and conspicuous explanations of the characteristics of the data, such as the dates of the data contained in the files, the absence of costs of care for uninsured patients or nonresidents, and other disclaimers that provide appropriate context; and

   (v) not lead to the collection of additional data elements beyond what is authorized under this section as of June 30, 2015.

(b) The commissioner may publish the results of the authorized uses identified in paragraph (a) so long as the data released publicly do not contain information or descriptions in which the identity of individual hospitals, clinics, or other providers may be discerned.

(c) Nothing in this subdivision shall be construed to prohibit the commissioner from using the data collected under subdivision 4 to complete the state-based risk adjustment system assessment due to the legislature on October 1, 2015.

(d) The commissioner or the commissioner's designee may use the data submitted under subdivisions 4 and 5 for the purpose described in paragraph (a), clause (3), until July 1, 2016.

(e) The commissioner shall consult with the all-payer claims database work group established under subdivision 12 regarding the technical considerations necessary to create the public use files of summary data described in paragraph (a), clause (5).
Sec. 9. Minnesota Statutes 2014, section 62U.10, is amended by adding a subdivision to read:

Subd. 6. **Projected spending baseline.** Beginning February 15, 2016, and each February 15 thereafter, the commissioner of health shall report the projected impact on spending from specified health indicators related to various preventable illnesses and death. The impacts shall be reported over a ten-year time frame using a baseline forecast of private and public health care and long-term care spending for residents of this state, beginning with calendar year 2009 projected estimates of costs, and updated annually for each of the following health indicators:

1. costs related to rates of obesity, including obesity-related cancers, coronary heart disease, stroke, and arthritis;
2. costs related to the utilization of tobacco products;
3. costs related to hypertension;
4. costs related to diabetes or prediabetes; and
5. costs related to dementia and chronic disease among an elderly population over 60, including additional long-term care costs.

Sec. 10. Minnesota Statutes 2014, section 62U.10, is amended by adding a subdivision to read:

Subd. 7. **Outcomes reporting; savings determination.** (a) Beginning November 1, 2016, and each November 1 thereafter, the commissioner of health shall determine the actual total private and public health care and long-term care spending for Minnesota residents related to each health indicator projected in subdivision 6 for the most recent calendar year available. The commissioner shall determine the difference between the projected and actual spending for each health indicator and for each year, and determine the savings attributable to changes in these health indicators. The assumptions and research methods used to calculate actual spending must be determined to be appropriate by an independent actuarial consultant. If the actual spending is less than the projected spending, the commissioner, in consultation with the commissioners of human services and management and budget, shall use the proportion of spending for state-administered health care programs to total private and public health care spending for each health indicator for the calendar year two years before the current calendar year to determine the percentage of the calculated aggregate savings amount accruing to state-administered health care programs.

(b) The commissioner may use the data submitted under section 62U.04, subdivisions 4 and 5, to complete the activities required under this section, but may only report publicly on regional data aggregated to granularity of 25,000 lives or greater for this purpose.

Sec. 11. Minnesota Statutes 2014, section 62U.10, is amended by adding a subdivision to read:

Subd. 8. **Transfers.** When accumulated annual savings accruing to state-administered health care programs, as calculated under subdivision 7, meet or exceed $50,000,000 for all health indicators in aggregate statewide, the commissioner of health shall certify that event to the commissioner of management and budget, no later than December 15 of each year. In the next fiscal year following the certification, the commissioner of management and budget shall transfer $50,000,000 from the general fund to the health care access fund. This transfer shall repeat in each fiscal year following subsequent certifications of additional cumulative savings, up to $50,000,000 per year. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of management and budget.
Sec. 12. Minnesota Statutes 2014, section 144.1501, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For purposes of this section, the following definitions apply.

(b) "Advanced dental therapist" means an individual who is licensed as a dental therapist under section 150A.06, and who is certified as an advanced dental therapist under section 150A.106.

(c) "Dental therapist" means an individual who is licensed as a dental therapist under section 150A.06.

(d) "Dentist" means an individual who is licensed to practice dentistry.

(e) "Designated rural area" means a statutory and home rule charter city or township that is:

1. outside the seven-county metropolitan area as defined in section 473.121, subdivision 2, and excluding the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud;

2. has a population under 15,000.

(f) "Emergency circumstances" means those conditions that make it impossible for the participant to fulfill the service commitment, including death, total and permanent disability, or temporary disability lasting more than two years.

(g) "Mental health professional" means an individual providing clinical services in the treatment of mental illness who is qualified in at least one of the ways specified in section 245.462, subdivision 18.

(h) "Medical resident" means an individual participating in a medical residency in family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

(i) "Midlevel practitioner" means a nurse practitioner, nurse-midwife, nurse anesthetist, advanced clinical nurse specialist, or physician assistant.

(j) "Nurse" means an individual who has completed training and received all licensing or certification necessary to perform duties as a licensed practical nurse or registered nurse.

(k) "Nurse-midwife" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse-midwives.

(l) "Nurse practitioner" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse practitioners.

(m) "Pharmacist" means an individual with a valid license issued under chapter 151.

(n) "Physician" means an individual who is licensed to practice medicine in the areas of family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

(o) "Physician assistant" means a person licensed under chapter 147A.

(p) "Public health nurse" means a registered nurse licensed in Minnesota who has obtained a registration certificate as a public health nurse from the Board of Nursing in accordance with Minnesota Rules, chapter 6316.
"Qualified educational loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

"Underserved urban community" means a Minnesota urban area or population included in the list of designated primary medical care health professional shortage areas (HPSAs), medically underserved areas (MUAs), or medically underserved populations (MUPs) maintained and updated by the United States Department of Health and Human Services.

Sec. 13. Minnesota Statutes 2014, section 144.1501, subdivision 2, is amended to read:

Subd. 2. Creation of account. (a) A health professional education loan forgiveness program account is established. The commissioner of health shall use money from the account to establish a loan forgiveness program:

(1) for medical residents and mental health professionals agreeing to practice in designated rural areas or underserved urban communities or specializing in the area of pediatric psychiatry;

(2) for midlevel practitioners agreeing to practice in designated rural areas or to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(3) for nurses who agree to practice in a Minnesota nursing home or an intermediate care facility for persons with developmental disability; or a hospital if the hospital owns and operates a Minnesota nursing home and a minimum of 50 percent of the hours worked by the nurse is in the nursing home; or agree to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(4) for other health care technicians agreeing to teach at least 12 credit hours, or 720 hours per year in their designated field in a postsecondary program at the undergraduate level or the equivalent at the graduate level. The commissioner, in consultation with the Healthcare Education-Industry Partnership, shall determine the health care fields where the need is the greatest, including, but not limited to, respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology;

(5) for pharmacists, advanced dental therapists, dental therapists, and public health nurses who agree to practice in designated rural areas; and

(6) for dentists agreeing to deliver at least 25 percent of the dentist’s yearly patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule meeting the standards established by the United States Department of Health and Human Services under Code of Federal Regulations, title 42, section 51, chapter 303.

(b) Appropriations made to the account do not cancel and are available until expended, except that at the end of each biennium, any remaining balance in the account that is not committed by contract and not needed to fulfill existing commitments shall cancel to the fund.

Sec. 14. Minnesota Statutes 2014, section 144.1501, subdivision 3, is amended to read:

Subd. 3. Eligibility. (a) To be eligible to participate in the loan forgiveness program, an individual must:

(1) be a medical or dental resident; a licensed pharmacist; or be enrolled in a training or education program to become a dentist, dental therapist, advanced dental therapist, mental health professional, pharmacist, public health nurse, midlevel practitioner, registered nurse, or a licensed practical nurse training program. The commissioner may also consider applications submitted by graduates in eligible professions who are licensed and in practice; and
(2) submit an application to the commissioner of health. If fewer applications are submitted by dental students or residents than there are dentist participant slots available, the commissioner may consider applications submitted by dental program graduates who are licensed dentists.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum three-year full-time service obligation according to subdivision 2, which shall begin no later than March 31 following completion of required training, with the exception of a nurse, who must agree to serve a minimum two-year full-time service obligation according to subdivision 2, which shall begin no later than March 31 following completion of required training.

Sec. 15. Minnesota Statutes 2014, section 144.1501, subdivision 4, is amended to read:

Subd. 4. Loan forgiveness. The commissioner of health may select applicants each year for participation in the loan forgiveness program, within the limits of available funding. In considering applications, the commissioner shall give preference to applicants who document diverse cultural competencies. The commissioner shall distribute available funds for loan forgiveness proportionally among the eligible professions according to the vacancy rate for each profession in the required geographic area, facility type, teaching area, patient group, or specialty type specified in subdivision 2. The commissioner shall allocate funds for physician loan forgiveness so that 75 percent of the funds available are used for rural physician loan forgiveness and 25 percent of the funds available are used for underserved urban communities and pediatric psychiatry loan forgiveness. If the commissioner does not receive enough qualified applicants each year to use the entire allocation of funds for any eligible profession, the remaining funds may be allocated proportionally among the other eligible professions according to the vacancy rate for each profession in the required geographic area, patient group, or facility type specified in subdivision 2. Applicants are responsible for securing their own qualified educational loans. The commissioner shall select participants based on their suitability for practice serving the required geographic area or facility type specified in subdivision 2, as indicated by experience or training. The commissioner shall give preference to applicants closest to completing their training. For each year that a participant meets the service obligation required under subdivision 3, up to a maximum of four years, the commissioner shall make annual disbursements directly to the participant equivalent to 15 percent of the average educational debt for indebted graduates in their profession in the year closest to the applicant's selection for which information is available, not to exceed the balance of the participant's qualifying educational loans. Before receiving loan repayment disbursements and as requested, the participant must complete and return to the commissioner a confirmation of practice form provided by the commissioner verifying that the participant is practicing as required under subdivisions 2 and 3. The participant must provide the commissioner with verification that the full amount of loan repayment disbursement received by the participant has been applied toward the designated loans. After each disbursement, verification must be received by the commissioner and approved before the next loan repayment disbursement is made. Participants who move their practice remain eligible for loan repayment as long as they practice as required under subdivision 2.

Sec. 16. [144.1506] PRIMARY CARE RESIDENCY EXPANSION GRANT PROGRAM.

Subdivision 1. Definitions. For purposes of this section, the following definitions apply:

(1) "eligible primary care residency program" means a program that meets the following criteria:

(i) is located in Minnesota;

(ii) trains medical residents in the specialties of family medicine, general internal medicine, general pediatrics, psychiatry, geriatrics, or general surgery; and

(iii) is accredited by the Accreditation Council for Graduate Medical Education or presents a credible plan to obtain accreditation;
(2) "eligible project" means a project to establish a new eligible primary care residency program or create at least one new residency slot in an existing eligible primary care residency program; and

(3) "new residency slot" means the creation of a new residency position and the execution of a contract with a new resident in a residency program.

Subd. 2. Expansion grant program. (a) The commissioner of health shall award primary care residency expansion grants to eligible primary care residency programs to plan and implement new residency slots. A planning grant shall not exceed $75,000, and a training grant shall not exceed $150,000 per new residency slot for the first year, $100,000 for the second year, and $50,000 for the third year of the new residency slot.

(b) Funds may be spent to cover the costs of:

(1) planning related to establishing an accredited primary care residency program;

(2) obtaining accreditation by the Accreditation Council for Graduate Medical Education or another national body that accredits residency programs;

(3) establishing new residency programs or new resident training slots;

(4) recruitment, training, and retention of new residents and faculty;

(5) travel and lodging for new residents;

(6) faculty, new resident, and preceptor salaries related to new residency slots;

(7) training site improvements, fees, equipment, and supplies required for new primary care resident training slots; and

(8) supporting clinical education in which trainees are part of a primary care team model.

Subd. 3. Applications for expansion grants. Eligible primary care residency programs seeking a grant shall apply to the commissioner. Applications must include the number of new primary care residency slots planned or under contract; attestation that funding will be used to support an increase in the number of available residency slots; a description of the training to be received by the new residents, including the location of training; a description of the project, including all costs associated with the project; all sources of funds for the project; detailed uses of all funds for the project; the results expected; and a plan to maintain the new residency slot after the grant period. The applicant must describe achievable objectives, a timetable, and roles and capabilities of responsible individuals in the organization.

Subd. 4. Consideration of expansion grant applications. The commissioner shall review each application to determine whether or not the residency program application is complete and whether the proposed new residency program and any new residency slots are eligible for a grant. The commissioner shall award grants to support up to six family medicine, general internal medicine, or general pediatrics residents; four psychiatry residents; two geriatrics residents; and two general surgery residents. If insufficient applications are received from any eligible specialty, funds may be redistributed to applications from other eligible specialties.

Subd. 5. Program oversight. During the grant period, the commissioner may require and collect from grantees any information necessary to evaluate the program. Appropriations made to the program do not cancel and are available until expended.
Sec. 17. [144.1911] INTERNATIONAL MEDICAL GRADUATES ASSISTANCE PROGRAM.

Subdivision 1. Establishment. The international medical graduates assistance program is established to address barriers to practice and facilitate pathways to assist immigrant international medical graduates to integrate into the Minnesota health care delivery system, with the goal of increasing access to primary care in rural and underserved areas of the state.

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of health.

(c) "Immigrant international medical graduate" means an international medical graduate who was born outside the United States, now resides permanently in the United States, and who did not enter the United States on a J1 or similar nonimmigrant visa following acceptance into a United States medical residency or fellowship program.

(d) "International medical graduate" means a physician who received a basic medical degree or qualification from a medical school located outside the United States and Canada.

(e) "Minnesota immigrant international medical graduate" means an immigrant international medical graduate who has lived in Minnesota for at least two years.

(f) "Rural community" means a statutory and home rule charter city or township that is outside the seven-county metropolitan area as defined in section 473.121, subdivision 2, excluding the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

(g) "Underserved community" means a Minnesota area or population included in the list of designated primary medical care health professional shortage areas, medically underserved areas, or medically underserved populations (MUPs) maintained and updated by the United States Department of Health and Human Services.

Subd. 3. Program administration. (a) In administering the international medical graduates assistance program, the commissioner shall:

(1) provide overall coordination for the planning, development, and implementation of a comprehensive system for integrating qualified immigrant international medical graduates into the Minnesota health care delivery system, particularly those willing to serve in rural or underserved communities of the state;

(2) develop and maintain, in partnership with community organizations working with international medical graduates, a voluntary roster of immigrant international medical graduates interested in entering the Minnesota health workforce to assist in planning and program administration, including making available summary reports that show the aggregate number and distribution, by geography and specialty, of immigrant international medical graduates in Minnesota;

(3) work with graduate clinical medical training programs to address barriers faced by immigrant international medical graduates in securing residency positions in Minnesota, including the requirement that applicants for residency positions be recent graduates of medical school. The annual report required in subdivision 10 shall include any progress in addressing these barriers;

(4) develop a system to assess and certify the clinical readiness of eligible immigrant international medical graduates to serve in a residency program. The system shall include assessment methods, an operating plan, and a budget. Initially, the commissioner may develop assessments for clinical readiness for practice of one or more primary care specialties, and shall add additional assessments as resources are available. The commissioner may
contract with an independent entity or another state agency to conduct the assessments. In order to be assessed for clinical readiness for residency, an eligible international medical graduate must have obtained a certification from the Educational Commission of Foreign Medical Graduates. The commissioner shall issue a Minnesota certificate of clinical readiness for residency to those who pass the assessment:

(5) explore and facilitate more streamlined pathways for immigrant international medical graduates to serve in nonphysician professions in the Minnesota workforce; and

(6) study, in consultation with the Board of Medical Practice and other stakeholders, changes necessary in health professional licensure and regulation to ensure full utilization of immigrant international medical graduates in the Minnesota health care delivery system. The commissioner shall include recommendations in the annual report required under subdivision 10, due January 15, 2017.

Subd. 4. Career guidance and support services. (a) The commissioner shall award grants to eligible nonprofit organizations to provide career guidance and support services to immigrant international medical graduates seeking to enter the Minnesota health workforce. Eligible grant activities include the following:

(1) educational and career navigation, including information on training and licensing requirements for physician and nonphysician health care professions, and guidance in determining which pathway is best suited for an individual international medical graduate based on the graduate’s skills, experience, resources, and interests;

(2) support in becoming proficient in medical English;

(3) support in becoming proficient in the use of information technology, including computer skills and use of electronic health record technology;

(4) support for increasing knowledge of and familiarity with the United States health care system;

(5) support for other foundational skills identified by the commissioner;

(6) support for immigrant international medical graduates in becoming certified by the Educational Commission on Foreign Medical Graduates, including help with preparation for required licensing examinations and financial assistance for fees; and

(7) assistance to international medical graduates in registering with the program’s Minnesota international medical graduate roster.

(b) The commissioner shall award the initial grants under this subdivision by December 31, 2015.

Subd. 5. Clinical preparation. (a) The commissioner shall award grants to support clinical preparation for Minnesota international medical graduates needing additional clinical preparation or experience to qualify for residency. The grant program shall include:

(1) proposed training curricula;

(2) associated policies and procedures for clinical training sites, which must be part of existing clinical medical education programs in Minnesota; and

(3) monthly stipends for international medical graduate participants. Priority shall be given to primary care sites in rural or underserved areas of the state, and international medical graduate participants must commit to serving at least five years in a rural or underserved community of the state.
(b) The policies and procedures for the clinical preparation grants must be developed by December 31, 2015, including an implementation schedule that begins awarding grants to clinical preparation programs beginning in June of 2016.

Subd. 6. **International medical graduate primary care residency grant program and revolving account.**

(a) The commissioner shall award grants to support primary care residency positions designated for Minnesota immigrant physicians who are willing to serve in rural or underserved areas of the state. No grant shall exceed $150,000 per residency position per year. Eligible primary care residency grant recipients include accredited family medicine, internal medicine, obstetrics and gynecology, psychiatry, and pediatric residency programs. Eligible primary care residency programs shall apply to the commissioner. Applications must include the number of anticipated residents to be funded using grant funds and a budget. Notwithstanding any law to the contrary, funds awarded to grantees in a grant agreement do not lapse until the grant agreement expires. Before any funds are distributed, a grant recipient shall provide the commissioner with the following:

(1) a copy of the signed contract between the primary care residency program and the participating international medical graduate;

(2) certification that the participating international medical graduate has lived in Minnesota for at least two years and is certified by the Educational Commission on Foreign Medical Graduates. Residency programs may also require that participating international medical graduates hold a Minnesota certificate of clinical readiness for residency, once the certificates become available; and

(3) verification that the participating international medical graduate has executed a participant agreement pursuant to paragraph (b).

(b) Upon acceptance by a participating residency program, international medical graduates shall enter into an agreement with the commissioner to provide primary care for at least five years in a rural or underserved area of Minnesota after graduating from the residency program and make payments to the revolving international medical graduate residency account for five years beginning in their second year of postresidency employment. Participants shall pay $15,000 or ten percent of their annual compensation each year, whichever is less.

(c) A revolving international medical graduate residency account is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account appropriations, payments, and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the account. Funds in the account are appropriated annually to the commissioner to award grants and administer the grant program established in paragraph (a). Notwithstanding any law to the contrary, any funds deposited in the account do not expire. The commissioner may accept contributions to the account from private sector entities subject to the following provisions:

(1) the contributing entity may not specify the recipient or recipients of any grant issued under this subdivision;

(2) the commissioner shall make public the identity of any private contributor to the account, as well as the amount of the contribution provided; and

(3) a contributing entity may not specify that the recipient or recipients of any funds use specific products or services, nor may the contributing entity imply that a contribution is an endorsement of any specific product or service.

Subd. 7. **Voluntary hospital programs.** A hospital may establish residency programs for foreign-trained physicians to become candidates for licensure to practice medicine in the state of Minnesota. A hospital may partner with organizations, such as the New Americans Alliance for Development, to screen for and identify foreign-trained physicians eligible for a hospital’s particular residency program.
Subd. 8. **Board of Medical Practice.** Nothing in this section alters the authority of the Board of Medical Practice to regulate the practice of medicine.

Subd. 9. **Consultation with stakeholders.** The commissioner shall administer the international medical graduates assistance program, including the grant programs described under subdivisions 4, 5, and 6, in consultation with representatives of the following sectors:

1. **State agencies:**
   - Board of Medical Practice;
   - Office of Higher Education; and
   - Department of Employment and Economic Development;

2. **Health care industry:**
   - A health care employer in a rural or underserved area of Minnesota;
   - A health plan company;
   - Minnesota Medical Association;
   - Licensed physicians experienced in working with international medical graduates; and
   - Minnesota Academy of Physician Assistants;

3. **Community-based organizations:**
   - Organizations serving immigrant and refugee communities of Minnesota;
   - Organizations serving the international medical graduate community, such as the New Americans Alliance for Development and Women's Initiative for Self Empowerment; and
   - Minnesota Association of Community Health Centers;

4. **Higher education:**
   - University of Minnesota;
   - Mayo Clinic School of Health Professions;
   - Graduate medical education programs not located at the University of Minnesota or Mayo Clinic School of Health Professions; and
   - Minnesota physician assistant education program; and

5. **International medical graduates.**

Subd. 10. **Report.** The commissioner shall submit an annual report to the chairs and ranking minority members of the legislative committees with jurisdiction over health care and higher education on the progress of the integration of international medical graduates into the Minnesota health care delivery system. The report shall include recommendations on actions needed for continued progress integrating international medical graduates. The report shall be submitted by January 15 each year, beginning January 15, 2016.
Sec. 18. Minnesota Statutes 2014, section 144.291, subdivision 2, is amended to read:

Subd. 2. Definitions. For the purposes of sections 144.291 to 144.298, the following terms have the meanings given.

(a) "Group purchaser" has the meaning given in section 62J.03, subdivision 6.

(b) "Health information exchange" means a legal arrangement between health care providers and group purchasers to enable and oversee the business and legal issues involved in the electronic exchange of health records between the entities for the delivery of patient care.

(c) "Health record" means any information, whether oral or recorded in any form or medium, that relates to the past, present, or future physical or mental health or condition of a patient; the provision of health care to a patient; or the past, present, or future payment for the provision of health care to a patient.

(d) "Identifying information" means the patient's name, address, date of birth, gender, parent's or guardian's name regardless of the age of the patient, and other nonclinical data which can be used to uniquely identify a patient.

(e) "Individually identifiable form" means a form in which the patient is or can be identified as the subject of the health records.

(f) "Medical emergency" means medically necessary care which is immediately needed to preserve life, prevent serious impairment to bodily functions, organs, or parts, or prevent placing the physical or mental health of the patient in serious jeopardy.

(g) "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient appoints in writing as a representative, including a health care agent acting according to chapter 145C, unless the authority of the agent has been limited by the principal in the principal's health care directive. Except for minors who have received health care services under sections 144.341 to 144.347, in the case of a minor, patient includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(h) "Patient information service" means a service providing the following query options: a record locator service as defined in section 144.291, subdivision 2, paragraph (i), or a master patient index or clinical data repository as defined in section 62J.498, subdivision 1.

(i) "Provider" means:

(1) any person who furnishes health care services and is regulated to furnish the services under chapter 147, 147A, 147B, 147C, 147D, 148, 148B, 148D, 148F, 150A, 151, 153, or 153A;

(2) a home care provider licensed under section 144A.46;

(3) a health care facility licensed under this chapter or chapter 144A; and

(4) a physician assistant registered under chapter 147A.

(j) "Record locator service" means an electronic index of patient identifying information that directs providers in a health information exchange to the location of patient health records held by providers and group purchasers.
"Related health care entity" means an affiliate, as defined in section 144.6521, subdivision 3, paragraph (b), of the provider releasing the health records.

Sec. 19. Minnesota Statutes 2014, section 144.293, subdivision 5, is amended to read:

Subd. 5. Exceptions to consent requirement. (a) This section does not prohibit the release of health records:

(1) for a medical emergency when the provider is unable to obtain the patient's consent due to the patient's condition or the nature of the medical emergency;

(2) to other providers within related health care entities when necessary for the current treatment of the patient; or

(3) to a health care facility licensed by this chapter, chapter 144A, or to the same types of health care facilities licensed by this chapter and chapter 144A that are licensed in another state when a patient:

(i) is returning to the health care facility and unable to provide consent; or

(ii) who resides in the health care facility, has services provided by an outside resource under Code of Federal Regulations, title 42, section 483.75(h), and is unable to provide consent.

(b) A provider may release a deceased patient's health care records to another provider for the purposes of diagnosing or treating the deceased patient's surviving adult child.

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

Sec. 20. Minnesota Statutes 2014, section 144.293, subdivision 8, is amended to read:

Subd. 8. Record locator or patient information service. (a) A provider or group purchaser may release patient identifying information and information about the location of the patient's health records to a record locator or patient information service without consent from the patient, unless the patient has elected to be excluded from the service under paragraph (d). The Department of Health may not access the record locator or patient information service or receive data from the record locator service. Only a provider may have access to patient identifying information in a record locator or patient information service. Except in the case of a medical emergency, a provider participating in a health information exchange using a record locator or patient information service does not have access to patient identifying information and information about the location of the patient's health records unless the patient specifically consents to the access. A consent does not expire but may be revoked by the patient at any time by providing written notice of the revocation to the provider.

(b) A health information exchange maintaining a record locator or patient information service must maintain an audit log of providers accessing information in a record locator or the service that at least contains information on:

(1) the identity of the provider accessing the information;

(2) the identity of the patient whose information was accessed by the provider; and

(3) the date the information was accessed.

(c) No group purchaser may in any way require a provider to participate in a record locator or patient information service as a condition of payment or participation.
(d) A provider or an entity operating a record locator or patient information service must provide a mechanism under which patients may exclude their identifying information and information about the location of their health records from a record locator or patient information service. At a minimum, a consent form that permits a provider to access a record locator or patient information service must include a conspicuous check-box option that allows a patient to exclude all of the patient's information from the record locator service. A provider participating in a health information exchange with a record locator or patient information service who receives a patient's request to exclude all of the patient's information from the record locator service or to have a specific provider contact excluded from the record locator service is responsible for removing that information from the record locator service.

Sec. 21. Minnesota Statutes 2014, section 144.298, subdivision 2, is amended to read:

Subd. 2. Liability of provider or other person. A person who does any of the following is liable to the patient for compensatory damages caused by an unauthorized release or an intentional, unauthorized access, plus costs and reasonable attorney fees:

(1) negligently or intentionally requests or releases a health record in violation of sections 144.291 to 144.297;

(2) forges a signature on a consent form or materially alters the consent form of another person without the person's consent;

(3) obtains a consent form or the health records of another person under false pretenses; or

(4) intentionally violates sections 144.291 to 144.297 by intentionally accessing a record locator or patient information service without authorization.

Sec. 22. Minnesota Statutes 2014, section 144.298, subdivision 3, is amended to read:

Subd. 3. Liability for record locator or patient information service. A patient is entitled to receive compensatory damages plus costs and reasonable attorney fees if a health information exchange maintaining a record locator or patient information service, or an entity maintaining a record locator or patient information service for a health information exchange, negligently or intentionally violates the provisions of section 144.293, subdivision 8.

Sec. 23. [144.3875] EARLY DENTAL PREVENTION INITIATIVE.

(a) The commissioner of health, in collaboration with the commissioner of human services, shall implement a statewide initiative to increase awareness among communities of color and recent immigrants on the importance of early preventive dental intervention for infants and toddlers before and after primary teeth appear.

(b) The commissioner shall develop educational materials and information for expectant and new parents within the targeted communities that include the importance of early dental care to prevent early cavities, including proper cleaning techniques and feeding habits, before and after primary teeth appear.

(c) The commissioner shall develop a distribution plan to ensure that the materials are distributed to expectant and new parents within the targeted communities, including, but not limited to, making the materials available to health care providers, community clinics, WIC sites, and other relevant sites within the targeted communities.

(d) In developing these materials and distribution plan, the commissioner shall work collaboratively with members of the targeted communities, dental providers, pediatricians, child care providers, and home visiting nurses.
(e) The commissioner shall, with input from stakeholders listed in paragraph (d), develop and pilot incentives to encourage early dental care within one year of an infant's teeth erupting.

Sec. 24. [144.4961] MINNESOTA RADON LICENSING ACT.

Subdivision 1. Citation. This section may be cited as the "Minnesota Radon Licensing Act."

Subd. 2. Definitions. (a) As used in this section, the following terms have the meanings given them.

(b) "Mitigation" means the act of repairing or altering a building or building design for the purpose in whole or in part of reducing the concentration of radon in the indoor atmosphere.

(c) "Radon" means both the radioactive, gaseous element produced by the disintegration of radium, and the short-lived radionuclides that are decay products of radon.

Subd. 3. Rulemaking. The commissioner of health shall adopt rules for licensure and enforcement of applicable laws and rules relating to indoor radon in dwellings and other buildings, with the exception of newly constructed Minnesota homes according to section 326B.106, subdivision 6. The commissioner shall coordinate, oversee, and implement all state functions in matters concerning the presence, effects, measurement, and mitigation of risks of radon in dwellings and other buildings.

Subd. 4. System tag. All radon mitigation systems installed in Minnesota on or after October 1, 2017, must have a radon mitigation system tag provided by the commissioner. A radon mitigation professional must attach the tag to the radon mitigation system in a visible location.

Subd. 5. License required annually. A license is required annually for every person, firm, or corporation that sells a device or performs a service for compensation to detect the presence of radon in the indoor atmosphere, performs laboratory analysis, or performs a service to mitigate radon in the indoor atmosphere. This section does not apply to retail stores that only sell or distribute radon sampling but are not engaged in the manufacture of radon sampling devices.

Subd. 6. Exemptions. Radon systems installed in newly constructed Minnesota homes according to section 326B.106, subdivision 6, prior to the issuance of a certificate of occupancy are not required to follow the requirements of this section.

Subd. 7. License applications and other reports. The professionals, companies, and laboratories listed in subdivision 8 must submit applications for licenses, system tags, and any other reporting required under this section and Minnesota Rules on forms prescribed by the commissioner.

Subd. 8. Licensing fees. (a) All radon license applications submitted to the commissioner of health must be accompanied by the required fees. If the commissioner determines that insufficient fees were paid, the necessary additional fees must be paid before the commissioner approves the application. The commissioner shall charge the following fees for each radon license:

(1) Each measurement professional license, $300 per year. "Measurement professional" means any person who performs a test to determine the presence and concentration of radon in a building they do not own or lease; provides professional or expert advice on radon testing, radon exposure, or health risks related to radon exposure; or makes representations of doing any of these activities.
(2) Each mitigation professional license, $500 per year. "Mitigation professional" means an individual who performs radon mitigation in a building they do not own or lease; provides professional or expert advice on radon mitigation or radon entry routes; or provides on-site supervision of radon mitigation and mitigation technicians; or makes representations of doing any of these activities. This license also permits the licensee to perform the activities of a measurement professional described in clause (1).

(3) Each mitigation company license, $500 per year. "Mitigation company” means any business or government entity that performs or authorizes employees to perform radon mitigation. This fee is waived if the company is a sole proprietorship.

(4) Each radon analysis laboratory license, $500 per year. "Radon analysis laboratory" means a business entity or government entity that analyzes passive radon detection devices to determine the presence and concentration of radon in the devices. This fee is waived if the laboratory is a government entity and is only distributing test kits for the general public to use in Minnesota.

(5) Each Minnesota Department of Health radon mitigation system tag, $75 per tag. "Minnesota Department of Health radon mitigation system tag" or "system tag" means a unique identifiable radon system label provided by the commissioner of health.

(b) Fees collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

Subd. 9. Enforcement. The commissioner shall enforce this section under the provisions of sections 144.989 to 144.993.

EFFECTIVE DATE. This section is effective July 1, 2015, except subdivisions 4 and 5, which are effective October 1, 2017.

Sec. 25. [144.566] VIOLENCE AGAINST HEALTH CARE WORKERS.

Subdivision 1. Definitions. (a) The following definitions apply to this section and have the meanings given.

(b) "Act of violence" means an act by a patient or visitor against a health care worker that includes kicking, scratching, urinating, sexually harassing, or any act defined in sections 609.221 to 609.2241.

(c) "Commissioner" means the commissioner of health.

(d) "Health care worker" means any person, whether licensed or unlicensed, employed by, volunteering in, or under contract with a hospital, who has direct contact with a patient of the hospital for purposes of either medical care or emergency response to situations potentially involving violence.

(e) "Hospital" means any facility licensed as a hospital under section 144.55.

(f) "Incident response" means the actions taken by hospital administration and health care workers during and following an act of violence.

(g) "Interfere" means to prevent, impede, discourage, or delay a health care worker's ability to report acts of violence, including by retaliating or threatening to retaliate against a health care worker.

(h) "Preparedness" means the actions taken by hospital administration and health care workers to prevent a single act of violence or acts of violence generally.
(i) "Retaliate" means to discharge, discipline, threaten, otherwise discriminate against, or penalize a health care worker regarding the health care worker's compensation, terms, conditions, location, or privileges of employment.

Subd. 2. Hospital duties. (a) All hospitals must design and implement preparedness and incident response action plans to acts of violence by January 15, 2016, and review the plan at least annually thereafter.

(b) A hospital shall designate a committee of representatives of health care workers employed by the hospital, including nonmanagerial health care workers, nonclinical staff, administrators, patient safety experts, and other appropriate personnel to develop preparedness and incident response action plans to acts of violence. The hospital shall, in consultation with the designated committee, implement the plans under paragraph (a). Nothing in this paragraph shall require the establishment of a separate committee solely for the purpose required by this subdivision.

(c) A hospital shall provide training to all health care workers employed or contracted with the hospital on safety during acts of violence. Each health care worker must receive safety training annually and upon hire. Training must, at a minimum, include:

   (1) safety guidelines for response to and de-escalation of an act of violence;

   (2) ways to identify potentially violent or abusive situations; and

   (3) the hospital's incident response reaction plan and violence prevention plan.

(d) As part of its annual review required under paragraph (a), the hospital must review with the designated committee:

   (1) the effectiveness of its preparedness and incident response action plans;

   (2) the most recent gap analysis as provided by the commissioner; and

   (3) the number of acts of violence that occurred in the hospital during the previous year, including injuries sustained, if any, and the unit in which the incident occurred.

(e) A hospital shall make its action plans and the information listed in paragraph (d) available to local law enforcement and, if any of its workers are represented by a collective bargaining unit, to the exclusive bargaining representatives of those collective bargaining units.

(f) A hospital, including any individual, partner, association, or any person or group of persons acting directly or indirectly in the interest of the hospital, shall not interfere with or discourage a health care worker if the health care worker wishes to contact law enforcement or the commissioner regarding an act of violence.

(g) The commissioner may impose an administrative fine of up to $250 for failure to comply with the requirements of subdivision 2.

Sec. 26. [144.586] REQUIREMENTS FOR CERTAIN NOTICES AND DISCHARGE PLANNING.

Subdivision 1. Observation stay notice. (a) Each hospital, as defined under section 144.50, subdivision 2, shall provide oral and written notice to each patient that the hospital places in observation status of such placement not later than 24 hours after such placement. The oral and written notices must include:

   (1) a statement that the patient is not admitted to the hospital but is under observation status;
(2) a statement that observation status may affect the patient's Medicare coverage for:

(i) hospital services, including medications and pharmaceutical supplies; or

(ii) home or community-based care or care at a skilled nursing facility upon the patient's discharge; and

(3) a recommendation that the patient contact the patient's health insurance provider or the Office of the Ombudsman for Long-Term Care or Office of the Ombudsman for State Managed Health Care Programs or the Beneficiary and Family Centered Care Quality Improvement Organization to better understand the implications of placement in observation status.

(b) The hospital shall document the date in the patient's record that the notice required in paragraph (a) was provided to the patient, the patient's designated representative such as the patient's health care agent, legal guardian, conservator, or another person acting as the patient's representative.

Subd. 2. Postacute care discharge planning. Each hospital, including hospitals designated as critical access hospitals, must comply with the federal hospital requirements for discharge planning which include:

(1) conducting a discharge planning evaluation that includes an evaluation of:

(i) the likelihood of the patient needing posthospital services and of the availability of those services; and

(ii) the patient's capacity for self-care or the possibility of the patient being cared for in the environment from which the patient entered the hospital;

(2) timely completion of the discharge planning evaluation under clause (1) by hospital personnel so that appropriate arrangements for posthospital care are made before discharge, and to avoid unnecessary delays in discharge;

(3) including the discharge planning evaluation under clause (1) in the patient's medical record for use in establishing an appropriate discharge plan. The hospital must discuss the results of the evaluation with the patient or individual acting on behalf of the patient. The hospital must reassess the patient's discharge plan if the hospital determines that there are factors that may affect continuing care needs or the appropriateness of the discharge plan; and

(4) providing counseling, as needed, for the patient and family members or interested persons to prepare them for posthospital care. The hospital must provide a list of available Medicare-eligible home care agencies or skilled nursing facilities that serve the patient's geographic area, or other area requested by the patient if such care or placement is indicated and appropriate. Once the patient has designated their preferred providers, the hospital will assist the patient in securing care covered by their health plan or within the care network. The hospital must not specify or otherwise limit the qualified providers that are available to the patient. The hospital must document in the patient's record that the list was presented to the patient or to the individual acting on the patient's behalf.

Sec. 27. Minnesota Statutes 2014, section 144.9501, subdivision 6d, is amended to read:

Subd. 6d. Certified lead firm. "Certified lead firm" means a person that employs individuals to perform regulated lead work, with the exception of renovation, and that is certified by the commissioner under section 144.9505.

Sec. 28. Minnesota Statutes 2014, section 144.9501, is amended by adding a subdivision to read:

Subd. 6e. Certified renovation firm. "Certified renovation firm" means a person that employs individuals to perform renovation and is certified by the commissioner under section 144.9505.
Sec. 29. Minnesota Statutes 2014, section 144.9501, subdivision 22b, is amended to read:

Subd. 22b. **Lead sampling technician.** "Lead sampling technician" means an individual who performs clearance inspections for renovation sites and lead dust sampling for nonabatement sites, and who is registered with the commissioner under section 144.9505.

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

Sec. 30. Minnesota Statutes 2014, section 144.9501, subdivision 26b, is amended to read:

Subd. 26b. **Renovation.** "Renovation" means the modification of any pre-1978 affected property that results in the disturbance of known or presumed lead-containing painted surfaces defined under section 144.9508, unless that activity is performed as an **abatement lead hazard reduction.** A renovation performed for the purpose of converting a building or part of a building into an affected property is a renovation under this subdivision.

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

Sec. 31. Minnesota Statutes 2014, section 144.9501, is amended by adding a subdivision to read:

Subd. 26c. **Lead renovator.** "Lead renovator" means an individual who directs individuals who perform renovations. A lead renovator also performs renovation, surface coating testing, and cleaning verification.

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

Sec. 32. Minnesota Statutes 2014, section 144.9505, is amended to read:

**144.9505 LICENSING CREDENTIALING OF LEAD FIRMS AND PROFESSIONALS.**

Subdivision 1. **Licensing and certification; generally, and permitting.** (a) All Fees received shall be paid collected under this section shall be deposited into the state treasury and credited to the lead abatement licensing and certification account and are appropriated to the commissioner to cover costs incurred under this section and section 144.9508 state government special revenue fund.

(b) Persons shall not advertise or otherwise present themselves as lead supervisors, lead workers, lead inspectors, lead risk assessors, lead sampling technicians, lead project designers, or renovation firms, or lead firms unless they have licenses or certificates issued by or are registered with the commissioner under this section.

(c) The fees required in this section for inspectors, risk assessors, and certified lead firms are waived for state or local government employees performing services for or as an assessing agency.

(d) An individual who is the owner of property on which regulated lead work is to be performed or an adult individual who is related to the property owner, as defined under section 245A.02, subdivision 13, is exempt from the requirements to obtain a license and pay a fee according to this section.

(e) A person that employs individuals to perform regulated lead work outside of the person's property must obtain certification as a certified lead firm. An individual who performs regulated lead work lead hazard reduction, lead hazard screens, lead inspections, lead risk assessments, clearance inspections, lead project designer services, lead sampling technician services, swab team services, and activities performed to comply with lead orders must be employed by a certified lead firm, unless the individual is a sole proprietor and does not employ any other individual who performs regulated lead work individuals, the individual is employed by a person that does not perform regulated lead work outside of the person's property, or the individual is employed by an assessing agency.
Subd. 1a. **Lead worker license.** Before an individual performs regulated lead work as a worker, the individual shall first obtain a license from the commissioner. No license shall be issued unless the individual shows evidence of successfully completing a training course in lead hazard control. The commissioner shall specify the course of training and testing requirements and shall charge a $50 fee annually for the license. License fees are nonrefundable and must be submitted with each application. The license must be carried by the individual and be readily available for review by the commissioner and other public health officials charged with the health, safety, and welfare of the state's citizens.

Subd. 1b. **Lead supervisor license.** Before an individual performs regulated lead work as a supervisor, the individual shall first obtain a license from the commissioner. No license shall be issued unless the individual shows evidence of successfully completing a training course in lead hazard control. The commissioner shall specify the course of training, experience, and testing requirements and shall charge a $50 fee annually for the license. License fees are nonrefundable and must be submitted with each application. The license must be carried by the individual and be readily available for review by the commissioner and other public health officials charged with the health, safety, and welfare of the state's citizens.

Subd. 1c. **Lead inspector license.** Before an individual performs lead inspection services, the individual shall first obtain a license from the commissioner. No license shall be issued unless the individual shows evidence of successfully completing a training course in lead inspection. The commissioner shall specify the course of training and testing requirements and shall charge a $50 fee annually for the license. License fees are nonrefundable and must be submitted with each application. The license must be carried by the individual and be readily available for review by the commissioner and other public health officials charged with the health, safety, and welfare of the state's citizens.

Subd. 1d. **Lead risk assessor license.** Before an individual performs lead risk assessor services, the individual shall first obtain a license from the commissioner. No license shall be issued unless the individual shows evidence of experience and successful completion of a training course in lead risk assessment. The commissioner shall specify the course of training, experience, and testing requirements and shall charge a $100 fee annually for the license. License fees are nonrefundable and must be submitted with each application. The license must be carried by the individual and be readily available for review by the commissioner and other public health officials charged with the health, safety, and welfare of the state's citizens.

Subd. 1e. **Lead project designer license.** Before an individual performs lead project designer services, the individual shall first obtain a license from the commissioner. No license shall be issued unless the individual shows evidence of experience and successful completion of a training course in lead project design. The commissioner shall specify the course of training, experience, and testing requirements and shall charge a $100 fee annually for the license. License fees are nonrefundable and must be submitted with each application. The license must be carried by the individual and be readily available for review by the commissioner and other public health officials charged with the health, safety, and welfare of the state's citizens.

Subd. 1f. **Lead sampling technician.** An individual performing lead sampling technician services shall first register with the commissioner. The commissioner shall not register an individual unless the individual shows evidence of successfully completing a training course in lead sampling. The commissioner shall specify the course of training and testing requirements. Proof of registration must be carried by the individual and be readily available for review by the commissioner and other public health officials charged with the health, safety, and welfare of the state's citizens.

Subd. 1g. **Certified lead firm.** A person who employs individuals to perform regulated lead work, with the exception of renovation, outside of the person's property must obtain certification as a lead firm. The certificate must be in writing, contain an expiration date, be signed by the commissioner, and give the name and address of the person to whom it is issued. A lead firm certificate is valid for one year. The certification fee is $100, is
nonrefundable, and must be submitted with each application. The lead firm certificate or a copy of the certificate must be readily available at the worksite for review by the contracting entity, the commissioner, and other public health officials charged with the health, safety, and welfare of the state’s citizens.

Subd. 1h. Certified renovation firm. A person who employs individuals to perform renovation activities outside of the person’s property must obtain certification as a renovation firm. The certificate must be in writing, contain an expiration date, be signed by the commissioner, and give the name and address of the person to whom it is issued. A renovation firm certificate is valid for two years. The certification fee is $100, is nonrefundable, and must be submitted with each application. The renovation firm certificate or a copy of the certificate must be readily available at the worksite for review by the contracting entity, the commissioner, and other public health officials charged with the health, safety, and welfare of the state’s citizens.

Subd. 1i. Lead training course. Before a person provides training to lead workers, lead supervisors, lead inspectors, lead risk assessors, lead project designers, lead sampling technicians, and lead renovators, the person shall first obtain a permit from the commissioner. The permit must be in writing, contain an expiration date, be signed by the commissioner, and give the name and address of the person to whom it is issued. A training course permit is valid for two years. Training course permit fees shall be nonrefundable and must be submitted with each application in the amount of $500 for an initial training course, $250 for renewal of a permit for an initial training course, $250 for a refresher training course, and $125 for renewal of a permit of a refresher training course.

Subd. 3. Licensed building contractor; information. The commissioner shall provide health and safety information on lead abatement and lead hazard reduction to all residential building contractors licensed under section 326B.805. The information must include the lead-safe practices and any other materials describing ways to protect the health and safety of both employees and residents.

Subd. 4. Notice of regulated lead work. (a) At least five working days before starting work at each regulated lead worksite, the person performing the regulated lead work shall give written notice to the commissioner and the appropriate board of health.

(b) This provision does not apply to lead hazard screen, lead inspection, lead risk assessment, lead sampling technician, renovation, or lead project design activities.

Subd. 6. Duties of contracting entity. A contracting entity intending to have regulated lead work performed for its benefit shall include in the specifications and contracts for the work a requirement that the work be performed by contractors and subcontractors licensed by the commissioner under sections 144.9501 to 144.9512 and according to rules adopted by the commissioner related to regulated lead work. No contracting entity shall allow regulated lead work to be performed for its benefit unless the contracting entity has seen that the person has a valid license or certificate. A contracting entity's failure to comply with this subdivision does not relieve a person from any responsibility under sections 144.9501 to 144.9512.

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

Sec. 33. Minnesota Statutes 2014, section 144.9508, is amended to read:

144.9508 RULES.

Subdivision 1. Sampling and analysis. The commissioner shall adopt, by rule, methods for:

(1) lead inspections, lead hazard screens, lead risk assessments, and clearance inspections;
(2) environmental surveys of lead in paint, soil, dust, and drinking water to determine areas at high risk for toxic lead exposure;

(3) soil sampling for soil used as replacement soil;

(4) drinking water sampling, which shall be done in accordance with lab certification requirements and analytical techniques specified by Code of Federal Regulations, title 40, section 141.89; and

(5) sampling to determine whether at least 25 percent of the soil samples collected from a census tract within a standard metropolitan statistical area contain lead in concentrations that exceed 100 parts per million.

Subd. 2. **Regulated lead work standards and methods.** (a) The commissioner shall adopt rules establishing regulated lead work standards and methods in accordance with the provisions of this section, for lead in paint, dust, drinking water, and soil in a manner that protects public health and the environment for all residences, including residences also used for a commercial purpose, child care facilities, playgrounds, and schools.

(b) In the rules required by this section, the commissioner shall require lead hazard reduction of intact paint only if the commissioner finds that the intact paint is on a chewable or lead-dust producing surface that is a known source of actual lead exposure to a specific individual. The commissioner shall prohibit methods that disperse lead dust into the air that could accumulate to a level that would exceed the lead dust standard specified under this section. The commissioner shall work cooperatively with the commissioner of administration to determine which lead hazard reduction methods adopted under this section may be used for lead-safe practices including prohibited practices, preparation, disposal, and cleanup. The commissioner shall work cooperatively with the commissioner of the Pollution Control Agency to develop disposal procedures. In adopting rules under this section, the commissioner shall require the best available technology for regulated lead work methods, paint stabilization, and repainting.

(c) The commissioner of health shall adopt regulated lead work standards and methods for lead in bare soil in a manner to protect public health and the environment. The commissioner shall adopt a maximum standard of 100 parts of lead per million in bare soil. The commissioner shall set a soil replacement standard not to exceed 25 parts of lead per million. Soil lead hazard reduction methods shall focus on erosion control and covering of bare soil.

(d) The commissioner shall adopt regulated lead work standards and methods for lead in dust in a manner to protect the public health and environment. Dust standards shall use a weight of lead per area measure and include dust on the floor, on the window sills, and on window wells. Lead hazard reduction methods for dust shall focus on dust removal and other practices which minimize the formation of lead dust from paint, soil, or other sources.

(e) The commissioner shall adopt lead hazard reduction standards and methods for lead in drinking water both at the tap and public water supply system or private well in a manner to protect the public health and the environment. The commissioner may adopt the rules for controlling lead in drinking water as contained in Code of Federal Regulations, title 40, part 141. Drinking water lead hazard reduction methods may include an educational approach of minimizing lead exposure from lead in drinking water.

(f) The commissioner of the Pollution Control Agency shall adopt rules to ensure that removal of exterior lead-based coatings from residences and steel structures by abrasive blasting methods is conducted in a manner that protects health and the environment.

(g) All regulated lead work standards shall provide reasonable margins of safety that are consistent with more than a summary review of scientific evidence and an emphasis on overprotection rather than underprotection when the scientific evidence is ambiguous.
(h) No unit of local government shall have an ordinance or regulation governing regulated lead work standards or methods for lead in paint, dust, drinking water, or soil that require a different regulated lead work standard or method than the standards or methods established under this section.

(i) Notwithstanding paragraph (h), the commissioner may approve the use by a unit of local government of an innovative lead hazard reduction method which is consistent in approach with methods established under this section.

(j) The commissioner shall adopt rules for issuing lead orders required under section 144.9504, rules for notification of abatement or interim control activities requirements, and other rules necessary to implement sections 144.9501 to 144.9512.

(k) The commissioner shall adopt rules consistent with section 402(c)(3) of the Toxic Substances Control Act to ensure that renovation in a pre-1978 affected property where a child or pregnant female resides is conducted in a manner that protects health and the environment. Notwithstanding sections 14.125 and 14.128, the authority to adopt these rules does not expire.

(l) The commissioner shall adopt rules consistent with sections 406(a) and 406(b) of the Toxic Substances Control Act. Notwithstanding sections 14.125 and 14.128, the authority to adopt these rules does not expire.

Subd. 2a. **Lead standards for exterior surfaces and street dust.** The commissioner may, by rule, establish lead standards for exterior horizontal surfaces, concrete or other impervious surfaces, and street dust on residential property to protect the public health and the environment.

Subd. 3. **Licensure and certification.** The commissioner shall adopt rules to license lead supervisors, lead workers, lead project designers, lead inspectors, lead risk assessors, and lead sampling technicians. The commissioner shall also adopt rules requiring certification of firms that perform regulated lead work. The commissioner shall require periodic renewal of licenses and certificates and shall establish the renewal periods.

Subd. 4. **Lead training course.** The commissioner shall establish by rule requirements for training course providers and the renewal period for each lead-related training course required for certification or licensure. The commissioner shall establish criteria in rules for the content and presentation of training courses intended to qualify trainees for licensure under subdivision 3. The commissioner shall establish criteria in rules for the content and presentation of training courses for lead renovation and lead sampling technicians. Training course permit fees shall be nonrefundable and must be submitted with each application in the amount of $500 for an initial training course, $250 for renewal of a permit for an initial training course, $250 for a refresher training course, and $125 for renewal of a permit of a refresher training course.

Subd. 5. **Variances.** In adopting the rules required under this section, the commissioner shall provide variance procedures for any provision in rules adopted under this section, except for the numerical standards for the concentrations of lead in paint, dust, bare soil, and drinking water. A variance shall be considered only according to the procedures and criteria in Minnesota Rules, parts 4717.7000 to 4717.7050.

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

Sec. 34. **[144.999] LIFE-SAVING ALLERGY MEDICATION.**

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

(b) "Administer" means the direct application of an epinephrine auto-injector to the body of an individual.
Subd. 2. **Commissioner duties.** The commissioner may identify additional categories of entities or organizations to be authorized entities if the commissioner determines that individuals may come in contact with allergens capable of causing anaphylaxis. Beginning July 1, 2016, the commissioner may annually review the categories of authorized entities and may authorize additional categories of authorized entities as the commissioner deems appropriate. The commissioner may contract with a vendor to perform the review and identification of authorized entities.

Subd. 3. **Obtaining and storing epinephrine auto-injectors.** (a) Notwithstanding section 151.37, an authorized entity may obtain and possess epinephrine auto-injectors to be provided or administered to an individual if, in good faith, an owner, manager, employee, or agent of an authorized entity believes that the individual is experiencing anaphylaxis regardless of whether the individual has a prescription for an epinephrine auto-injector. The administration of an epinephrine auto-injector in accordance with this section is not the practice of medicine.

(b) An authorized entity may obtain epinephrine auto-injectors from pharmacies licensed as wholesale drug distributors pursuant to section 151.47. Prior to obtaining an epinephrine auto-injector, an owner, manager, or authorized agent of the entity must present to the pharmacy a valid certificate of training obtained pursuant to subdivision 5.

(c) An authorized entity shall store epinephrine auto-injectors in a location readily accessible in an emergency and in accordance with the epinephrine auto-injector's instructions for use and any additional requirements that may be established by the commissioner. An authorized entity shall designate employees or agents who have completed the training program required under subdivision 5 to be responsible for the storage, maintenance, and control of epinephrine auto-injectors obtained and possessed by the authorized entity.

Subd. 4. **Use of epinephrine auto-injectors.** (a) An owner, manager, employee, or agent of an authorized entity who has completed the training required under subdivision 5 may:

(1) provide an epinephrine auto-injector for immediate administration to an individual or the individual's parent, legal guardian, or caregiver if the owner, manager, employee, or agent believes, in good faith, the individual is experiencing anaphylaxis, regardless of whether the individual has a prescription for an epinephrine auto-injector or has previously been diagnosed with an allergy; or

(2) administer an epinephrine auto-injector to an individual who the owner, manager, employee, or agent believes, in good faith, is experiencing anaphylaxis, regardless of whether the individual has a prescription for an epinephrine auto-injector or has previously been diagnosed with an allergy.

(b) Nothing in this section shall be construed to require any authorized entity to maintain a stock of epinephrine auto-injectors.
Subd. 5. **Training.** (a) In order to use an epinephrine auto-injector as authorized under subdivision 4, an individual must complete, every two years, an anaphylaxis training program conducted by a nationally recognized organization experienced in training laypersons in emergency health treatment, a statewide organization with experience providing training on allergies and anaphylaxis under the supervision of board-certified allergy medical advisors, or an entity or individual approved by the commissioner to provide an anaphylaxis training program. The commissioner may approve specific entities or individuals to conduct the training program or may approve categories of entities or individuals to conduct the training program. Training may be conducted online or in person and, at a minimum, must cover:

1. how to recognize signs and symptoms of severe allergic reactions, including anaphylaxis;
2. standards and procedures for the storage and administration of an epinephrine auto-injector; and
3. emergency follow-up procedures.

(b) The entity or individual conducting the training shall issue a certificate to each person who successfully completes the anaphylaxis training program. The commissioner may develop, approve, and disseminate a standard certificate of completion. The certificate of completion shall be valid for two years from the date issued.

Subd. 6. **Good samaritan protections.** Any act or omission taken pursuant to this section by an authorized entity that possesses and makes available epinephrine auto-injectors and its employees or agents, a pharmacy or manufacturer that dispenses epinephrine auto-injectors to an authorized entity, or an individual or entity that conducts the training described in subdivision 5 is considered "emergency care, advice, or assistance" under section 604A.01.

Sec. 35. Minnesota Statutes 2014, section 144A.70, subdivision 6, is amended to read:

Subd. 6. **Supplemental nursing services agency.** "Supplemental nursing services agency" means a person, firm, corporation, partnership, or association engaged for hire in the business of providing or procuring temporary employment in health care facilities for nurses, nursing assistants, nurse aides, and orderlies, and other licensed health professionals. Supplemental nursing services agency does not include an individual who only engages in providing the individual’s services on a temporary basis to health care facilities. Supplemental nursing services agency does not include a professional home care agency licensed as a Class A provider under section 144A.46 and rules adopted thereunder 144A.471 that only provides staff to other home care providers.

Sec. 36. Minnesota Statutes 2014, section 144A.70, is amended by adding a subdivision to read:

Subd. 7. **Oversight.** The commissioner is responsible for the oversight of supplemental nursing services agencies through annual unannounced surveys, complaint investigations under sections 144A.51 to 144A.53, and other actions necessary to ensure compliance with sections 144A.70 to 144A.74.

Sec. 37. Minnesota Statutes 2014, section 144A.71, is amended to read:

**144A.71 SUPPLEMENTAL NURSING SERVICES AGENCY REGISTRATION.**

Subdivision 1. **Duty to register.** A person who operates a supplemental nursing services agency shall register the agency annually with the commissioner. Each separate location of the business of a supplemental nursing services agency shall register the agency with the commissioner. Each separate location of the business of a supplemental nursing services agency shall have a separate registration. Fees collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.
Subd. 2. **Application information and fee.** The commissioner shall establish forms and procedures for processing each supplemental nursing services agency registration application. An application for a supplemental nursing services agency registration must include at least the following:

(1) the names and addresses of the owner or owners of the supplemental nursing services agency;

(2) if the owner is a corporation, copies of its articles of incorporation and current bylaws, together with the names and addresses of its officers and directors;

(3) satisfactory proof of compliance with section 144A.72, subdivision 1, clauses (5) to (7);

(4) any other relevant information that the commissioner determines is necessary to properly evaluate an application for registration; and

(5) the annual registration fee for a supplemental nursing services agency, which is $891. a policy and procedure that describes how the supplemental nursing services agency’s records will be immediately available at all times to the commissioner; and

(6) a registration fee of $2,035.

If a supplemental nursing services agency fails to provide the items in this subdivision to the department, the commissioner shall immediately suspend or refuse to issue the supplemental nursing services agency registration. The supplemental nursing services agency may appeal the commissioner’s findings according to section 144A.475, subdivisions 3a and 7, except that the hearing must be conducted by an administrative law judge within 60 calendar days of the request for hearing assignment.

Subd. 3. **Registration not transferable.** A registration issued by the commissioner according to this section is effective for a period of one year from the date of its issuance unless the registration is revoked or suspended under section 144A.72, subdivision 2, or unless the supplemental nursing services agency is sold or ownership or management is transferred. When a supplemental nursing services agency is sold or ownership or management is transferred, the registration of the agency must be voided and the new owner or operator may apply for a new registration.

Sec. 38. Minnesota Statutes 2014, section 144A.72, is amended to read:

### 144A.72 REGISTRATION REQUIREMENTS; PENALTIES.

Subdivision 1. **Minimum criteria.** (a) The commissioner shall require that, as a condition of registration:

(1) the supplemental nursing services agency shall document that each temporary employee provided to health care facilities currently meets the minimum licensing, training, and continuing education standards for the position in which the employee will be working;

(2) the supplemental nursing services agency shall comply with all pertinent requirements relating to the health and other qualifications of personnel employed in health care facilities;

(3) the supplemental nursing services agency must not restrict in any manner the employment opportunities of its employees;

(4) the supplemental nursing services agency shall carry medical malpractice insurance to insure against the loss, damage, or expense incident to a claim arising out of the death or injury of any person as the result of negligence or malpractice in the provision of health care services by the supplemental nursing services agency or by any employee of the agency;
(5) the supplemental nursing services agency shall carry an employee dishonesty bond in the amount of $10,000;

(6) the supplemental nursing services agency shall maintain insurance coverage for workers’ compensation for all nurses, nursing assistants, nurse aides, and orderlies provided or procured by the agency;

(7) the supplemental nursing services agency shall file with the commissioner of revenue: (i) the name and address of the bank, savings bank, or savings association in which the supplemental nursing services agency deposits all employee income tax withholdings; and (ii) the name and address of any nurse, nursing assistant, nurse aide, or orderly whose income is derived from placement by the agency, if the agency purports the income is not subject to withholding;

(8) the supplemental nursing services agency must not, in any contract with any employee or health care facility, require the payment of liquidated damages, employment fees, or other compensation should the employee be hired as a permanent employee of a health care facility; and

(9) the supplemental nursing services agency shall document that each temporary employee provided to health care facilities is an employee of the agency and is not an independent contractor; and

(10) the supplemental nursing services agency shall retain all records for five calendar years. All records of the supplemental nursing services agency must be immediately available to the department.

(b) In order to retain registration, the supplemental nursing services agency must provide services to a health care facility during the year preceding the supplemental nursing services agency’s registration renewal date.

Subd. 2. Penalties. A pattern of Failure to comply with this section shall subject the supplemental nursing services agency to revocation or nonrenewal of its registration. Violations of section 144A.74 are subject to a fine equal to 200 percent of the amount billed or received in excess of the maximum permitted under that section.

Subd. 3. Revocation. Notwithstanding subdivision 2, the registration of a supplemental nursing services agency that knowingly supplies to a health care facility a person with an illegally or fraudulently obtained or issued diploma, registration, license, certificate, or background study shall be revoked by the commissioner. The commissioner shall notify the supplemental nursing services agency 15 days in advance of the date of revocation.

Subd. 4. Hearing. (a) No supplemental nursing services agency’s registration may be revoked without a hearing held as a contested case in accordance with chapter 14. The hearing must commence within 60 days after the proceedings are initiated section 144A.475, subdivisions 3a and 7, except the hearing must be conducted by an administrative law judge within 60 calendar days of the request for assignment.

(b) If a controlling person has been notified by the commissioner of health that the supplemental nursing services agency will not receive an initial registration or that a renewal of the registration has been denied, the controlling person or a legal representative on behalf of the supplemental nursing services agency may request and receive a hearing on the denial. This The hearing shall be held as a contested case in accordance with chapter 14 a contested case in accordance with section 144A.475, subdivisions 3a and 7, except the hearing must be conducted by an administrative law judge within 60 calendar days of the request for assignment.

Subd. 5. Period of ineligibility. (a) The controlling person of a supplemental nursing services agency whose registration has not been renewed or has been revoked because of noncompliance with the provisions of sections 144A.70 to 144A.74 shall not be eligible to apply for nor will be granted a registration for five years following the effective date of the nonrenewal or revocation.
(b) The commissioner shall not issue or renew a registration to a supplemental nursing services agency if a controlling person includes any individual or entity who was a controlling person of a supplemental nursing services agency whose registration was not renewed or was revoked as described in paragraph (a) for five years following the effective date of nonrenewal or revocation.

Sec. 39. Minnesota Statutes 2014, section 144A.73, is amended to read:

**144A.73 COMPLAINT SYSTEM.**

The commissioner shall establish a system for reporting complaints against a supplemental nursing services agency or its employees. Complaints may be made by any member of the public. Written complaints must be forwarded to the employer of each person against whom a complaint is made. The employer shall promptly report to the commissioner any corrective action taken. Complaints against a supplemental nursing services agency shall be investigated by the Office of Health Facility Complaints under Minnesota Statutes, sections 144A.51 to 144A.53.

Sec. 40. Minnesota Statutes 2014, section 144A.75, subdivision 13, is amended to read:

Subd. 13. **Residential hospice facility.** (a) "Residential hospice facility" means a facility that resembles a single-family home located in a residential area that directly provides 24-hour residential and support services in a home-like setting for hospice patients as an integral part of the continuum of home care provided by a hospice and that houses:

(1) no more than eight hospice patients; or

(2) at least nine and no more than 12 hospice patients with the approval of the local governing authority, notwithstanding section 462.357, subdivision 8.

(b) Residential hospice facility also means a facility that directly provides 24-hour residential and support services for hospice patients and that:

(1) houses no more than 21 hospice patients;

(2) meets hospice certification regulations adopted pursuant to title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, et seq.; and

(3) is located on St. Anthony Avenue in St. Paul, Minnesota, and was licensed as a 40-bed non-Medicare certified nursing home as of January 1, 2015.

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

Sec. 41. Minnesota Statutes 2014, section 144D.01, is amended by adding a subdivision to read:

Subd. 3a. **Direct-care staff.** "Direct-care staff" means staff and employees who provide home care services listed in section 144A.471, subdivisions 6 and 7.

Sec. 42. **[144D.066] ENFORCEMENT OF DEMENTIA CARE TRAINING REQUIREMENTS.**

Subdivision 1. **Enforcement.** (a) The commissioner shall enforce the dementia care training standards for staff working in housing with services settings and for housing managers according to clauses (1) to (3):
(1) for dementia care training requirements in section 144D.065, the commissioner shall review training records as part of the home care provider survey process for direct care staff and supervisors of direct care staff, in accordance with section 144A.474. The commissioner may also request and review training records at any time during the year;

(2) for dementia care training standards in section 144D.065, the commissioner shall review training records for maintenance, housekeeping, and food service staff and other staff not providing direct care working in housing with services settings as part of the housing with services registration application and renewal application process in accordance with section 144D.03. The commissioner may also request and review training records at any time during the year; and

(3) for housing managers, the commissioner shall review the statement verifying compliance with the required training described in section 144D.10, paragraph (d), through the housing with services registration application and renewal application process in accordance with section 144D.03. The commissioner may also request and review training records at any time during the year.

(b) The commissioner shall specify the required forms and what constitutes sufficient training records for the items listed in paragraph (a), clauses (1) to (3).

Subd. 2. Fines for noncompliance. (a) Beginning January 1, 2017, the commissioner may impose a $200 fine for every staff person required to obtain dementia care training who does not have training records to show compliance. For violations of subdivision 1, paragraph (a), clause (1), the fine will be imposed upon the home care provider, and may be appealed under the contested case procedure in section 144A.475, subdivisions 3a, 4, and 7. For violations of subdivision 1, paragraph (a), clauses (2) and (3), the fine will be imposed on the housing with services registrant and may be appealed under the contested case procedure in section 144A.475, subdivisions 3a, 4, and 7. Prior to imposing the fine, the commissioner must allow two weeks for staff to complete the required training. Fines collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

(b) The housing with services registrant and home care provider must allow for the required training as part of employee and staff duties. Imposition of a fine by the commissioner does not negate the need for the required training. Continued noncompliance with the requirements of sections 144D.065 and 144D.10 may result in revocation or nonrenewal of the housing with services registration or home care license. The commissioner shall make public the list of all housing with services establishments that have complied with the training requirements.

Subd. 3. Technical assistance. From January 1, 2016, to December 31, 2016, the commissioner shall provide technical assistance instead of imposing fines for noncompliance with the training requirements. During the year of technical assistance, the commissioner shall review the training records to determine if the records meet the requirements and inform the home care provider. The commissioner shall also provide information about available training resources.

Sec. 43. Minnesota Statutes 2014, section 145.4131, subdivision 1, is amended to read:

Subdivision 1. Forms. (a) Within 90 days of July 1, 1998, the commissioner shall prepare a reporting form for use by physicians or facilities performing abortions. A copy of this section shall be attached to the form. A physician or facility performing an abortion shall obtain a form from the commissioner.

(b) The form shall require the following information:

(1) the number of abortions performed by the physician in the previous calendar year, reported by month;
(2) the method used for each abortion;

(3) the approximate gestational age expressed in one of the following increments:

(i) less than nine weeks;

(ii) nine to ten weeks;

(iii) 11 to 12 weeks;

(iv) 13 to 15 weeks;

(v) 16 to 20 weeks;

(vi) 21 to 24 weeks;

(vii) 25 to 30 weeks;

(viii) 31 to 36 weeks; or

(ix) 37 weeks to term;

(4) the age of the woman at the time the abortion was performed;

(5) the specific reason for the abortion, including, but not limited to, the following:

(i) the pregnancy was a result of rape;

(ii) the pregnancy was a result of incest;

(iii) economic reasons;

(iv) the woman does not want children at this time;

(v) the woman's emotional health is at stake;

(vi) the woman's physical health is at stake;

(vii) the woman will suffer substantial and irreversible impairment of a major bodily function if the pregnancy continues;

(viii) the pregnancy resulted in fetal anomalies; or

(ix) unknown or the woman refused to answer;

(6) the number of prior induced abortions;

(7) the number of prior spontaneous abortions;

(8) whether the abortion was paid for by:
(i) private coverage;
(ii) public assistance health coverage; or
(iii) self-pay;

(9) whether coverage was under:
(i) a fee-for-service plan;
(ii) a capitated private plan; or
(iii) other;

(10) complications, if any, for each abortion and for the aftermath of each abortion. Space for a description of any complications shall be available on the form; and

(11) the medical specialty of the physician performing the abortion;

(12) whether the abortion resulted in a born alive infant, as defined in section 145.423, subdivision 4, and:

(i) any medical actions taken to preserve the life of the born alive infant;

(ii) whether the born alive infant survived; and

(iii) the status of the born alive infant, should the infant survive, if known.

Sec. 44. Minnesota Statutes 2014, section 145.423, is amended to read:

145.423 ABORTION; LIVE BIRTHS.

Subdivision 1. Recognition; medical care. A live child born born alive infant as a result of an abortion shall be fully recognized as a human person, and accorded immediate protection under the law. All reasonable measures consistent with good medical practice, including the compilation of appropriate medical records, shall be taken by the responsible medical personnel to preserve the life and health of the child born alive infant.

Subd. 2. Physician required. When an abortion is performed after the twentieth week of pregnancy, a physician, other than the physician performing the abortion, shall be immediately accessible to take all reasonable measures consistent with good medical practice, including the compilation of appropriate medical records, to preserve the life and health of any live birth born alive infant that is the result of the abortion.

Subd. 3. Death. If a child born alive infant described in subdivision 1 dies after birth, the body shall be disposed of in accordance with the provisions of section 145.1621.

Subd. 4. Definition of born alive infant. (a) In determining the meaning of any Minnesota statute, or of any ruling, regulation, or interpretation of the various administrative bureaus and agencies of Minnesota, the words "person," "human being," "child," and "individual" shall include every infant member of the species Homo sapiens who is born alive at any stage of development.
(b) As used in this section, the term "born alive," with respect to a member of the species Homo sapiens, means the complete expulsion or extraction from his or her mother of that member, at any stage of development, who, after such expulsion or extraction, breathes or has a beating heart, pulsation of the umbilical cord, or definite movement of voluntary muscles, regardless of whether the umbilical cord has been cut, and regardless of whether the expulsion or extraction occurs as a result of a natural or induced labor, cesarean section, or induced abortion.

(c) Nothing in this section shall be construed to affirm, deny, expand, or contract any legal status or legal right applicable to any member of the species Homo sapiens at any point prior to being born alive, as defined in this section.

Subd. 5. Civil and disciplinary actions. (a) Any person upon whom an abortion has been performed, or the parent or guardian of the mother if the mother is a minor, and the abortion results in the infant having been born alive, may maintain an action for death of or injury to the born alive infant against the person who performed the abortion if the death or injury was a result of simple negligence, gross negligence, wantonness, willfulness, intentional conduct, or another violation of the legal standard of care.

(b) Any responsible medical personnel that does not take all reasonable measures consistent with good medical practice to preserve the life and health of the born alive infant, as required by subdivision 1, may be subject to the suspension or revocation of that person's professional license by the professional board with authority over that person. Any person who has performed an abortion and against whom judgment has been rendered pursuant to paragraph (a) shall be subject to an automatic suspension of the person's professional license for at least one year and said license shall be reinstated only after the person's professional board requires compliance with this section by all board licensees.

(c) Nothing in this subdivision shall be construed to hold the mother of the born alive infant criminally or civilly liable for the actions of a physician, nurse, or other licensed health care provider in violation of this section to which the mother did not give her consent.

Subd. 6. Protection of privacy in court proceedings. In every civil action brought under this section, the court shall rule whether the anonymity of any female upon whom an abortion has been performed or attempted shall be preserved from public disclosure if she does not give her consent to such disclosure. The court, upon motion or sua sponte, shall make such a ruling and, upon determining that her anonymity should be preserved, shall issue orders to the parties, witnesses, and counsel and shall direct the sealing of the record and exclusion of individuals from courtrooms or hearing rooms to the extent necessary to safeguard her identity from public disclosure. Each order must be accompanied by specific written findings explaining why the anonymity of the female should be preserved from public disclosure, why the order is essential to that end, how the order is narrowly tailored to serve that interest, and why no reasonable, less restrictive alternative exists. This section may not be construed to conceal the identity of the plaintiff or of witnesses from the defendant.

Subd. 7. Status of born alive infant. Unless the abortion is performed to save the life of the woman or fetus, or, unless one or both of the parents of the born alive infant agree within 30 days of the birth to accept the parental rights and responsibilities for the child, the child shall be an abandoned ward of the state and the parents shall have no parental rights or obligations as if the parental rights had been terminated pursuant to section 260C.301. The child shall be provided for pursuant to chapter 256J.

Subd. 8. Severability. If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section or the application of it to any person or circumstance is found to be unconstitutional, it is declared to be severable and the balance of this section shall remain effective notwithstanding such unconstitutionality. The legislature intends that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word, regardless of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word is declared unconstitutional.
Subd. 9. **Short title.** This act may be cited as the "Born Alive Infants Protection Act."

Sec. 45. Minnesota Statutes 2014, section 145.928, subdivision 13, is amended to read:

Subd. 13. **Reports.** (a) The commissioner shall submit a biennial report to the legislature on the local community projects, tribal government, and community health board prevention activities funded under this section. These reports must include information on grant recipients, activities that were conducted using grant funds, evaluation data, and outcome measures, if available. These reports are due by January 15 of every other year, beginning in the year 2003.

(b) The commissioner shall submit an annual report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public health on grants made under subdivision 7 to decrease racial and ethnic disparities in infant mortality rates. The report must provide specific information on the amount of each grant awarded to each agency or organization, the population served by each agency or organization, outcomes of the programs funded by each grant, and the amount of the appropriation retained by the commissioner for administrative and associated expenses. The commissioner shall issue a report each January 15 for the previous fiscal year beginning January 15, 2016.

Sec. 46. Minnesota Statutes 2014, section 145.928, is amended by adding a subdivision to read:

Subd. 15. **Promising strategies.** For all grants awarded under this section, the commissioner shall consider applicants that present evidence of a promising strategy to accomplish the applicant's objective. A promising strategy shall be given the same weight as a research or evidence-based strategy based on potential value and measurable outcomes.

Sec. 47. Minnesota Statutes 2014, section 145.986, subdivision 1a, is amended to read:

Subd. 1a. **Grants to local communities.** (a) Beginning July 1, 2009, the commissioner of health shall award competitive grants to community health boards and tribal governments to convene, coordinate, and implement evidence-based strategies targeted at reducing the percentage of Minnesotans who are obese or overweight and to reduce the use of tobacco. Grants shall be awarded to all community health boards and tribal governments whose proposals demonstrate the ability to implement programs designed to achieve the purposes in subdivision 1 and other requirements of this section.

(b) Grantee activities shall:

1. be based on scientific evidence;
2. be based on community input;
3. address behavior change at the individual, community, and systems levels;
4. occur in community, school, work site, and health care settings;
5. be focused on policy, systems, and environmental changes that support healthy behaviors; and
6. address the health disparities and inequities that exist in the grantee's community.

(c) To receive a grant under this section, community health boards and tribal governments must submit proposals to the commissioner. A local match of ten percent of the total funding allocation is required. This local match may include funds donated by community partners.
(d) In order to receive a grant, community health boards and tribal governments must submit a health improvement plan to the commissioner of health for approval. The commissioner may require the plan to identify a community leadership team, community partners, and a community action plan that includes an assessment of area strengths and needs, proposed action strategies, technical assistance needs, and a staffing plan.

(e) The grant recipient must implement the health improvement plan, evaluate the effectiveness of the strategies, and modify or discontinue strategies found to be ineffective.

(f) Grant recipients shall report their activities and their progress toward the outcomes established under subdivision 2 to the commissioner in a format and at a time specified by the commissioner.

(g) All grant recipients shall be held accountable for making progress toward the measurable outcomes established in subdivision 2. The commissioner shall require a corrective action plan and may reduce the funding level of grant recipients that do not make adequate progress toward the measurable outcomes.

(h) Beginning November 1, 2015, the commissioner shall offer grant recipients the option of using a grant awarded under this subdivision to implement health improvement strategies that improve the health status, delay the expression of dementia, or slow the progression of dementia, for a targeted population at risk for dementia and shall award at least two of the grants awarded on November 1, 2015, for these purposes. The grants must meet all other requirements of this section. The commissioner shall coordinate grant planning activities with the commissioner of human services, the Minnesota Board on Aging, and community-based organizations with a focus on dementia. Each grant must include selected outcomes and evaluation measures related to the incidence or progression of dementia among the targeted population using the procedure described in subdivision 2.

Sec. 48. Minnesota Statutes 2014, section 145.986, subdivision 2, is amended to read:

Subd. 2. Outcomes. (a) The commissioner shall set measurable outcomes to meet the goals specified in subdivision 1, and annually review the progress of grant recipients in meeting the outcomes.

(b) The commissioner shall measure current public health status, using existing measures and data collection systems when available, to determine baseline data against which progress shall be monitored.

(c) For grants awarded on or after July 1, 2016, the commissioner, in coordination with each grant recipient under section 145.986, must identify:

(1) each geographic area or population to be targeted;

(2) the policy, systems, or environmental strategy to be used to address one or more of the health indicators listed in section 62U.10, subdivision 6; and

(3) the selected outcomes and evaluation measures for the grant, related to one or more of the health indicators listed in section 62U.10, subdivision 6, within the geographic area or among the population targeted.

Sec. 49. Minnesota Statutes 2014, section 145.986, subdivision 4, is amended to read:

Subd. 4. Evaluation. (a) Using the outcome measures established in subdivision 3, the commissioner shall conduct a biennial evaluation of the statewide health improvement program funded under this section. Grant recipients shall cooperate with the commissioner in the evaluation and provide the commissioner with the information necessary to conduct the evaluation, including information on any impact on the health indicators listed in section 62U.10, subdivision 6, within the geographic area or among the population targeted.
(b) Grant recipients will collect, monitor, and submit to the Department of Health baseline and annual data and provide information to improve the quality and impact of community health improvement strategies.

(c) For the purposes of carrying out the grant program under this section, including for administrative purposes, the commissioner shall award contracts to appropriate entities to assist in designing and implementing evaluation systems.

(d) Contracts awarded under paragraph (c) may be used to:

(1) develop grantee monitoring and reporting systems to track grantee progress, including aggregated and disaggregated data;

(2) manage, analyze, and report program evaluation data results; and

(3) utilize innovative support tools to analyze and predict the impact of prevention strategies on health outcomes and state health care costs over time.

Sec. 50. Minnesota Statutes 2014, section 145A.131, subdivision 1, is amended to read:

Subdivision 1. **Funding formula for community health boards.** (a) Base funding for each community health board eligible for a local public health grant under section 145A.03, subdivision 7, shall be determined by each community health board's fiscal year 2003 allocations, prior to unallotment, for the following grant programs: community health services subsidy; state and federal maternal and child health special projects grants; family home visiting grants; TANF MN ENABL grants; TANF youth risk behavior grants; and available women, infants, and children grant funds in fiscal year 2003, prior to unallotment, distributed based on the proportion of WIC participants served in fiscal year 2003 within the CHS service area.

(b) Base funding for a community health board eligible for a local public health grant under section 145A.03, subdivision 7, as determined in paragraph (a), shall be adjusted by the percentage difference between the base, as calculated in paragraph (a), and the funding available for the local public health grant.

(c) Multicounty or multicity community health boards shall receive a local partnership base of up to $5,000 per year for each county or city in the case of a multicity community health board included in the community health board.

(d) The State Community Health Advisory Committee may recommend a formula to the commissioner to use in distributing state and federal funds to community health boards organized and operating under sections 145A.03 to 145A.131 to achieve locally identified priorities under section 145A.04, subdivision 1a, for use in distributing funds to community health boards beginning January 1, 2006, and thereafter.

(e) Notwithstanding any adjustment in paragraph (b), community health boards, all or a portion of which are located outside of the counties of Anoka, Chisago, Carver, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright, are eligible to receive an increase equal to ten percent of the grant award to the community health board under paragraph (a) starting July 1, 2015. The increase in calendar year 2015 shall be prorated for the last six months of the year. For calendar years beginning on or after January 1, 2016, the amount distributed under this paragraph shall be adjusted each year based on available funding and the number of eligible community health boards.
Sec. 51. Minnesota Statutes 2014, section 149A.20, subdivision 5, is amended to read:

Subd. 5. Examinations. After having met the educational requirements of subdivision 4, a person must attain a passing score on the National Board Examination administered by the Conference of Funeral Service Examining Boards of the United States, Inc. or any other examination that, in the determination of the commissioner, adequately and accurately assesses the knowledge and skills required to practice mortuary science. In addition, a person must attain a passing score on the state licensing examination administered by or on behalf of the commissioner. The state examination shall encompass the laws and rules of Minnesota that pertain to the practice of mortuary science. The commissioner shall make available copies of all pertinent laws and rules prior to administration of the state licensing examination. If a passing score is not attained on the state examination, the individual must wait two weeks before they can retake the examination.

Sec. 52. Minnesota Statutes 2014, section 149A.20, subdivision 6, is amended to read:

Subd. 6. Internship. (a) A person who attains a passing score on both examinations in subdivision 5 must complete a registered internship under the direct supervision of an individual currently licensed to practice mortuary science in Minnesota. Interns must file with the commissioner:

(1) the appropriate fee; and

(2) a registration form indicating the name and home address of the intern, the date the internship begins, and the name, license number, and business address of the supervising mortuary science licensee.

(b) Any changes in information provided in the registration must be immediately reported to the commissioner. The internship shall be a minimum of one calendar year and a maximum of three calendar years in duration; 2,080 hours to be completed within a three-year period, however, the commissioner may waive up to three months 520 hours of the internship time requirement upon satisfactory completion of a clinical or practicum in mortuary science administered through the program of mortuary science of the University of Minnesota or a substantially similar program approved by the commissioner. Registrations must be renewed on an annual basis if they exceed one calendar year. During the internship period, the intern must be under the direct supervision of a person holding a current license to practice mortuary science in Minnesota. An intern may be registered under only one licensee at any given time and may be directed and supervised only by the registered licensee. The registered licensee shall have only one intern registered at any given time. The commissioner shall issue to each registered intern a registration permit that must be displayed with the other establishment and practice licenses.

Sec. 53. Minnesota Statutes 2014, section 149A.40, subdivision 11, is amended to read:

Subd. 11. Continuing education. The commissioner may require 15 continuing education hours for renewal of a license to practice mortuary science. Nine of the hours must be in the following areas: body preparation, care, or handling, 3 CE hours; professional practices, 3 CE hours; regulation and ethics, 3 CE hours. Continuing education hours shall be reported to the commissioner every other year based on the licensee’s license number. Licensees whose license ends in an odd number must report CE hours at renewal time every odd year. If a licensee’s license ends in an even number, the licensee must report the licensee’s CE hours at renewal time every even year.
Sec. 54. Minnesota Statutes 2014, section 149A.65, is amended to read:

149A.65 FEES.

Subdivision 1. Generally. This section establishes the fees for registrations, examinations, initial and renewal licenses, and late fees authorized under the provisions of this chapter.

Subd. 2. Mortuary science fees. Fees for mortuary science are:

(1) $50 $75 for the initial and renewal registration of a mortuary science intern;

(2) $100 $125 for the mortuary science examination;

(3) $125 $200 for issuance of initial and renewal mortuary science licenses;

(4) $25 $100 late fee charge for a license renewal; and

(5) $200 $250 for issuing a mortuary science license by endorsement.

Subd. 3. Funeral directors. The license renewal fee for funeral directors is $125 $200. The late fee charge for a license renewal is $25 $100.

Subd. 4. Funeral establishments. The initial and renewal fee for funeral establishments is $300 $425. The late fee charge for a license renewal is $25 $100.

Subd. 5. Crematories. The initial and renewal fee for a crematory is $300 $425. The late fee charge for a license renewal is $25 $100.

Subd. 6. Alkaline hydrolysis facilities. The initial and renewal fee for an alkaline hydrolysis facility is $300 $425. The late fee charge for a license renewal is $25 $100.

Subd. 7. State government special revenue fund. Fees collected by the commissioner under this section must be deposited in the state treasury and credited to the state government special revenue fund.

Sec. 55. Minnesota Statutes 2014, section 149A.92, subdivision 1, is amended to read:

Subdivision 1. Exemption Establishment update. All funeral establishments having a preparation and embalming room that has not been used for the preparation or embalming of a dead human body in the 12 calendar months prior to July 1, 1997, are exempt from the minimum requirements in subdivisions 2 to 6, except as provided in this section. (a) Notwithstanding subdivision 11, a funeral establishment with other establishment locations that uses one preparation and embalming room for all establishment locations has until July 1, 2017, to bring the other establishment locations that are not used for preparation or embalming into compliance with this section so long as the preparation and embalming room that is used complies with the minimum standards in this section.

(b) At the time that ownership of a funeral establishment changes, the physical location of the establishment changes, or the building housing the funeral establishment or business space of the establishment is remodeled the existing preparation and embalming room must be brought into compliance with the minimum standards in this section and in accordance with subdivision 11.
Sec. 56. Minnesota Statutes 2014, section 149A.97, subdivision 7, is amended to read:

Subd. 7. Reports to commissioner. Every funeral provider lawfully doing business in Minnesota that accepts funds under subdivision 2 must make a complete annual report to the commissioner. The reports may be on forms provided by the commissioner or substantially similar forms containing, at least, identification and the state of each trust account, including all transactions involving principal and accrued interest, and must be filed by March 31 of the calendar year following the reporting year along with a filing fee of $25 for each report. Fees shall be paid to the commissioner of management and budget, state of Minnesota, for deposit in the state government special revenue fund in the state treasury. Reports must be signed by an authorized representative of the funeral provider and notarized under oath. All reports to the commissioner shall be reviewed for account inaccuracies or possible violations of this section. If the commissioner has a reasonable belief to suspect that there are account irregularities or possible violations of this section, the commissioner shall report that belief, in a timely manner, to the state auditor or other state agencies as determined by the commissioner. The commissioner may require a funeral provider reporting preneed trust accounts under this section to arrange for and pay an independent third-party auditing firm to complete an audit of the preneed trust accounts every other year. The funeral provider shall report the findings of the audit to the commissioner by March 31 of the calendar year following the reporting year. This report is in addition to the annual report. The commissioner shall also file an annual letter with the state auditor disclosing whether or not any irregularities or possible violations were detected in review of the annual trust fund reports filed by the funeral providers. This letter shall be filed with the state auditor by May 31 of the calendar year following the reporting year.

Sec. 57. Minnesota Statutes 2014, section 157.15, subdivision 8, is amended to read:

Subd. 8. Lodging establishment. "Lodging establishment" means: (1) a building, structure, enclosure, or any part thereof used as, maintained as, advertised as, or held out to be a place where sleeping accommodations are furnished to the public as regular roomers, for periods of one week or more, and having five or more beds to let to the public; or (2) a building, structure, or enclosure or any part thereof located within ten miles distance from a hospital or medical center and maintained as, advertised as, or held out to be a place where sleeping accommodations are furnished exclusively to patients, their families, and caregivers while the patient is receiving or waiting to receive health care treatments or procedures for periods of one week or more, and where no supportive services, as defined under section 157.17, subdivision 1, paragraph (a), or health supervision services, as defined under section 157.17, subdivision 1, paragraph (b), or home care services, as defined under section 144A.471, subdivisions 6 and 7, are provided.

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

Sec. 58. WORKING GROUP ON VIOLENCE AGAINST ASIAN WOMEN AND CHILDREN.

Subdivision 1. Establishment. The commissioner of health, in collaboration with the commissioners of human services and public safety, and the Council on Asian-Pacific Minnesotans, shall create a multidisciplinary working group to address violence against Asian women and children by July 1, 2015.

Subd. 2. The working group. The commissioner of health, in collaboration with the commissioners of human services and public safety, and the Council on Asian-Pacific Minnesotans, shall appoint 15 members representing the following groups to participate in the working group:

(1) advocates;

(2) survivors;

(3) service providers;
(4) community leaders;

(5) city and county attorneys;

(6) city officials;

(7) law enforcement; and

(8) health professionals.

At least eight of the members of the working group must be from the Asian-Pacific Islander community.

Subd. 3. **Duties.** (a) The working group must study the nature, scope, and prevalence of violence against Asian women and children in Minnesota, including domestic violence, trafficking, international abusive marriage, stalking, sexual assault, and other violence.

   (b) The working group may:

   (1) evaluate the adequacy and effectiveness of existing support programs;

   (2) conduct a needs assessment of culturally and linguistically appropriate programs and interventions;

   (3) identify barriers in delivering services to Asian women and children;

   (4) identify promising prevention and intervention strategies in addressing violence against Asian women and children; and

   (5) propose mechanisms to collect and monitor data on violence against Asian women and children.

Subd. 4. **Chair.** The commissioner of health shall designate one member to serve as chair of the working group.

Subd. 5. **First meeting.** The chair shall convene the first meeting by September 10, 2015.

Subd. 6. **Compensation; expense reimbursement.** Members of the working group shall be compensated and reimbursed for expenses under Minnesota Statutes, section 15.059, subdivision 3.

Subd. 7. **Report.** By January 1, 2017, the working group must submit its recommendations and any draft legislation necessary to implement those recommendations to the commissioners of health, human services, and public safety, and the Council on Asian-Pacific Minnesotans. The Council on Asian-Pacific Minnesotans shall submit a report of findings and recommendations to the chair and ranking minority members of the committees in the house of representatives and senate having jurisdiction over health and human services and public safety by February 15, 2017.

Subd. 8. **Sunset.** The working group on violence against Asian women and children sunsets the day after the Council on Asian-Pacific Minnesotans submits the report under subdivision 7.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 59. **HEALTH EQUITY GRANTS.**

For the competitive grants awarded under Laws 2014, chapter 312, article 30, section 3, subdivision 2, the commissioner of health shall consider applicants who present evidence of a promising strategy to accomplish the applicant's objective. A promising strategy shall be given the same weight as a research or evidence-based strategy based on potential value and measurable outcomes.

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

**ARTICLE 9**

**HEALTH CARE DELIVERY**

Section 1. **[62A.67] SHORT TITLE.**

Sections 62A.67 to 62A.672 may be cited as the "Minnesota Telemedicine Act."

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

Sec. 2. **[62A.671] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of sections 62A.67 to 62A.672, the terms defined in this section have the meanings given.

Subd. 2. **Distant site.** "Distant site" means a site at which a licensed health care provider is located while providing health care services or consultations by means of telemedicine.

Subd. 3. **Health care provider.** "Health care provider" has the meaning provided in section 62A.63, subdivision 2.

Subd. 4. **Health carrier.** "Health carrier" has the meaning provided in section 62A.011, subdivision 2.

Subd. 5. **Health plan.** "Health plan" means a health plan as defined in section 62A.011, subdivision 3, and includes dental plans as defined in section 62Q.76, subdivision 3, but does not include dental plans that provide indemnity-based benefits, regardless of expenses incurred and are designed to pay benefits directly to the policyholder.

Subd. 6. **Licensed health care provider.** "Licensed health care provider" means a health care provider who is:

(1) licensed under chapter 147, 147A, 148, 148B, 148E, 148F, 150A, or 153; a mental health professional as defined under section 245.462, subdivision 18, or 245.4871, subdivision 27; or vendor of medical care defined in section 256B.02, subdivision 7; and

(2) authorized within their respective scope of practice to provide the particular service with no supervision or under general supervision.

Subd. 7. **Originating site.** "Originating site" means a site including, but not limited to, a health care facility at which a patient is located at the time health care services are provided to the patient by means of telemedicine.

Subd. 8. **Store-and-forward technology.** "Store-and-forward technology" means the transmission of a patient's medical information from an originating site to a health care provider at a distant site without the patient being present, or the delivery of telemedicine that does not occur in real time via synchronous transmissions.
Subd. 9. **Telemedicine.** "Telemedicine" means the delivery of health care services or consultations while the patient is at an originating site and the licensed health care provider is at a distant site. A communication between licensed health care providers that consists solely of a telephone conversation, e-mail, or facsimile transmission does not constitute telemedicine consultations or services. A communication between a licensed health care provider and a patient that consists solely of an e-mail or facsimile transmission does not constitute telemedicine consultations or services. Telemedicine may be provided by means of real-time two-way, interactive audio and visual communications, including the application of secure video conferencing or store-and-forward technology to provide or support health care delivery, which facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care.

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

Sec. 3. **[62A.672] COVERAGE OF TELEMEDICINE SERVICES.**

Subdivision 1. **Coverage of telemedicine.** (a) A health plan sold, issued, or renewed by a health carrier for which coverage of benefits begins on or after January 1, 2017, shall include coverage for telemedicine benefits in the same manner as any other benefits covered under the policy, plan, or contract, and shall comply with the regulations of this section.

(b) Nothing in this section shall be construed to:

(1) require a health carrier to provide coverage for services that are not medically necessary;

(2) prohibit a health carrier from establishing criteria that a health care provider must meet to demonstrate the safety or efficacy of delivering a particular service via telemedicine for which the health carrier does not already reimburse other health care providers for delivering via telemedicine, so long as the criteria are not unduly burdensome or unreasonable for the particular service; or

(3) prevent a health carrier from requiring a health care provider to agree to certain documentation or billing practices designed to protect the health carrier or patients from fraudulent claims so long as the practices are not unduly burdensome or unreasonable for the particular service.

Subd. 2. **Parity between telemedicine and in-person services.** A health carrier shall not exclude a service for coverage solely because the service is provided via telemedicine and is not provided through in-person consultation or contact between a licensed health care provider and a patient.

Subd. 3. **Reimbursement for telemedicine services.** (a) A health carrier shall reimburse the distant site licensed health care provider for covered services delivered via telemedicine on the same basis and at the same rate as the health carrier would apply to those services if the services had been delivered in person by the distant site licensed health care provider.

(b) It is not a violation of this subdivision for a health carrier to include a deductible, co-payment, or coinsurance requirement for a health care service provided via telemedicine, provided that the deductible, co-payment, or coinsurance is not in addition to, and does not exceed, the deductible, co-payment, or coinsurance applicable if the same services were provided through in-person contact.

**EFFECTIVE DATE.** This section is effective January 1, 2016.
Sec. 4. Minnesota Statutes 2014, section 62U.02, subdivision 1, is amended to read:

Subdivision 1. Development. (a) The commissioner of health shall develop a standardized set of measures by which to assess the quality of health care services offered by health care providers, including health care providers certified as health care homes under section 256B.0751. Quality measures must be based on medical evidence and be developed through a process in which providers participate. The measures shall be used for the quality incentive payment system developed in subdivision 2 and must:

(1) include uniform definitions, measures, and forms for submission of data, to the greatest extent possible;

(2) seek to avoid increasing the administrative burden on health care providers;

(3) be initially based on existing quality indicators for physician and hospital services, which are measured and reported publicly by quality measurement organizations, including, but not limited to, Minnesota Community Measurement and specialty societies;

(4) place a priority on measures of health care outcomes, rather than process measures, wherever possible; and

(5) incorporate measures for primary care, including preventive services, coronary artery and heart disease, diabetes, asthma, depression, and other measures as determined by the commissioner.

(b) Effective July 1, 2016, the commissioner shall stratify quality measures by race, ethnicity, preferred language, and country of origin beginning with five measures, and stratifying additional measures to the extent resources are available. On or after January 1, 2018, the commissioner may require measures to be stratified by other sociodemographic factors that according to reliable data are correlated with health disparities and have an impact on performance on quality or cost indicators. New methods of stratifying data under this paragraph must be tested and evaluated through pilot projects prior to adding them to the statewide system. In determining whether to add additional sociodemographic factors and developing the methodology to be used, the commissioner shall consider the reporting burden on providers and determine whether there are alternative sources of data that could be used. The commissioner shall ensure that categories and data collection methods are developed in consultation with those communities impacted by health disparities using culturally appropriate community engagement principles and methods. The commissioner shall implement this paragraph in coordination with the contracting entity retained under section 62U.02, subdivision 4, in order to build upon the data stratification methodology that has been developed and tested by the entity. Nothing in this paragraph expands or changes the commissioner's authority to collect, analyze, or report health care data. Any data collected to implement this paragraph must be data that is available or is authorized to be collected under other laws. Nothing in this paragraph grants authority to the commissioner to collect or analyze patient-level or patient-specific data of the patient characteristics identified under this paragraph.

(b) (c) The measures shall be reviewed at least annually by the commissioner.

Sec. 5. Minnesota Statutes 2014, section 62U.02, subdivision 2, is amended to read:

Subd. 2. Quality incentive payments. (a) By July 1, 2009, the commissioner shall develop a system of quality incentive payments under which providers are eligible for quality-based payments that are in addition to existing payment levels, based upon a comparison of provider performance against specified targets, and improvement over time. The targets must be based upon and consistent with the quality measures established under subdivision 1.

(b) To the extent possible, the payment system must adjust for variations in patient population in order to reduce incentives to health care providers to avoid high-risk patients or populations, including those with risk factors related to race, ethnicity, language, country of origin, and sociodemographic factors.

(c) The requirements of section 62Q.101 do not apply under this incentive payment system.
Sec. 6. Minnesota Statutes 2014, section 62U.02, subdivision 3, is amended to read:

Subd. 3. Quality transparency. (a) The commissioner shall establish standards for measuring health outcomes, establish a system for risk adjusting quality measures, and issue annual public reports on provider quality beginning July 1, 2010.

(b) Effective July 1, 2017, the risk adjustment system established under this subdivision shall adjust for patient characteristics identified under subdivision 1, paragraph (b), that are correlated with health disparities and have an impact on performance on cost and quality measures. The risk adjustment method may consist of reporting based on an actual-to-expected comparison that reflects the characteristics of the patient population served by the clinic or hospital. The commissioner shall implement this paragraph in coordination with any contracting entity retained under section 62U.02, subdivision 4.

(c) By January 1, 2010, physician clinics and hospitals shall submit standardized electronic information on the outcomes and processes associated with patient care to the commissioner or the commissioner's designee. In addition to measures of care processes and outcomes, the report may include other measures designated by the commissioner, including, but not limited to, care infrastructure and patient satisfaction. The commissioner shall ensure that any quality data reporting requirements established under this subdivision are not duplicative of publicly reported, communitywide quality reporting activities currently under way in Minnesota. Nothing in this subdivision is intended to replace or duplicate current privately supported activities related to quality measurement and reporting in Minnesota.

Sec. 7. Minnesota Statutes 2014, section 62U.02, subdivision 4, is amended to read:

Subd. 4. Contracting. The commissioner may contract with a private entity or consortium of private entities to complete the tasks in subdivisions 1 to 3. The private entity or consortium must be nonprofit and have governance that includes representatives from the following stakeholder groups: health care providers, including providers serving high concentrations of patients and communities impacted by health disparities; health plan companies; consumers, including consumers representing groups who experience health disparities; employers or other health care purchasers; and state government. No one stakeholder group shall have a majority of the votes on any issue or hold extraordinary powers not granted to any other governance stakeholder.

Sec. 8. Minnesota Statutes 2014, section 144E.001, is amended by adding a subdivision to read:

Subd. 5h. Community medical response emergency medical technician. "Community medical response emergency medical technician" or "CEMT" means a person who is certified as an emergency medical technician, who is a member of a registered medical response unit under section 144E.275, and who meets the requirements for additional certification as a CEMT as specified in section 144E.275, subdivision 7.

Sec. 9. Minnesota Statutes 2014, section 144E.275, subdivision 1, is amended to read:

Subdivision 1. Definition. For purposes of this section, the following definitions apply:

(a) "Medical response unit" means an organized service recognized by a local political subdivision whose primary responsibility is to respond to medical emergencies to provide initial medical care before the arrival of a licensed ambulance service. Medical response units may also provide CEMT services as permitted under subdivision 7.

(b) "Specialized medical response unit" means an organized service recognized by a board-approved authority other than a local political subdivision that responds to medical emergencies as needed or as required by local procedure or protocol.
Sec. 10. Minnesota Statutes 2014, section 144E.275, is amended by adding a subdivision to read:

Subd. 7. **Community medical response emergency medical technician.** (a) To be eligible for certification by the board as a CEMT, an individual shall:

1. be currently certified as an EMT or AEMT;
2. have two years of service as an EMT or AEMT;
3. be a member of a registered medical response unit as defined under this section;
4. successfully complete a CEMT training program from a college or university that has been approved by the board or accredited by a board-approved national accrediting organization. The training must include clinical experience under the supervision of the medical response unit medical director, an advanced practice registered nurse, a physician assistant, or a public health nurse operating under the direct authority of a local unit of government;
5. successfully complete a training program that includes training in providing culturally appropriate care; and
6. complete a board-approved application form.

(b) A CEMT must practice in accordance with protocols and supervisory standards established by the medical response unit medical director in accordance with section 144E.265.

(c) A CEMT may provide services within the CEMT skill set as approved by the medical response unit medical director.

(d) A CEMT may provide episodic individual patient education and prevention education but only as directed by a patient care plan developed by the patient's primary physician, an advanced practice registered nurse, or a physician assistant, in conjunction with the medical response unit medical director and relevant local health care providers. The patient care plan must ensure that the services provided by the CEMT are consistent with services offered by the patient's health care home, if one exists, that the patient receives the necessary services, and that there is no duplication of services to the patient.

(e) A CEMT is subject to all certification, disciplinary, complaint, and other regulatory requirements that apply to EMTs under this chapter.

(f) A CEMT may not provide services as defined in section 144A.471, subdivisions 6 and 7, except a CEMT may provide verbal or visual reminders to the patient to:

1. take a regularly scheduled medication, but not to provide or bring the patient medication; and
2. follow regularly scheduled treatment or exercise plans.

Sec. 11. Minnesota Statutes 2014, section 151.58, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section only, the terms defined in this subdivision have the meanings given.
(a) "Automated drug distribution system" or "system" means a mechanical system approved by the board that performs operations or activities, other than compounding or administration, related to the storage, packaging, or dispensing of drugs, and collects, controls, and maintains all required transaction information and records.

(b) "Health care facility" means a nursing home licensed under section 144A.02; a housing with services establishment registered under section 144D.01, subdivision 4, in which a home provider licensed under chapter 144A is providing centralized storage of medications; a boarding care home licensed under sections 144.50 to 144.58 that is providing centralized storage of medications; or a Minnesota sex offender program facility operated by the Department of Human Services.

(c) "Managing pharmacy" means a pharmacy licensed by the board that controls and is responsible for the operation of an automated drug distribution system.

Sec. 12. Minnesota Statutes 2014, section 151.58, subdivision 5, is amended to read:

Subd. 5. Operation of automated drug distribution systems. (a) The managing pharmacy and the pharmacist in charge are responsible for the operation of an automated drug distribution system.

(b) Access to an automated drug distribution system must be limited to pharmacy and nonpharmacy personnel authorized to procure drugs from the system, except that field service technicians may access a system located in a health care facility for the purposes of servicing and maintaining it while being monitored either by the managing pharmacy, or a licensed nurse within the health care facility. In the case of an automated drug distribution system that is not physically located within a licensed pharmacy, access for the purpose of procuring drugs shall be limited to licensed nurses. Each person authorized to access the system must be assigned an individual specific access code. Alternatively, access to the system may be controlled through the use of biometric identification procedures. A policy specifying time access parameters, including time-outs, logoffs, and lockouts, must be in place.

(c) For the purposes of this section only, the requirements of section 151.215 are met if the following clauses are met:

(1) a pharmacist employed by and working at the managing pharmacy, or at a pharmacy that is acting as a central services pharmacy for the managing pharmacy, pursuant to Minnesota Rules, part 6800.4075, must review, interpret, and approve all prescription drug orders before any drug is distributed from the system to be administered to a patient. A pharmacy technician may perform data entry of prescription drug orders provided that a pharmacist certifies the accuracy of the data entry before the drug can be released from the automated drug distribution system. A pharmacist employed by and working at the managing pharmacy must certify the accuracy of the filling of any cassettes, canisters, or other containers that contain drugs that will be loaded into the automated drug distribution system, unless the filled cassettes, canisters, or containers have been provided by a repackager registered with the United States Food and Drug Administration and licensed by the board as a manufacturer; and

(2) when the automated drug dispensing system is located and used within the managing pharmacy, a pharmacist must personally supervise and take responsibility for all packaging and labeling associated with the use of an automated drug distribution system.

(d) Access to drugs when a pharmacist has not reviewed and approved the prescription drug order is permitted only when a formal and written decision to allow such access is issued by the pharmacy and the therapeutics committee or its equivalent. The committee must specify the patient care circumstances in which such access is allowed, the drugs that can be accessed, and the staff that are allowed to access the drugs.

(e) In the case of an automated drug distribution system that does not utilize bar coding in the loading process, the loading of a system located in a health care facility may be performed by a pharmacy technician, so long as the activity is continuously supervised, through a two-way audiovisual system by a pharmacist on duty within the
managing pharmacy. In the case of an automated drug distribution system that utilizes bar coding in the loading process, the loading of a system located in a health care facility may be performed by a pharmacy technician or a licensed nurse, provided that the managing pharmacy retains an electronic record of loading activities.

(f) The automated drug distribution system must be under the supervision of a pharmacist. The pharmacist is not required to be physically present at the site of the automated drug distribution system if the system is continuously monitored electronically by the managing pharmacy. A pharmacist on duty within a pharmacy licensed by the board must be continuously available to address any problems detected by the monitoring or to answer questions from the staff of the health care facility. The licensed pharmacy may be the managing pharmacy or a pharmacy which is acting as a central services pharmacy, pursuant to Minnesota Rules, part 6800.4075, for the managing pharmacy.

Sec. 13. Minnesota Statutes 2014, section 256B.0625, subdivision 3b, is amended to read:

Subd. 3b. **Telemedicine consultations services.** (a) Medical assistance covers medically necessary services and consultations delivered by a licensed health care provider via telemedicine consultations. Telemedicine consultations must be made via two-way, interactive video or store and forward technology. Store and forward technology includes telemedicine consultations that do not occur in real time via synchronous transmissions, and that do not require a face-to-face encounter with the patient for all or any part of any such telemedicine consultation. The patient record must include a written opinion from the consulting physician providing the telemedicine consultation. A communication between two physicians that consists solely of a telephone conversation is not a telemedicine consultation in the same manner as if the service or consultation was delivered in person. Coverage is limited to three telemedicine consultations services per recipient enrollee per calendar week. Telemedicine consultations services shall be paid at the full allowable rate.

(b) The commissioner shall establish criteria that a health care provider must attest to in order to demonstrate the safety or efficacy of delivering a particular service via telemedicine. The attestation may include that the health care provider:

(1) has identified the categories or types of services the health care provider will provide via telemedicine;

(2) has written policies and procedures specific to telemedicine services that are regularly reviewed and updated;

(3) has policies and procedures that adequately address patient safety before, during, and after the telemedicine service is rendered;

(4) has established protocols addressing how and when to discontinue telemedicine services; and

(5) has an established quality assurance process related to telemedicine services.

c) As a condition of payment, a licensed health care provider must document each occurrence of a health service provided by telemedicine to a medical assistance enrollee. Health care service records for services provided by telemedicine must meet the requirements set forth in Minnesota Rules, part 9505.2175, subparts 1 and 2, and must document:

(1) the type of service provided by telemedicine;

(2) the time the service began and the time the service ended, including an a.m. and p.m. designation;

(3) the licensed health care provider’s basis for determining that telemedicine is an appropriate and effective means for delivering the service to the enrollee;
(4) the mode of transmission of the telemedicine service and records evidencing that a particular mode of transmission was utilized;

(5) the location of the originating site and the distant site;

(6) if the claim for payment is based on a physician's telemedicine consultation with another physician, the written opinion from the consulting physician providing the telemedicine consultation; and

(7) compliance with the criteria attested to by the health care provider in accordance with paragraph (b).

d) For purposes of this subdivision, unless otherwise covered under this chapter, “telemedicine” is defined as the delivery of health care services or consultations while the patient is at an originating site and the licensed health care provider is at a distant site. A communication between licensed health care providers, or a licensed health care provider and a patient that consists solely of a telephone conversation, e-mail, or facsimile transmission does not constitute telemedicine consultations or services. Telemedicine may be provided by means of real-time two-way, interactive audio and visual communications, including the application of secure video conferencing or store-and-forward technology to provide or support health care delivery, which facilitate the assessment, diagnosis, consultation, treatment, education, and care management of a patient's health care.

e) For purposes of this section, "licensed health care provider" is defined under section 62A.671, subdivision 6; "health care provider" is defined under section 62A.671, subdivision 3; and "originating site" is defined under section 62A.671, subdivision 7.

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

Sec. 14. Minnesota Statutes 2014, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. **Drugs.** (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician, physician assistant, or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control.

(b) The dispensed quantity of a prescription drug must not exceed a 34-day supply, unless authorized by the commissioner.

(c) For the purpose of this subdivision and subdivision 13d, an "active pharmaceutical ingredient" is defined as a substance that is represented for use in a drug and when used in the manufacturing, processing, or packaging of a drug becomes an active ingredient of the drug product. An "excipient" is defined as an inert substance used as a diluent or vehicle for a drug. The commissioner shall establish a list of active pharmaceutical ingredients and excipients which are included in the medical assistance formulary. Medical assistance covers selected active pharmaceutical ingredients and excipients used in compounded prescriptions when the compounded combination is specifically approved by the commissioner or when a commercially available product:

(1) is not a therapeutic option for the patient;

(2) does not exist in the same combination of active ingredients in the same strengths as the compounded prescription; and

(3) cannot be used in place of the active pharmaceutical ingredient in the compounded prescription.
(d) Medical assistance covers the following over-the-counter drugs when prescribed by a licensed practitioner or by a licensed pharmacist who meets standards established by the commissioner, in consultation with the board of pharmacy: antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions, or disorders, and this determination shall not be subject to the requirements of chapter 14. A pharmacist may prescribe over-the-counter medications as provided under this paragraph for purposes of receiving reimbursement under Medicaid. When prescribing over-the-counter drugs under this paragraph, licensed pharmacists must consult with the recipient to determine necessity, provide drug counseling, review drug therapy for potential adverse interactions, and make referrals as needed to other health care professionals. Over-the-counter medications must be dispensed in a quantity that is the lowest of: (1) the number of dosage units contained in the manufacturer's original package; and (2) the number of dosage units required to complete the patient's course of therapy; or (3) if applicable, the number of dosage units dispensed from a system using retrospective billing, as provided under subdivision 13e, paragraph (b).

(e) Effective January 1, 2006, medical assistance shall not cover drugs that are coverable under Medicare Part D as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-2(e), for individuals eligible for drug coverage as defined in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173, section 1860D-1(a)(3)(A). For these individuals, medical assistance may cover drugs from the drug classes listed in United States Code, title 42, section 1396r-8(d)(2), subject to this subdivision and subdivisions 13a to 13g, except that drugs listed in United States Code, title 42, section 1396r-8(d)(2)(E), shall not be covered.

(f) Medical assistance covers drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B covered entities and ambulatory pharmacies under common ownership of the 340B covered entity. Medical assistance does not cover drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B contract pharmacies.

EFFECTIVE DATE. This section is effective January 1, 2016, or upon federal approval, whichever is later.

Sec. 15. Minnesota Statutes 2014, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. Payment rates. (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs or the maximum allowable cost by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be $3.65 for legend prescription drugs, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be $8 per bag, $14 per bag for cancer chemotherapy products, and $30 per bag for total parenteral nutritional products dispensed in one liter quantities, or $44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. The pharmacy dispensing fee for over the counter drugs shall be $3.65, except that the fee shall be $1.31 for retrospectively billing pharmacies when billing for quantities less than the number of units contained in the manufacturer's original package. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner at wholesale acquisition cost plus four percent for independently owned pharmacies located in a designated rural area within Minnesota, and at wholesale acquisition cost plus two percent for all other pharmacies. A pharmacy is "independently owned" if it is one of four or fewer pharmacies under the same ownership nationally. A "designated rural area" means an area defined as a small rural area or isolated rural area according to the four-category classification of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration. Effective January 1,
2014, the actual acquisition cost of a drug acquired through the federal 340B Drug Pricing Program shall be estimated by the commissioner at wholesale acquisition cost minus 40 percent. Wholesale acquisition cost is defined as the manufacturer’s list price for a drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates, or reductions in price, for the most recent month for which information is available, as reported in wholesale price guides or other publications of drug or biological pricing data. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) Pharmacies dispensing prescriptions to residents of long-term care facilities using an automated drug distribution system meeting the requirements of section 151.58, or a packaging system meeting the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse, may employ retrospective billing for prescription drugs dispensed to long-term care facility residents. A retrospectively billing pharmacy must submit a claim only for the quantity of medication used by the enrolled recipient during the defined billing period. A retrospectively billing pharmacy must use a billing period not less than one calendar month or 30 days.

(c) An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider using packaging that meets the standards set forth in Minnesota Rules, part 6800.2700, is required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse, unless the pharmacy is using retrospective billing. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

( d) Whenever a maximum allowable cost has been set for a multisource drug, payment shall be the lower of the usual and customary price charged to the public or the maximum allowable cost established by the commissioner unless prior authorization for the brand name product has been granted according to the criteria established by the Drug Formulary Committee as required by subdivision 13f, paragraph (a), and the prescriber has indicated "dispense as written" on the prescription in a manner consistent with section 151.21, subdivision 2.

(e) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider, 106 percent of the average sales price as determined by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. If average sales price is unavailable, the amount of payment must be lower of the usual and customary cost submitted by the provider, the wholesale acquisition cost, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. Effective January 1, 2014, the commissioner shall discount the payment rate for drugs obtained through the federal 340B Drug Pricing Program by 20 percent. The payment for drugs administered in an outpatient setting shall be made to the administering facility or practitioner. A retail or specialty pharmacy dispensing a drug for administration in an outpatient setting is not eligible for direct reimbursement.

(f) The commissioner may negotiate lower reimbursement rates for specialty pharmacy products than the rates specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers with whom the commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are defined as those used by a small
number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, antihemophilic factor products, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to this paragraph. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the reimbursement rate to prevent access to care issues.

(4) (g) Home infusion therapy services provided by home infusion therapy pharmacies must be paid at rates according to subdivision 8d.

EFFECTIVE DATE. This section is effective January 1, 2016, or upon federal approval, whichever is later.

Sec. 16. Minnesota Statutes 2014, section 256B.072, is amended to read:

256B.072 PERFORMANCE REPORTING AND QUALITY IMPROVEMENT SYSTEM.

(a) The commissioner of human services shall establish a performance reporting system for health care providers who provide health care services to public program recipients covered under chapters 256B, 256D, and 256L, reporting separately for managed care and fee-for-service recipients.

(b) The measures used for the performance reporting system for medical groups shall include measures of care for asthma, diabetes, hypertension, and coronary artery disease and measures of preventive care services. The measures used for the performance reporting system for inpatient hospitals shall include measures of care for acute myocardial infarction, heart failure, and pneumonia, and measures of care and prevention of surgical infections. In the case of a medical group, the measures used shall be consistent with measures published by nonprofit Minnesota or national organizations that produce and disseminate health care quality measures or evidence-based health care guidelines. In the case of inpatient hospital measures, the commissioner shall appoint the Minnesota Hospital Association and Stratis Health to advise on the development of the performance measures to be used for hospital reporting. To enable a consistent measurement process across the community, the commissioner may use measures of care provided for patients in addition to those identified in paragraph (a). The commissioner shall ensure collaboration with other health care reporting organizations so that the measures described in this section are consistent with those reported by those organizations and used by other purchasers in Minnesota.

(c) The commissioner may require providers to submit information in a required format to a health care reporting organization or to cooperate with the information collection procedures of that organization. The commissioner may collaborate with a reporting organization to collect information reported and to prevent duplication of reporting.

(d) By October 1, 2007, and annually thereafter, the commissioner shall report through a public Web site the results by medical groups and hospitals, where possible, of the measures under this section, and shall compare the results by medical groups and hospitals for patients enrolled in public programs to patients enrolled in private health plans. To achieve this reporting, the commissioner may collaborate with a health care reporting organization that operates a Web site suitable for this purpose.

(e) Performance measures must be stratified as provided under section 62U.02, subdivision 1, paragraph (b), and risk-adjusted as specified in section 62U.02, subdivision 3, paragraph (b).
Sec. 17. PROPOSAL FOR CHILD PROTECTION FOCUSED "COMMUNITY MEDICAL RESPONSE EMERGENCY MEDICAL TECHNICIAN" (CEMT) MODEL.

The commissioner shall develop a proposal for a pilot project to create a community-based support system that coordinates services between child protection services and community emergency medical technicians. This pilot project model shall be developed with the input of stakeholders that represent both child protection services and community emergency medical technicians. The model must be designed so that the collaborative effort results in increased safety for children and increased support for families. The pilot project model must be reviewed by the Task Force on the Protection of Children, and the commissioner shall make recommendations for the pilot project to the members of the legislative committees with primary jurisdiction over CEMT and child protection issues no later than January 15, 2016.

Sec. 18. COMMUNITY MEDICAL RESPONSE EMERGENCY MEDICAL TECHNICIAN SERVICES COVERED UNDER THE MEDICAL ASSISTANCE PROGRAM.

(a) The commissioner of human services, in consultation with representatives of emergency medical service providers, public health nurses, community health workers, the Minnesota State Fire Chiefs Association, the Minnesota Professional Firefighters Association, the Minnesota State Firefighters Department Association, Minnesota Academy of Family Physicians, Minnesota Licensed Practical Nurses Association, Minnesota Nurses Association, and local public health agencies, shall determine specified services and payment rates for these services to be performed by community medical response emergency medical technicians certified under Minnesota Statutes, section 144E.275, subdivision 7, and covered by medical assistance under Minnesota Statutes, section 256B.0625. Services must be in the CEMT skill set and may include interventions intended to prevent avoidable ambulance transportation or hospital emergency department use.

(b) In order to be eligible for payment, services provided by a community medical response emergency medical technician must be:

1. ordered by a medical response unit medical director;

2. part of a patient care plan that has been developed in coordination with the patient's primary physician, advanced practice registered nurse, and relevant local health care providers; and

3. billed by an eligible medical assistance enrolled provider that employs or contracts with the community medical response emergency medical technician.

In determining the community medical response emergency medical technician services to include under medical assistance coverage, the commissioner of human services shall consider the potential of hospital admittance and emergency room utilization reductions as well as increased access to quality care in rural communities.

(c) The commissioner of human services shall submit the list of services to be covered by medical assistance to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and spending by February 15, 2016. These services shall not be covered by medical assistance until legislation providing coverage for the services is enacted in law.

Sec. 19. EVALUATION OF COMMUNITY MEDICAL RESPONSE EMERGENCY MEDICAL TECHNICIAN SERVICES.

If legislation is enacted to cover community medical response emergency medical technician services with medical assistance, the commissioner of human services shall evaluate the effect of medical assistance and MinnesotaCare coverage for those services on the cost and quality of care under those programs and the
coordination of those services with the health care home services. The commissioner shall present findings to the
chairs and ranking minority members of the legislative committees with jurisdiction over health and human services
policy and spending by December 1, 2017. The commissioner shall require medical assistance and MinnesotaCare
enrolled providers that employ or contract with community medical response emergency medical technicians to
provide to the commissioner, in the form and manner specified by the commissioner, the utilization, cost, and
quality data necessary to conduct this evaluation.

ARTICLE 10
HEALTH LICENSING BOARDS

Section 1. Minnesota Statutes 2014, section 148.52, is amended to read:

148.52 BOARD OF OPTOMETRY.

The Board of Optometry shall consist of two public members as defined by section 214.02 and five qualified
Minnesota licensed optometrists appointed by the governor. Membership terms, compensation of members,
removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as
provided in sections 214.07 to 214.09.

The provision of staff, administrative services and office space; the review and processing of complaints; the
setting of board fees; and other provisions relating to board operations shall be as provided in chapter 214.

Sec. 2. Minnesota Statutes 2014, section 148.54, is amended to read:

148.54 BOARD; SEAL.

The Board of Optometry shall elect from among its members a president, vice president, and secretary and may
adopt a seal.

Sec. 3. Minnesota Statutes 2014, section 148.57, subdivision 1, is amended to read:

Subdivision 1. Examination. (a) A person not authorized to practice optometry in the state and desiring to do
so shall apply to the state Board of Optometry by filling out and swearing to an application for a license granted by
the board and accompanied by a fee in an amount of $87 established by the board, not to exceed the amount
specified in section 148.59. With the submission of the application form, the candidate shall prove that the
candidate:

(1) is of good moral character;

(2) has obtained a clinical doctorate degree from a board-approved school or college of optometry, or is
currently enrolled in the final year of study at such an institution; and

(3) has passed all parts of an examination.

(b) The examination shall include both a written portion and a clinical practical portion and shall thoroughly test
the fitness of the candidate to practice in this state. In regard to the written and clinical practical examinations, the
board may:

(1) prepare, administer, and grade the examination itself;
(2) recognize and approve in whole or in part an examination prepared, administered and graded by a national board of examiners in optometry; or

(3) administer a recognized and approved examination prepared and graded by or under the direction of a national board of examiners in optometry.

(c) The board shall issue a license to each applicant who satisfactorily passes the examinations and fulfills the other requirements stated in this section and section 148.575 for board certification for the use of legend drugs. Applicants for initial licensure do not need to apply for or possess a certificate as referred to in sections 148.571 to 148.574. The fees mentioned in this section are for the use of the board and in no case shall be refunded.

Sec. 4. Minnesota Statutes 2014, section 148.57, subdivision 2, is amended to read:

Subd. 2. Endorsement. (a) An optometrist who holds a current license from another state, and who has practiced in that state not less than three years immediately preceding application, may apply for licensure in Minnesota by filling out and swearing to an application for license by endorsement furnished by the board. The completed application with all required documentation shall be filed at the board office along with a fee of $87 established by the board, not to exceed the amount specified in section 148.59. The application fee shall be for the use of the board and in no case shall be refunded.

(b) To verify that the applicant possesses the knowledge and ability essential to the practice of optometry in this state, the applicant must provide evidence of:

(1) having obtained a clinical doctorate degree from a board-approved school or college of optometry;

(2) successful completion of both written and practical examinations for licensure in the applicant's original state of licensure that thoroughly tested the fitness of the applicant to practice;

(3) successful completion of an examination of Minnesota state optometry laws;

(4) compliance with the requirements for board certification in section 148.575;

(5) compliance with all continuing education required for license renewal in every state in which the applicant currently holds an active license to practice; and

(6) being in good standing with every state board from which a license has been issued.

(c) Documentation from a national certification system or program, approved by the board, which supports any of the listed requirements, may be used as evidence. The applicant may then be issued a license if the requirements for licensure in the other state are deemed by the board to be equivalent to those of sections 148.52 to 148.62.

Sec. 5. Minnesota Statutes 2014, section 148.57, is amended by adding a subdivision to read:

Subd. 5. Change of address. A person regulated by the board shall maintain a current name and address with the board and shall notify the board in writing within 30 days of any change in name or address. If a name change only is requested, the regulated person must request revised credentials and return the current credentials to the board. The board may require the regulated person to substantiate the name change by submitting official documentation from a court of law or agency authorized under law to receive and officially record a name change. If an address change only is requested, no request for revised credentials is required. If the regulated person's current credentials have been lost, stolen, or destroyed, the person shall provide a written explanation to the board.
Sec. 6. Minnesota Statutes 2014, section 148.574, is amended to read:

**148.574 PROHIBITIONS RELATING TO LEGEND DRUGS; AUTHORIZING SALES BY PHARMACISTS UNDER CERTAIN CONDITIONS.**

An optometrist shall not purchase, possess, administer, prescribe or give any legend drug as defined in section 151.01 or 152.02 to any person except as is expressly authorized by sections 148.571 to 148.577. Nothing in chapter 151 shall prevent a pharmacist from selling topical ocular drugs to an optometrist authorized to use such drugs according to sections 148.571 to 148.577. Notwithstanding sections 151.37 and 152.12, an optometrist is prohibited from dispensing legend drugs at retail, unless the legend drug is within the scope designated in section 148.56, subdivision 1, and is administered to the eye through an ophthalmic good as defined in section 145.711, subdivision 4.

Sec. 7. Minnesota Statutes 2014, section 148.575, subdivision 2, is amended to read:

Subd. 2. Board certified Requirements defined. "Board certified" means that A licensed optometrist has been issued a certificate by the Board of Optometry certifying that the optometrist has complied shall comply with the following requirements for the use of legend drugs described in section 148.576:

(1) successful completion of at least 60 hours of study in general and ocular pharmacology emphasizing drugs used for examination or treatment purposes, their systemic effects and management or referral of adverse reactions;

(2) successful completion of at least 100 hours of study in the examination, diagnosis, and treatment of conditions of the human eye with legend drugs;

(3) successful completion of two years of supervised clinical experience in differential diagnosis of eye disease or disorders as part of optometric training or one year of that experience and ten years of actual clinical experience as a licensed optometrist; and

(4) successful completion of a nationally standardized examination approved or administered by the board on the subject of treatment and management of ocular disease.

Sec. 8. Minnesota Statutes 2014, section 148.577, is amended to read:

**148.577 STANDARD OF CARE.**

A licensed optometrist who is board certified under section 148.575 is held to the same standard of care in the use of those legend drugs as physicians licensed by the state of Minnesota.

Sec. 9. Minnesota Statutes 2014, section 148.59, is amended to read:

**148.59 LICENSE RENEWAL; FEE LICENSE AND REGISTRATION FEES.**

A licensed optometrist shall pay to the state Board of Optometry a fee as set by the board in order to renew a license as provided by board rule. No fees shall be refunded. Fees may not exceed the following amounts but may be adjusted lower by board direction and are for the exclusive use of the board:

(1) optometry licensure application, $160;

(2) optometry annual licensure renewal, $135;
(3) optometry late penalty fee, $75;

(4) annual license renewal card, $10;

(5) continuing education provider application, $45;

(6) emeritus registration, $10;

(7) endorsement/reciprocity application, $160;

(8) replacement of initial license, $12; and

(9) license verification, $50.

Sec. 10. Minnesota Statutes 2014, section 148.603, is amended to read:

**148.603 FORMS OF GROUNDS FOR DISCIPLINARY ACTIONS.**

When grounds exist under section 148.57, subdivision 3, or other statute or rule which the board is authorized to enforce, the board may take one or more of the following disciplinary actions, provided that disciplinary or corrective action may not be imposed by the board on any regulated person except after a contested case hearing conducted pursuant to chapter 14 or by consent of the parties:

(1) deny an application for a credential;

(2) revoke the regulated person’s credential;

(3) suspend the regulated person’s credential;

(4) impose limitations on the regulated person’s credential;

(5) impose conditions on the regulated person’s credential;

(6) censure or reprimand the regulated person;

(7) impose a civil penalty not exceeding $10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the person of any economic advantage gained by reason of the violation or to discourage similar violations or to reimburse the board for the cost of the investigation and proceeding. For purposes of this section, the cost of the investigation and proceeding may include, but is not limited to, fees paid for services provided by the Office of Administrative Hearings, legal and investigative services provided by the Office of the Attorney General, court reporters, witnesses, reproduction of records, board members’ per diem compensation, board staff time, and travel costs and expenses incurred by board staff and board members; or

(8) when grounds exist under section 148.57, subdivision 3, or a board rule, enter into an agreement with the regulated person for corrective action which may include requiring the regulated person:

(i) to complete an educational course or activity;

(ii) to submit to the executive director or designated board member a written protocol or report designed to prevent future violations of the same kind;
(iii) to meet with a board member or board designee to discuss prevention of future violations of the same kind; or

(iv) to perform other action justified by the facts.

Listing the measures in clause (8) does not preclude the board from including them in an order for disciplinary action. The board may refuse to grant a license or may impose disciplinary action as described in section 148.607 against any optometrist for the following:

(1) failure to demonstrate the qualifications or satisfy the requirements for a license contained in this chapter or in rules of the board. The burden of proof shall be on the applicant to demonstrate the qualifications or the satisfaction of the requirements;

(2) obtaining a license by fraud or cheating, or attempting to subvert the licensing examination process. Conduct which subverts or attempts to subvert the licensing examination process includes, but is not limited to: (i) conduct which violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (ii) conduct which violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf;

(3) conviction, during the previous five years, of a felony or gross misdemeanor, reasonably related to the practice of optometry. Conviction as used in this section shall include a conviction of an offense which if committed in this state would be deemed a felony or gross misdemeanor without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered thereon;

(4) revocation, suspension, restriction, limitation, or other disciplinary action against the person's optometry license in another state or jurisdiction, failure to report to the board that charges regarding the person's license have been brought in another state or jurisdiction, or having been refused a license by any other state or jurisdiction;

(5) advertising which is false or misleading, which violates any rule of the board, or which claims without substantiation the positive cure of any disease;

(6) violating a rule adopted by the board or an order of the board, a state or federal law, which relates to the practice of optometry, or a state or federal narcotics or controlled substance law;

(7) engaging in any unethical conduct: conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient; or practice of optometry which is professionally incompetent, in that it may create unnecessary danger to any patient's life, health, or safety, which in any of the cases, proof of actual injury need not be established;

(8) failure to supervise an optometrist's assistant or failure to supervise an optometrist under any agreement with the board;

(9) aiding or abetting an unlicensed person in the practice of optometry, except that it is not a violation of this section for an optometrist to employ, supervise, or delegate functions to a qualified person who may or may not be required to obtain a license or registration to provide health services if that person is practicing within the scope of that person's license or registration or delegated authority;
(10) adjudication as mentally incompetent, mentally ill, or developmentally disabled, or as a chemically dependent person, a person dangerous to the public, a sexually dangerous person, or a person who has a sexual psychopathic personality by a court of competent jurisdiction, within or without this state. Such adjudication shall automatically suspend a license for the duration of the license unless the board orders otherwise;

(11) engaging in unprofessional conduct which includes any departure from or the failure to conform to the minimal standards of acceptable and prevailing practice in which case actual injury to a patient need not be established;

(12) inability to practice optometry with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills;

(13) revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law;

(14) improper management of medical records, including failure to maintain adequate medical records, to comply with a patient’s request made pursuant to sections 144.291 to 144.298 or to furnish a medical record or report required by law;

(15) fee splitting, including without limitation:

(i) paying, offering to pay, receiving, or agreeing to receive a commission, rebate, or remuneration, directly or indirectly, primarily for the referral of patients or the prescription of drugs or devices; and

(ii) dividing fees with another optometrist, other health care provider, or a professional corporation, unless the division is in proportion to the services provided and the responsibility assumed by each professional and the optometrist has disclosed the terms of the division;

(16) engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws;

(17) becoming addicted or habituated to a drug or intoxicant;

(18) prescribing a drug or device for other than accepted therapeutic or experimental or investigative purposes authorized by the state or a federal agency;

(19) engaging in conduct with a patient which is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior which is seductive or sexually demeaning to a patient;

(20) failure to make reports as required by section 148.604 or to cooperate with an investigation of the board as required by section 148.606;

(21) knowingly providing false or misleading information that is directly related to the care of a patient; and

(22) practice of a board-regulated profession under lapsed or nonrenewed credentials.

Sec. 11. [148.604] REPORTING OBLIGATIONS.

Subdivision 1. Permission to report. A person who has knowledge of any conduct constituting grounds for discipline under sections 148.52 to 148.62 may report the violation to the board.
Subd. 2. Institutions. Any hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the board any action taken by the institution or organization or any of its administrators or medical or other committees to revoke, suspend, restrict, or condition an optometrist's privilege to practice or treat patients in the institution, or as part of the organization, any denial of privileges, or any other disciplinary action. The institution or organization shall also report the resignation of any optometrist prior to the conclusion of any disciplinary proceeding, or prior to the commencement of formal charges but after the optometrist had knowledge that formal charges were contemplated or in preparation. Each report made under this subdivision must state the nature of the action taken, state in detail the reasons for the action, and identify the specific patient medical records upon which the action was based. No report shall be required of an optometrist voluntarily limiting the practice of the optometrist at a hospital provided that the optometrist notifies all hospitals where the optometrist has privileges of the voluntary limitation and the reasons for it.

Subd. 3. Licensed professionals. A licensed optometrist shall report to the board personal knowledge of any conduct by any optometrist which the person reasonably believes constitutes grounds for disciplinary action under sections 148.52 to 148.62, including any conduct indicating that the person may be incompetent, may have engaged in unprofessional conduct, or may be physically unable to safely engage in the practice of optometry.

Subd. 4. Self-reporting. An optometrist shall report to the board any personal action which would require that a report be filed with the board by any person, health care facility, business, or organization pursuant to subdivisions 2 and 3.

Subd. 5. Deadlines; forms; rulemaking. Reports required by subdivisions 2 to 4 must be submitted not later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms provided, and may adopt rules necessary to ensure prompt and accurate reporting.

Subd. 6. Subpoenas. The board may issue subpoenas for the production of any reports required by subdivisions 2 to 4 or any related documents.

Sec. 12. [148.605] IMMUNITY.

Subdivision 1. Reporting. Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to the board pursuant to section 148.604 or for otherwise reporting to the board violations or alleged violations of section 148.603, if they are acting in good faith and in the exercise of reasonable care.

Subd. 2. Investigation; indemnification. (a) Members of the board, persons employed by the board, and consultants retained by the board for the purpose of investigation of violations, the preparation of charges, and management of board orders on behalf of the board are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under sections 148.52 to 148.62, if they are acting in good faith and in the exercise of reasonable care.

(b) Members of the board and persons employed by the board or engaged in maintaining records and making reports regarding adverse health care events are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under sections 148.52 to 148.62, if they are acting in good faith and in the exercise of reasonable care.

(c) For purposes of this section, a member of the board or a consultant described in paragraph (a) is considered a state employee under section 3.736, subdivision 9.
Sec. 13. [148.606] OPTOMETRIST COOPERATION.

An optometrist who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of patient medical records, as reasonably requested by the board, to assist the board in its investigation. If the board does not have written consent from a patient permitting access to the patient's records, the optometrist shall delete any data in the record which identifies the patient before providing it to the board. The board shall maintain any records obtained pursuant to this section as investigative data pursuant to chapter 13.

Sec. 14. [148.607] DISCIPLINARY ACTIONS.

When the board finds that a licensed optometrist under section 148.57 has violated a provision or provisions of sections 148.52 to 148.62, it may do one or more of the following:

(1) revoke the license;

(2) suspend the license;

(3) impose limitations or conditions on the optometrist's practice of optometry, including the limitation of scope of practice to designated field specialties; the imposition of retraining or rehabilitation requirements; the requirement of practice under supervision; or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination or other review of skill and competence;

(4) impose a civil penalty not exceeding $10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the optometrist of any economic advantage gained by reason of the violation charged or to reimburse the board for the cost of the investigation and proceeding; and

(5) censure or reprimand the licensed optometrist.

Sec. 15. Minnesota Statutes 2014, section 148E.075, is amended to read:

148E.075 INACTIVE LICENSES ALTERNATE LICENSES.

Subdivision 1. Inactive status Temporary leave license. (a) A licensee qualifies for inactive status under either of the circumstances described in paragraph (b) or (c).

(b) A licensee qualifies for inactive status when the licensee is granted temporary leave from active practice. A licensee qualifies for temporary leave from active practice if the licensee demonstrates to the satisfaction of the board that the licensee is not engaged in the practice of social work in any setting, including settings in which social workers are exempt from licensure according to section 148E.065. A licensee who is granted temporary leave from active practice may reactivate the license according to section 148E.080.

(b) A licensee may maintain a temporary leave license for no more than four consecutive years.

(c) A licensee qualifies for inactive status when a licensee is granted an emeritus license. A licensee qualifies for an emeritus license if the licensee demonstrates to the satisfaction of the board that:

(1) the licensee is retired from social work practice; and
A licensee who possesses an emeritus license may reactivate the license according to section 148E.080.

(c) A licensee who is granted temporary leave from active practice may reactivate the license according to section 148E.080. If a licensee does not apply for reactivation within 60 days following the end of the consecutive four-year period, the license automatically expires. An individual with an expired license may apply for new licensure according to section 148E.055.

(d) Except as provided in paragraph (e), a licensee who holds a temporary leave license must not practice, attempt to practice, offer to practice, or advertise or hold out as authorized to practice social work.

(e) The board may grant a variance to the requirements of paragraph (d) if a licensee on temporary leave license provides emergency social work services. A variance is granted only if the board provides the variance in writing to the licensee. The board may impose conditions or restrictions on the variance.

(f) In making representations of professional status to the public, when holding a temporary leave license, a licensee must state that the license is not active and that the licensee cannot practice social work.

Subd. 1a. Emeritus inactive license. (a) A licensee qualifies for an emeritus inactive license if the licensee demonstrates to the satisfaction of the board that the licensee is:

(1) retired from social work practice; and

(2) not engaged in the practice of social work in any setting, including settings in which social workers are exempt from licensure according to section 148E.065.

(b) A licensee with an emeritus inactive license may apply for reactivation according to section 148E.080 only during the four years following the granting of the emeritus inactive license. However, after four years following the granting of the emeritus inactive license, an individual may apply for new licensure according to section 148E.055.

(c) Except as provided in paragraph (d), a licensee who holds an emeritus inactive license must not practice, attempt to practice, offer to practice, or advertise or hold out as authorized to practice social work.

(d) The board may grant a variance to the requirements of paragraph (c) if a licensee on emeritus inactive license provides emergency social work services. A variance is granted only if the board provides the variance in writing to the licensee. The board may impose conditions or restrictions on the variance.

(e) In making representations of professional status to the public, when holding an emeritus inactive license, a licensee must state that the license is not active and that the licensee cannot practice social work.

Subd. 1b. Emeritus active license. (a) A licensee qualifies for an emeritus active license if the applicant demonstrates to the satisfaction of the board that the licensee is:

(1) retired from social work practice; and

(2) in compliance with the supervised practice requirements, as applicable, under sections 148E.100 to 148E.125.

(b) A licensee who is issued an emeritus active license is only authorized to engage in:
(1) pro bono or unpaid social work practice as specified in section 148E.010, subdivisions 6 and 11; or

(2) paid social work practice not to exceed 240 clock hours per calendar year, for the exclusive purpose to provide licensing supervision as specified in sections 148E.100 to 148E.125; and

(3) the authorized scope of practice specified in section 148E.050.

(c) An emeritus active license must be renewed according to the requirements specified in section 148E.070, subdivisions 1, 2, 3, 4, and 5.

(d) At the time of license renewal a licensee must provide evidence satisfactory to the board that the licensee has, during the renewal term, completed 20 clock hours of continuing education, including at least two clock hours in ethics, as specified in section 148E.130:

(1) for licensed independent clinical social workers, at least 12 clock hours must be in the clinical content areas specified in section 148E.055, subdivision 5; and

(2) for social workers providing supervision according to sections 148E.100 to 148E.125, at least three clock hours must be in the practice of supervision.

(e) Independent study hours must not consist of more than eight clock hours of continuing education per renewal term.

(f) Failure to renew an active emeritus license on the expiration date will result in an expired license as specified in section 148E.070, subdivision 5.

(g) The board may grant a variance to the requirements of paragraph (b) if a licensee holding an emeritus active license provides emergency social work services. A variance is granted only if the board provides the variance in writing to the licensee. The board may impose conditions or restrictions on the variance.

(h) In making representations of professional status to the public, when holding an emeritus active license, a licensee must state that an emeritus active license authorizes only pro bono or unpaid social work practice, or paid social work practice not to exceed 240 clock hours per calendar year, for the exclusive purpose to provide licensing supervision as specified in sections 148E.100 to 148E.125.

(i) Notwithstanding the time limit and emeritus active license renewal requirements specified in this section, a licensee who possesses an emeritus active license may reactivate the license according to section 148E.080 or apply for new licensure according to section 148E.055.

Subd. 2. Application. A licensee may apply for inactive status temporary leave license, emeritus inactive license, or emeritus active license:

(1) at any time when currently licensed under section 148E.055, 148E.0555, 148E.0556, or 148E.0557, or when licensed as specified in section 148E.075, by submitting an application for a temporary leave from active practice or for an emeritus license form required by the board; or

(2) as an alternative to applying for the renewal of a license by so recording on the application for license renewal form required by the board and submitting the completed, signed application to the board.

An application that is not completed or signed, or that is not accompanied by the correct fee, must be returned to the applicant, along with any fee submitted, and is void. For applications submitted electronically, a "signed application" means providing an attestation as specified by the board.
Subd. 3. Fee. (a) Regardless of when the application for inactive status, temporary leave license or emeritus inactive license is submitted, the temporary leave license or emeritus inactive license fee specified in section 148E.180, whichever is applicable, must accompany the application. A licensee who is approved for inactive status, temporary leave license or emeritus inactive license before the license expiration date is not entitled to receive a refund for any portion of the license or renewal fee.

(b) If an application for temporary leave or emeritus active license is received after the license expiration date, the licensee must pay a renewal late fee as specified in section 148E.180 in addition to the temporary leave fee.

(c) Regardless of when the application for emeritus active license is submitted, the emeritus active license fee is one-half of the renewal fee for the applicable license specified in section 148E.180, subdivision 3, and must accompany the application. A licensee who is approved for emeritus active license before the license expiration date is not entitled to receive a refund for any portion of the license or renewal fee.

Subd. 4. Time limits for temporary leaves. A licensee may maintain an inactive license on temporary leave for no more than five consecutive years. If a licensee does not apply for reactivation within 60 days following the end of the consecutive five-year period, the license automatically expires.

Subd. 5. Time limits for emeritus license. A licensee with an emeritus license may not apply for reactivation according to section 148E.080 after five years following the granting of the emeritus license. However, after five years following the granting of the emeritus license, an individual may apply for new licensure according to section 148E.055.

Subd. 6. Prohibition on practice. (a) Except as provided in paragraph (b), a licensee whose license is inactive must not practice, attempt to practice, offer to practice, or advertise or hold out as authorized to practice social work.

(b) The board may grant a variance to the requirements of paragraph (a) if a licensee on inactive status provides emergency social work services. A variance is granted only if the board provides the variance in writing to the licensee. The board may impose conditions or restrictions on the variance.

Subd. 7. Representations of professional status. In making representations of professional status to the public, a licensee whose license is inactive must state that the license is inactive and that the licensee cannot practice social work.

Subd. 8. Disciplinary or other action. The board may resolve any pending complaints against a licensee before approving an application for inactive status an alternate license specified in this section. The board may take action according to sections 148E.255 to 148E.270 against a licensee whose license is inactive who is issued an alternate license specified in this section based on conduct occurring before the license is inactive or conduct occurring while the license is inactive effective.

Sec. 16. Minnesota Statutes 2014, section 148E.080, subdivision 1, is amended to read:

Subdivision 1. Mailing notices to licensees on temporary leave. The board must mail a notice for reactivation to a licensee on temporary leave at least 45 days before the expiration date of the license according to section 148E.075, subdivision 4 1. Mailing the notice by United States mail to the licensee’s last known mailing address constitutes valid mailing. Failure to receive the reactivation notice does not relieve a licensee of the obligation to comply with the provisions of this section to reactivate a license.
Sec. 17. Minnesota Statutes 2014, section 148E.080, subdivision 2, is amended to read:

Subd. 2. **Reactivation from a temporary leave or emeritus status.** To reactivate a license from a temporary leave or emeritus status, a licensee must do the following within the time period specified in section 148E.075, subdivisions 4 and 5, 1a, and 1b:

(1) complete an application form specified by the board;

(2) document compliance with the continuing education requirements specified in subdivision 4;

(3) submit a supervision plan, if required;

(4) pay the reactivation of an inactive licensee a license fee specified in section 148E.180; and

(5) pay the wall certificate fee according to section 148E.095, subdivision 1, paragraph (b) or (c), if the licensee needs a duplicate license.

Sec. 18. Minnesota Statutes 2014, section 148E.180, subdivision 2, is amended to read:

Subd. 2. **License fees.** License fees are as follows:

(1) for a licensed social worker, $81;

(2) for a licensed graduate social worker, $144;

(3) for a licensed independent social worker, $216;

(4) for a licensed independent clinical social worker, $238.50;

(5) for an emeritus inactive license, $43.20; and

(6) for an emeritus active license, one-half of the renewal fee specified in subdivision 3; and

(7) for a temporary leave fee, the same as the renewal fee specified in subdivision 3.

If the licensee's initial license term is less or more than 24 months, the required license fees must be prorated proportionately.

Sec. 19. Minnesota Statutes 2014, section 148E.180, subdivision 5, is amended to read:

Subd. 5. **Late fees.** Late fees are as follows:

(1) renewal late fee, one-fourth of the renewal fee specified in subdivision 3; and

(2) supervision plan late fee, $40; and

(3) license late fee, $100 plus the prorated share of the license fee specified in subdivision 2 for the number of months during which the individual practiced social work without a license.
Sec. 20. Minnesota Statutes 2014, section 150A.091, subdivision 4, is amended to read:

Subd. 4. **Annual license fees.** Each limited faculty or resident dentist shall submit with an annual license renewal application a fee established by the board not to exceed the following amounts:

(1) limited faculty dentist, $168; and

(2) resident dentist or dental provider, $59 $85.

Sec. 21. Minnesota Statutes 2014, section 150A.091, subdivision 5, is amended to read:

Subd. 5. **Biennial license or permit fees.** Each of the following applicants shall submit with a biennial license or permit renewal application a fee as established by the board, not to exceed the following amounts:

(1) dentist or full faculty dentist, $336 $475;

(2) dental therapist, $480 $300;

(3) dental hygienist, $448 $200;

(4) licensed dental assistant, $80 $150; and

(5) dental assistant with a permit as described in Minnesota Rules, part 3100.8500, subpart 3, $24.

Sec. 22. Minnesota Statutes 2014, section 150A.091, subdivision 11, is amended to read:

Subd. 11. **Certificate application fee for anesthesia/sedation.** Each dentist shall submit with a general anesthesia or moderate sedation application or a contracted sedation provider application, or biennial renewal, a fee as established by the board not to exceed the following amounts:

(1) for both a general anesthesia and moderate sedation application, $250 $400;

(2) for a general anesthesia application only, $250 $400;

(3) for a moderate sedation application only, $250 $400; and

(4) for a contracted sedation provider application, $250 $400.

Sec. 23. Minnesota Statutes 2014, section 150A.091, is amended by adding a subdivision to read:

Subd. 17. **Advanced dental therapy examination fee.** Any dental therapist eligible to sit for the advanced dental therapy certification examination must submit with the application a fee as established by the board, not to exceed $250.

Sec. 24. Minnesota Statutes 2014, section 150A.091, is amended by adding a subdivision to read:

Subd. 18. **Corporation or professional firm late fee.** Any corporation or professional firm whose annual fee is not postmarked or otherwise received by the board by the due date of December 31 shall, in addition to the fee, submit a late fee as established by the board, not to exceed $15.
Sec. 25. Minnesota Statutes 2014, section 150A.31, is amended to read:

**150A.31 FEES.**

(a) The initial biennial registration fee is $50.

(b) The biennial renewal registration fee is $25 not to exceed $80.

(c) The fees specified in this section are nonrefundable and shall be deposited in the state government special revenue fund.

Sec. 26. Minnesota Statutes 2014, section 151.01, subdivision 15a, is amended to read:

Subd. 15a. **Pharmacy technician.** "Pharmacy technician" means a person not licensed as a pharmacist or registered as a pharmacist intern, who assists the pharmacist in the preparation and dispensing of medications by performing computer entry of prescription data and other manipulative tasks. A pharmacy technician shall not perform tasks specifically reserved to a licensed pharmacist or requiring has been trained in pharmacy tasks that do not require the professional judgment of a licensed pharmacist. A pharmacy technician may not perform tasks specifically reserved to a licensed pharmacist.

Sec. 27. Minnesota Statutes 2014, section 151.01, subdivision 27, is amended to read:

Subd. 27. **Practice of pharmacy.** "Practice of pharmacy" means:

(1) interpretation and evaluation of prescription drug orders;

(2) compounding, labeling, and dispensing drugs and devices (except labeling by a manufacturer or packager of nonprescription drugs or commercially packaged legend drugs and devices);

(3) participation in clinical interpretations and monitoring of drug therapy for assurance of safe and effective use of drugs, including the performance of laboratory tests that are waived under the federal Clinical Laboratory Improvement Act of 1988, United States Code, title 42, section 263a et seq., provided that a pharmacist may interpret the results of laboratory tests but may modify drug therapy only pursuant to a protocol or collaborative practice agreement;

(4) participation in drug and therapeutic device selection; drug administration for first dosage and medical emergencies; drug regimen reviews; and drug or drug-related research;

(5) participation in administration of influenza vaccines to all eligible individuals ten six years of age and older and all other vaccines to patients 18 13 years of age and older by written protocol with a physician licensed under chapter 147, a physician assistant authorized to prescribe drugs under chapter 147A, or an advanced practice registered nurse authorized to prescribe drugs under section 148.235, provided that:

(i) the protocol includes, at a minimum:

(A) the name, dose, and route of each vaccine that may be given;

(B) the patient population for whom the vaccine may be given;

(C) contraindications and precautions to the vaccine;
(D) the procedure for handling an adverse reaction;

(E) the name, signature, and address of the physician, physician assistant, or advanced practice registered nurse;

(F) a telephone number at which the physician, physician assistant, or advanced practice registered nurse can be contacted; and

(G) the date and time period for which the protocol is valid;

(ii) the pharmacist has successfully completed a program approved by the Accreditation Council for Pharmacy Education specifically for the administration of immunizations or a program approved by the board;

(iii) the pharmacist utilizes the Minnesota Immunization Information Connection to assess the immunization status of individuals prior to the administration of vaccines, except when administering influenza vaccines to individuals age nine and older;

(iv) the pharmacist reports the administration of the immunization to the patient's primary physician or clinic or to the Minnesota Immunization Information Connection; and

(iv) the pharmacist complies with guidelines for vaccines and immunizations established by the federal Advisory Committee on Immunization Practices, except that a pharmacist does not need to comply with those portions of the guidelines that establish immunization schedules when administering a vaccine pursuant to a valid, patient-specific order issued by a physician licensed under chapter 147, a physician assistant authorized to prescribe drugs under chapter 147A, or an advanced practice nurse authorized to prescribe drugs under section 148.235, provided that the order is consistent with the United States Food and Drug Administration approved labeling of the vaccine;

(6) participation in the initiation, management, modification, and discontinuation of drug therapy according to a written protocol or collaborative practice agreement between: (i) one or more pharmacists and one or more dentists, optometrists, physicians, podiatrists, or veterinarians; or (ii) one or more pharmacists and one or more physician assistants authorized to prescribe, dispense, and administer under chapter 147A, or advanced practice nurses authorized to prescribe, dispense, and administer under section 148.235. Any changes in drug therapy made pursuant to a protocol or collaborative practice agreement must be documented by the pharmacist in the patient's medical record or reported by the pharmacist to a practitioner responsible for the patient's care;

(7) participation in the storage of drugs and the maintenance of records;

(8) patient counseling on therapeutic values, content, hazards, and uses of drugs and devices; and

(9) offering or performing those acts, services, operations, or transactions necessary in the conduct, operation, management, and control of a pharmacy.

Sec. 28. Minnesota Statutes 2014, section 151.02, is amended to read:

151.02 STATE BOARD OF PHARMACY.

The Minnesota State Board of Pharmacy shall consist of three public members as defined by section 214.02 and six pharmacists actively engaged in the practice of pharmacy in this state. Each of said pharmacists shall have had at least five consecutive years of practical experience as a pharmacist immediately preceding appointment.
Sec. 29. Minnesota Statutes 2014, section 151.065, subdivision 1, is amended to read:

Subdivision 1. **Application fees.** Application fees for licensure and registration are as follows:

1. pharmacist licensed by examination, $130 $145;
2. pharmacist licensed by reciprocity, $225 $240;
3. pharmacy intern, $30 $37.50;
4. pharmacy technician, $30 $37.50;
5. pharmacy, $190 $225;
6. drug wholesaler, legend drugs only, $200 $235;
7. drug wholesaler, legend and nonlegend drugs, $200 $235;
8. drug wholesaler, nonlegend drugs, veterinary legend drugs, or both, $175 $210;
9. drug wholesaler, medical gases, $150 $175;
10. drug wholesaler, also licensed as a pharmacy in Minnesota, $125 $150;
11. drug manufacturer, legend drugs only, $200 $235;
12. drug manufacturer, legend and nonlegend drugs, $200 $235;
13. drug manufacturer, nonlegend or veterinary legend drugs, $175 $210;
14. drug manufacturer, medical gases, $150 $185;
15. drug manufacturer, also licensed as a pharmacy in Minnesota, $125 $150;
16. medical gas distributor, $75 $110;
17. controlled substance researcher, $50 $75; and
18. pharmacy professional corporation, $100 $125.

Sec. 30. Minnesota Statutes 2014, section 151.065, subdivision 2, is amended to read:

Subd. 2. **Original license fee.** The pharmacist original licensure fee, $130 $145.

Sec. 31. Minnesota Statutes 2014, section 151.065, subdivision 3, is amended to read:

Subd. 3. **Annual renewal fees.** Annual licensure and registration renewal fees are as follows:

1. pharmacist, $130 $145;
2. pharmacy technician, $30 $37.50;
(3) pharmacy, $190 $225;
(4) drug wholesaler, legend drugs only, $200 $235;
(5) drug wholesaler, legend and nonlegend drugs, $200 $235;
(6) drug wholesaler, nonlegend drugs, veterinary legend drugs, or both, $175 $210;
(7) drug wholesaler, medical gases, $150 $185;
(8) drug wholesaler, also licensed as a pharmacy in Minnesota, $125 $150;
(9) drug manufacturer, legend drugs only, $200 $235;
(10) drug manufacturer, legend and nonlegend drugs, $200 $235;
(11) drug manufacturer, nonlegend, veterinary legend drugs, or both, $175 $210;
(12) drug manufacturer, medical gases, $150 $185;
(13) drug manufacturer, also licensed as a pharmacy in Minnesota, $125 $150;
(14) medical gas distributor, $75 $110;
(15) controlled substance researcher, $50 $75; and
(16) pharmacy professional corporation, $45 $75.

Sec. 32. Minnesota Statutes 2014, section 151.065, subdivision 4, is amended to read:

Subd. 4. Miscellaneous fees. Fees for issuance of affidavits and duplicate licenses and certificates are as follows:

(1) intern affidavit, $45 $20;
(2) duplicate small license, $45 $20; and
(3) duplicate large certificate, $25 $30.

Sec. 33. Minnesota Statutes 2014, section 151.102, is amended to read:

**151.102 PHARMACY TECHNICIAN.**

Subdivision 1. General. A pharmacy technician may assist a pharmacist in the practice of pharmacy by performing nonjudgmental tasks and that are not reserved to, and do not require the professional judgment of, a licensed pharmacist. A pharmacy technician works under the personal and direct supervision of the pharmacist. A pharmacist may supervise two up to three technicians, as long as the. A pharmacist assumes responsibility is responsible for all the functions work performed by the technicians who are under the supervision of the pharmacist. A pharmacy may exceed the ratio of pharmacy technicians to pharmacists permitted in this subdivision or in rule by a total of one technician at any given time in the pharmacy, provided at least one technician in the pharmacy holds a valid certification from the Pharmacy Technician Certification Board or from another national certification body for
pharmacy technicians that requires passage of a nationally recognized, psychometrically valid certification examination for certification as determined by the Board of Pharmacy. The Board of Pharmacy may, by rule, set ratios of technicians to pharmacists greater than two three to one for the functions specified in rule. The delegation of any duties, tasks, or functions by a pharmacist to a pharmacy technician is subject to continuing review and becomes the professional and personal responsibility of the pharmacist who directed the pharmacy technician to perform the duty, task, or function.

Subd. 2. Waivers by board permitted. A pharmacist in charge in a pharmacy may petition the board for authorization to allow a pharmacist to supervise more than two three pharmacy technicians. The pharmacist’s petition must include provisions addressing the maintenance of how patient care and safety will be maintained. A petition filed with the board under this subdivision shall be deemed approved 90 days after the board receives the petition, unless the board denies the petition within 90 days of receipt and notifies the petitioning pharmacist of the petition's denial and the board's reasons for denial.

Subd. 3. Registration fee. The board shall not register an individual as a pharmacy technician unless all applicable fees specified in section 151.065 have been paid.

Sec. 34. REPEALER.

Minnesota Statutes 2014, sections 148.57, subdivisions 3 and 4; 148.571; 148.572; 148.573, subdivision 1; 148.575, subdivisions 1, 3, 5, and 6; 148.576; 148E.060, subdivision 12; and 148E.075, subdivisions 4, 5, 6, and 7, are repealed.

ARTICLE 11
HEALTH CARE

Section 1. Minnesota Statutes 2014, section 62A.045, is amended to read:

62A.045 PAYMENTS ON BEHALF OF ENROLLEES IN GOVERNMENT HEALTH PROGRAMS.

(a) As a condition of doing business in Minnesota or providing coverage to residents of Minnesota covered by this section, each health insurer shall comply with the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171, including any federal regulations adopted under that act, to the extent that it imposes a requirement that applies in this state and that is not also required by the laws of this state. This section does not require compliance with any provision of the federal act prior to the effective date provided for that provision in the federal act. The commissioner shall enforce this section.

For the purpose of this section, "health insurer" includes self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974), service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are by contract legally responsible to pay a claim for a health-care item or service for an individual receiving benefits under paragraph (b).

(b) No plan offered by a health insurer issued or renewed to provide coverage to a Minnesota resident shall contain any provision denying or reducing benefits because services are rendered to a person who is eligible for or receiving medical benefits pursuant to title XIX of the Social Security Act (Medicaid) in this or any other state; chapter 256; 256B; or 256D or services pursuant to section 252.27; 256L.01 to 256L.10; 260B.331, subdivision 2; 260C.331, subdivision 2; or 393.07, subdivision 1 or 2. No health insurer providing benefits under plans covered by this section shall use eligibility for medical programs named in this section as an underwriting guideline or reason for nonacceptance of the risk.
(c) If payment for covered expenses has been made under state medical programs for health care items or services provided to an individual, and a third party has a legal liability to make payments, the rights of payment and appeal of an adverse coverage decision for the individual, or in the case of a child their responsible relative or caretaker, will be subrogated to the state agency. The state agency may assert its rights under this section within three years of the date the service was rendered. For purposes of this section, "state agency" includes prepaid health plans under contract with the commissioner according to sections 256B.69, 256D.03, subdivision 4, paragraph (c), and 256L.12; children's mental health collaboratives under section 245.493; demonstration projects for persons with disabilities under section 256B.77; nursing homes under the alternative payment demonstration project under section 256B.434; and county-based purchasing entities under section 256B.692.

(d) Notwithstanding any law to the contrary, when a person covered by a plan offered by a health insurer receives medical benefits according to any statute listed in this section, payment for covered services or notice of denial for services billed by the provider must be issued directly to the provider. If a person was receiving medical benefits through the Department of Human Services at the time a service was provided, the provider must indicate this benefit coverage on any claim forms submitted by the provider to the health insurer for those services. If the commissioner of human services notifies the health insurer that the commissioner has made payments to the provider, payment for benefits or notices of denials issued by the health insurer must be issued directly to the commissioner. Submission by the department to the health insurer of the claim on a Department of Human Services claim form is proper notice and shall be considered proof of payment of the claim to the provider and supersedes any contract requirements of the health insurer relating to the form of submission. Liability to the insured for coverage is satisfied to the extent that payments for those benefits are made by the health insurer to the provider or the commissioner as required by this section.

(e) When a state agency has acquired the rights of an individual eligible for medical programs named in this section and has health benefits coverage through a health insurer, the health insurer shall not impose requirements that are different from requirements applicable to an agent or assignee of any other individual covered.

(f) A health insurer must process a clean claim made by a state agency for covered expenses paid under state medical programs within 90 business days of the claim's submission. A health insurer must process all other claims made by a state agency for covered expenses paid under a state medical program within the timeline set forth in Code of Federal Regulations, title 42, section 447.45(d)(4).

(g) A health insurer may request a refund of a claim paid in error to the Department of Human Services within two years of the date the payment was made to the department. A request for a refund shall not be honored by the department if the health insurer makes the request after the time period has lapsed.

Sec. 2. Minnesota Statutes 2014, section 150A.06, subdivision 1b, is amended to read:

Subd. 1b. **Resident dentists.** A person who is a graduate of a dental school and is an enrolled graduate student or student of an accredited advanced dental education program and who is not licensed to practice dentistry in the state shall obtain from the board a license to practice dentistry as a resident dentist. The license must be designated "resident dentist license" and authorizes the licensee to practice dentistry only under the supervision of a licensed dentist. A University of Minnesota School of Dentistry dental resident holding a resident dentist license is eligible for enrollment in medical assistance, as provided under section 256B.0625, subdivision 9b. A resident dentist license must be renewed annually pursuant to the board's rules. An applicant for a resident dentist license shall pay a nonrefundable fee set by the board for issuing and renewing the license. The requirements of sections 150A.01 to 150A.21 apply to resident dentists except as specified in rules adopted by the board. A resident dentist license does not qualify a person for licensure under subdivision 1.
Sec. 3. Minnesota Statutes 2014, section 174.29, subdivision 1, is amended to read:

Subdivision 1. Definition. For the purpose of sections 174.29 and 174.30 "special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed exclusively or primarily to serve individuals who are elderly or disabled and who are unable to use regular means of transportation but do not require ambulance service, as defined in section 144E.001, subdivision 3. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis, and volunteers driving private automobiles. Special transportation service also means those nonemergency medical transportation services under section 256B.0625, subdivision 17, that are subject to the operating standards for special transportation service under sections 174.29 to 174.30 and Minnesota Rules, chapter 8840.

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

Sec. 4. Minnesota Statutes 2014, section 174.30, subdivision 3, is amended to read:

Subd. 3. Other standards; wheelchair securement; protected transport. (a) A special transportation service that transports individuals occupying wheelchairs is subject to the provisions of sections 299A.11 to 299A.18 concerning wheelchair securement devices. The commissioners of transportation and public safety shall cooperate in the enforcement of this section and sections 299A.11 to 299A.18 so that a single inspection is sufficient to ascertain compliance with sections 299A.11 to 299A.18 and with the standards adopted under this section. Representatives of the Department of Transportation may inspect wheelchair securement devices in vehicles operated by special transportation service providers to determine compliance with sections 299A.11 to 299A.18 and to issue certificates under section 299A.14, subdivision 4.

(b) In place of a certificate issued under section 299A.14, the commissioner may issue a decal under subdivision 4 for a vehicle equipped with a wheelchair securement device if the device complies with sections 299A.11 to 299A.18 and the decal displays the information in section 299A.14, subdivision 4.

(c) For vehicles designated as protected transport under section 256B.0625, subdivision 17, paragraph (h), the commissioner of transportation, during the commissioner's inspection, shall check to ensure the safety provisions contained in that paragraph are in working order.

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

Sec. 5. Minnesota Statutes 2014, section 174.30, subdivision 4, is amended to read:

Subd. 4. Vehicle and equipment inspection; rules; decal; complaint contact information; restrictions on name of service. (a) The commissioner shall inspect or provide for the inspection of vehicles at least annually. In addition to scheduled annual inspections and reinspections scheduled for the purpose of verifying that deficiencies have been corrected, unannounced inspections of any vehicle may be conducted.

(b) On determining that a vehicle or vehicle equipment is in a condition that is likely to cause an accident or breakdown, the commissioner shall require the vehicle to be taken out of service immediately. The commissioner shall require that vehicles and equipment not meeting standards be repaired and brought into conformance with the standards and shall require written evidence of compliance from the operator before allowing the operator to return the vehicle to service.

(c) The commissioner shall provide in the rules procedures for inspecting vehicles, removing unsafe vehicles from service, determining and requiring compliance, and reviewing driver qualifications.
(d) The commissioner shall design a distinctive decal to be issued to special transportation service providers with a current certificate of compliance under this section. A decal is valid for one year from the last day of the month in which it is issued. A person who is subject to the operating standards adopted under this section may not provide special transportation service in a vehicle that does not conspicuously display a decal issued by the commissioner.

(e) All special transportation service providers shall pay an annual fee of $45 to obtain a decal. Providers of ambulance service, as defined in section 144E.001, subdivision 3, are exempt from the annual fee. Fees collected under this paragraph must be deposited in the trunk highway fund, and are appropriated to the commissioner to pay for costs related to administering the special transportation service program.

(f) Special transportation service providers shall prominently display in each vehicle all contact information for the submission of complaints regarding the transportation services provided to that individual. All vehicles providing service under section 473.386 shall display contact information for the Metropolitan Council. All other special transportation service vehicles shall display contact information for the commissioner of transportation.

(g) Nonemergency medical transportation providers must comply with Minnesota Rules, part 8840.5450, except that a provider may use the phrase "nonemergency medical transportation" in its name or in advertisements or information describing the service.

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

Sec. 6. Minnesota Statutes 2014, section 174.30, is amended by adding a subdivision to read:

Subd. 4b. Variance from the standards. A nonemergency medical transportation provider who was not subject to the standards in this section prior to July 1, 2014, must apply for a variance from the commissioner if the provider cannot meet the standards by January 1, 2017. The commissioner may grant or deny the variance application. Variances, if granted, shall not exceed 60 days unless extended by the commissioner.

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

Sec. 7. Minnesota Statutes 2014, section 174.30, is amended by adding a subdivision to read:

Subd. 10. Background studies. (a) Providers of special transportation service regulated under this section must initiate background studies in accordance with chapter 245C on the following individuals:

(1) each person with a direct or indirect ownership interest of five percent or higher in the transportation service provider;

(2) each controlling individual as defined under section 245A.02;

(3) managerial officials as defined in section 245A.02;

(4) each driver employed by the transportation service provider;

(5) each individual employed by the transportation service provider to assist a passenger during transport; and

(6) all employees of the transportation service agency who provide administrative support, including those who:

(i) may have face-to-face contact with or access to passengers, their personal property, or their private data;

(ii) perform any scheduling or dispatching tasks; or
(iii) perform any billing activities.

(b) The transportation service provider must initiate the background studies required under paragraph (a) using the online NETStudy system operated by the commissioner of human services.

(c) The transportation service provider shall not permit any individual to provide any service listed in paragraph (a) until the transportation service provider has received notification from the commissioner of human services indicating that the individual:

(1) is not disqualified under chapter 245C; or

(2) is disqualified, but has received a set-aside of that disqualification according to section 245C.23 related to that transportation service provider.

(d) When a local or contracted agency is authorizing a ride under section 256B.0625, subdivision 17, by a volunteer driver, and the agency authorizing the ride has reason to believe the volunteer driver has a history that would disqualify the individual or that may pose a risk to the health or safety of passengers, the agency may initiate a background study to be completed according to chapter 245C using the commissioner of human services' online NETStudy system, or through contacting the Department of Human Services background study division for assistance. The agency that initiates the background study under this paragraph shall be responsible for providing the volunteer driver with the privacy notice required under section 245C.05, subdivision 2c, and payment for the background study required under section 245C.10, subdivision 11, before the background study is completed.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 8. Minnesota Statutes 2014, section 245C.03, is amended by adding a subdivision to read:

Subd. 11. Providers of special transportation service. The commissioner shall conduct background studies on any individual required under section 174.30 to have a background study completed under this chapter.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 9. Minnesota Statutes 2014, section 245C.10, is amended by adding a subdivision to read:

Subd. 12. Providers of special transportation service. The commissioner shall recover the cost of background studies initiated by providers of special transportation service under section 174.30 through a fee of no more than $20 per study. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 10. Minnesota Statutes 2014, section 256.015, subdivision 7, is amended to read:

Subd. 7. Cooperation with information requests required. (a) Upon the request of the commissioner of human services:

(1) any state agency or third-party payer shall cooperate by furnishing information to help establish a third-party liability, as required by the federal Deficit Reduction Act of 2005, Public Law 109-171;
(2) any employer or third-party payer shall cooperate by furnishing a data file containing information about group health insurance plan or medical benefit plan coverage of its employees or insureds within 60 days of the request. The information in the data file must include at least the following: full name, date of birth, Social Security number if collected and stored in a system routinely used for producing data files by the employer or third-party payer, employer name, policy identification number, group identification number, and plan or coverage type.

(b) For purposes of section 176.191, subdivision 4, the commissioner of labor and industry may allow the commissioner of human services and county agencies direct access and data matching on information relating to workers' compensation claims in order to determine whether the claimant has reported the fact of a pending claim and the amount paid to or on behalf of the claimant to the commissioner of human services.

(c) For the purpose of compliance with section 169.09, subdivision 13, and federal requirements under Code of Federal Regulations, title 42, section 433.138 (d)(4), the commissioner of public safety shall provide accident data as requested by the commissioner of human services. The disclosure shall not violate section 169.09, subdivision 13, paragraph (d).

(d) The commissioner of human services and county agencies shall limit its use of information gained from agencies, third-party payers, and employers to purposes directly connected with the administration of its public assistance and child support programs. The provision of information by agencies, third-party payers, and employers to the department under this subdivision is not a violation of any right of confidentiality or data privacy.

Sec. 11. Minnesota Statutes 2014, section 256.969, subdivision 1, is amended to read:

Subdivision 1. Hospital cost index. (a) The hospital cost index shall be the change in the Consumer Price Index—All Items (United States city average) (CPI-U) forecasted by Data Resources, Inc., Centers for Medicare and Medicaid Services Inpatient Hospital Market Basket. The commissioner shall use the indices as forecasted in the third quarter of the calendar year prior to the rate year. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis for the midpoint of the prior rate year to the midpoint of the current rate year.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance. The commissioner of management and budget shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance based upon the hospital cost index.

Sec. 12. Minnesota Statutes 2014, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. Hospital payment rates. (a) For discharges occurring on or after November 1, 2014, hospital inpatient services for hospitals located in Minnesota shall be paid according to the following:

(1) critical access hospitals as defined by Medicare shall be paid using a cost-based methodology;
(2) long-term hospitals as defined by Medicare shall be paid on a per diem methodology under subdivision 25;
(3) rehabilitation hospitals or units of hospitals that are recognized as rehabilitation distinct parts as defined by Medicare shall be paid according to the methodology under subdivision 12; and
(4) all other hospitals shall be paid on a diagnosis-related group (DRG) methodology.
(b) For the period beginning January 1, 2011, through October 31, 2014, rates shall not be rebased, except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For rate setting periods after November 1, 2014, in which the base years are updated, a Minnesota long-term hospital's base year shall remain within the same period as other hospitals.

(c) Effective for discharges occurring on and after November 1, 2014, payment rates for hospital inpatient services provided by hospitals located in Minnesota or the local trade area, except for the hospitals paid under the methodologies described in paragraph (a), clauses (2) and (3), shall be rebased, incorporating cost and payment methodologies in a manner similar to Medicare. The base year for the rates effective November 1, 2014, shall be calendar year 2012. The rebasing under this paragraph shall be budget neutral, ensuring that the total aggregate payments under the rebased system are equal to the total aggregate payments that were made for the same number and types of services in the base year. Separate budget neutrality calculations shall be determined for payments made to critical access hospitals and payments made to hospitals paid under the DRG system. Only the rate increases or decreases under subdivision 3a or 3c that applied to the hospitals being rebased during the entire base period shall be incorporated into the budget neutrality calculation.

(d) For discharges occurring on or after November 1, 2014, through June 30, 2016, the next rebasing that occurs, the rebased rates under paragraph (c) that apply to hospitals under paragraph (a), clause (4), shall include adjustments to the projected rates that result in no greater than a five percent increase or decrease from the base year payments for any hospital. Any adjustments to the rates made by the commissioner under this paragraph and paragraph (e) shall maintain budget neutrality as described in paragraph (c).

(e) For discharges occurring on or after November 1, 2014, through June 30, 2016, the next rebasing that occurs, the commissioner may make additional adjustments to the rebased rates, and when evaluating whether additional adjustments should be made, the commissioner shall consider the impact of the rates on the following:

1. pediatric services;
2. behavioral health services;
3. trauma services as defined by the National Uniform Billing Committee;
4. transplant services;
5. obstetric services, newborn services, and behavioral health services provided by hospitals outside the seven-county metropolitan area;
6. outlier admissions;
7. low-volume providers; and
8. services provided by small rural hospitals that are not critical access hospitals.

(f) Hospital payment rates established under paragraph (c) must incorporate the following:

1. for hospitals paid under the DRG methodology, the base year payment rate per admission is standardized by the applicable Medicare wage index and adjusted by the hospital's disproportionate population adjustment;
2. for critical access hospitals, interim per diem payment rates for discharges between November 1, 2014, and June 30, 2015, shall be based on the ratio of cost and charges reported on the base year Medicare cost report or reports and applied to medical assistance utilization data. Final settlement payments for a state fiscal year must be determined based on a review of the medical assistance cost report required under subdivision 4b for the applicable state fiscal year set to the same rate of payment that applied for discharges on October 31, 2014;
(3) the cost and charge data used to establish hospital payment rates must only reflect inpatient services covered by medical assistance; and

(4) in determining hospital payment rates for discharges occurring on or after the rate year beginning January 1, 2011, through December 31, 2012, the hospital payment rate per discharge shall be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years.

(g) The commissioner shall validate the rates effective November 1, 2014, by applying the rates established under paragraph (c), and any adjustments made to the rates under paragraph (d) or (e), to hospital claims paid in calendar year 2013 to determine whether the total aggregate payments for the same number and types of services under the rebased rates are equal to the total aggregate payments made during calendar year 2013.

(h) Effective for discharges occurring on or after July 1, 2017, and every two years thereafter, payment rates under this section shall be rebased to reflect only those changes in hospital costs between the existing base year and the next base year. The commissioner shall establish the base year for each rebasing period considering the most recent year for which filed Medicare cost reports are available. The estimated change in the average payment per hospital discharge resulting from a scheduled rebasing must be calculated and made available to the legislature by January 15 of each year in which rebasing is scheduled to occur, and must include by hospital the differential in payment rates compared to the individual hospital's costs.

(i) Effective for discharges occurring on or after July 1, 2015, payment rates for critical access hospitals located in Minnesota or the local trade area shall be determined using a new cost-based methodology. The commissioner shall establish within the methodology tiers of payment designed to promote efficiency and cost-effectiveness. Payment rates for hospitals under this paragraph shall be set at a level that does not exceed the total cost for critical access hospitals as reflected in base year cost reports. Until the next rebasing that occurs, the new methodology shall result in no greater than a five percent decrease from the base year payments for any hospital, except a hospital that had payments that were greater than 100 percent of the hospital's costs in the base year shall have their rate set equal to 100 percent of costs in the base year. The rates paid for discharges on and after July 1, 2016, covered under this paragraph shall be increased by the inflation factor in subdivision 1, paragraph (a). The new cost-based rate shall be the final rate and shall not be settled to actual incurred costs. Hospitals shall be assigned a payment tier based on the following criteria:

(1) hospitals that had payments at or below 80 percent of their costs in the base year shall have a rate set that equals 85 percent of their base year costs;

(2) hospitals that had payments that were above 80 percent, up to and including 90 percent of their costs in the base year shall have a rate set that equals 95 percent of their base year costs; and

(3) hospitals that had payments that were above 90 percent of their costs in the base year shall have a rate set that equals 100 percent of their base year costs.

(j) The commissioner may refine the payment tiers and criteria for critical access hospitals to coincide with the next rebasing under paragraph (h). The factors used to develop the new methodology may include, but are not limited to:

(1) the ratio between the hospital's costs for treating medical assistance patients and the hospital's charges to the medical assistance program;

(2) the ratio between the hospital's costs for treating medical assistance patients and the hospital's payments received from the medical assistance program for the care of medical assistance patients;
(3) the ratio between the hospital’s charges to the medical assistance program and the hospital’s payments received from the medical assistance program for the care of medical assistance patients;

(4) the statewide average increases in the ratios identified in clauses (1), (2), and (3);

(5) the proportion of that hospital’s costs that are administrative and trends in administrative costs; and

(6) geographic location.

Sec. 13. Minnesota Statutes 2014, section 256.969, subdivision 2d, is amended to read:

Subd. 2d. Interim payments. Notwithstanding subdivision 2b, paragraph (c), for discharges occurring on or after November 1, 2014, through March 1, 2016, the commissioner may implement an interim payment process to pay hospitals, including payments based on each hospital’s average payments per claim for state fiscal years 2011 and 2012. These interim payments may be used to pay hospitals if the rebasing under subdivision 2b, paragraph (c), is not implemented by November 1, 2014, or if electronic systems changes necessary to support the conversion to the International Classification of Diseases, 10th revision (ICD-10) coding system are not completed. Claims paid at interim payment rates shall be reprocessed and paid at the rates established under subdivision 2b, paragraphs (c) and (d), upon implementation of the rebased rates.

Sec. 14. Minnesota Statutes 2014, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. Payments. (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third-party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates 30 days prior to implementation. The rate setting data must reflect the admissions data used to establish relative values. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph.
(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee-for-service admissions occurring on or after August 1, 2005, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.

(e) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2008, through June 30, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 3.46 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2009, through June 30, 2009, to reflect this reduction.

(f) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2009, through June 30, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.9 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2009, through June 30, 2011, to reflect this reduction.

(g) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.79 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2011, to reflect this reduction.

(h) In addition to the reductions in paragraphs (b), (c), (d), (f), and (g), the total payment for fee-for-service admissions occurring on or after July 1, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced one percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after October 1, 2009, to reflect this reduction.

(i) In addition to the reductions in paragraphs (b), (c), (d), (g), and (h), the total payment for fee-for-service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.96 percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2011, to reflect this reduction.

(j) Effective for discharges on and after November 1, 2014, from hospitals paid under subdivision 2b, paragraph (a), clauses (1) and (4), the rate adjustments in this subdivision must be incorporated into the rebased rates established under subdivision 2b, paragraph (c), and must not be applied to each claim.

(k) Effective for discharges on and after July 1, 2015, from hospitals paid under subdivision 2b, paragraph (a), clauses (2) and (3), the rate adjustments in this subdivision must be incorporated into the rates and must not be applied to each claim.
Sec. 15. Minnesota Statutes 2014, section 256.969, subdivision 3c, is amended to read:

Subd. 3c. **Rateable reduction and readmissions reduction.** (a) The total payment for fee for service admissions occurring on or after September 1, 2011, to October 31, 2014, made to hospitals for inpatient services before third-party liability and spenddown, is reduced ten percent from the current statutory rates. Facilities defined under subdivision 16, long-term hospitals as determined under the Medicare program, children's hospitals whose inpatients are predominantly under 18 years of age, and payments under managed care are excluded from this paragraph.

(b) Effective for admissions occurring during calendar year 2010 and each year after, the commissioner shall calculate a readmission rate for admissions to all hospitals occurring within 30 days of a previous discharge using data from the Reducing Avoidable Readmissions Effectively (RARE) campaign. The commissioner may adjust the readmission rate taking into account factors such as the medical relationship, complicating conditions, and sequencing of treatment between the initial admission and subsequent readmissions.

(c) Effective for payments to all hospitals on or after July 1, 2013, through October 31, 2014, the reduction in paragraph (a) is reduced one percentage point for every percentage point reduction in the overall readmissions rate between the two previous calendar years to a maximum of five percent.

(d) The exclusion from the rate reduction in paragraph (a) shall apply to a hospital located in Hennepin County with a licensed capacity of 1,700 beds as of September 1, 2011, for admissions of children under 18 years of age occurring on or after September 1, 2011, through August 31, 2013, but shall not apply to payments for admissions occurring on or after September 1, 2013, through October 31, 2014.

(e) Effective for discharges on or after November 1, 2014, from hospitals paid under subdivision 2b, paragraph (a), clauses (1) and (4), the rate adjustments in this subdivision must be incorporated into the rebased rates established under subdivision 2b, paragraph (c), and must not be applied to each claim.

(f) Effective for discharges on and after July 1, 2015, from hospitals paid under subdivision 2b, paragraph (a), clauses (2) and (3), the rate adjustments in this subdivision must be incorporated into the rates and must not be applied to each claim.

Sec. 16. Minnesota Statutes 2014, section 256.969, subdivision 9, is amended to read:

Subd. 9. **Disproportionate numbers of low-income patients served.** (a) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital’s actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. The commissioner may establish a separate disproportionate population payment rate adjustment for critical access hospitals. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.
(b) Certified public expenditures made by Hennepin County Medical Center shall be considered Medicaid disproportionate share hospital payments. Hennepin County and Hennepin County Medical Center shall report by June 15, 2007, on payments made beginning July 1, 2005, or another date specified by the commissioner, that may qualify for reimbursement under federal law. Based on these reports, the commissioner shall apply for federal matching funds.

(c) Upon federal approval of the related state plan amendment, paragraph (b) is effective retroactively from July 1, 2005, or the earliest effective date approved by the Centers for Medicare and Medicaid Services.

(d) Effective July 1, 2015, disproportionate share hospital (DSH) payments shall be paid in accordance with a new methodology using 2012 as the base year. Annual payments made under this paragraph shall equal the total amount of payments made for 2012. A licensed children's hospital shall receive only a single DSH factor for children's hospitals. Other DSH factors may be combined to arrive at a single factor for each hospital that is eligible for DSH payments. The new methodology shall make payments only to hospitals located in Minnesota and include the following factors:

1. A licensed children's hospital with at least 1,000 fee-for-service discharges in the base year shall receive a factor of 0.868. A licensed children's hospital with less than 1,000 fee-for-service discharges in the base year shall receive a factor of 0.7880;

2. A hospital that has in effect for the initial rate year a contract with the commissioner to provide extended psychiatric inpatient services under section 256.9693 shall receive a factor of 0.0160;

3. A hospital that has received payment from the fee-for-service program for at least 20 transplant services in the base year shall receive a factor of 0.0435;

4. A hospital that has a medical assistance utilization rate in the base year between 20 percent up to one standard deviation above the statewide mean utilization rate shall receive a factor of 0.0468;

5. A hospital that has a medical assistance utilization rate in the base year that is at least one standard deviation above the statewide mean utilization rate but is less than three standard deviations above the mean shall receive a factor of 0.2300; and

6. A hospital that has a medical assistance utilization rate in the base year that is at least three standard deviations above the statewide mean utilization rate shall receive a factor of 0.3711.

(e) Any payments or portion of payments made to a hospital under this subdivision that are subsequently returned to the commissioner because the payments are found to exceed the hospital-specific DSH limit for that hospital shall be redistributed, proportionate to the number of fee-for-service discharges, to other DSH-eligible nonchildren's hospitals that have a medical assistance utilization rate that is at least one standard deviation above the mean.

Sec. 17. [256B.0561] PERIODIC DATA MATCHING TO EVALUATE CONTINUED ELIGIBILITY.

Subdivision 1. Definition. For the purposes of this section, "periodic data matching" means obtaining updated electronic information about medical assistance and MinnesotaCare recipients on the MNsure information system from federal and state data sources accessible to the MNsure information system and using that data to evaluate continued eligibility between regularly scheduled renewals.

Subd. 2. Periodic data matching. (a) Beginning March 1, 2016, the commissioner shall conduct periodic data matching to identify recipients who, based on available electronic data, may not meet eligibility criteria for the public health care program in which the recipient is enrolled. The commissioner shall conduct data matching for medical assistance or MinnesotaCare recipients at least once during a recipient’s 12-month period of eligibility.
(b) If data matching indicates a recipient may no longer qualify for medical assistance or MinnesotaCare, the commissioner must notify the recipient and allow the recipient no more than 30 days to confirm the information obtained through the periodic data matching or provide a reasonable explanation for the discrepancy to the state or county agency directly responsible for the recipient's case. If a recipient does not respond within the advance notice period or does not respond with information that demonstrates eligibility or provides a reasonable explanation for the discrepancy within the 30-day time period, the commissioner shall terminate the recipient's eligibility in the manner provided for by the laws and regulations governing the health care program for which the recipient has been identified as being ineligible.

(c) The commissioner shall not terminate eligibility for a recipient who is cooperating with the requirements of paragraph (b) and needs additional time to provide information in response to the notification.

(d) Any termination of eligibility for benefits under this section may be appealed as provided for in sections 256.045 to 256.0451, and the laws governing the health care programs for which eligibility is terminated.

Subd. 3. **Recipient communication requirements.** The commissioner shall include in all communications with recipients affected by the periodic data matching the following contact information for: (1) the state or county agency directly responsible for the recipient's case; and (2) consumer assistance partners who may be able to assist the recipient in the periodic data matching process.

Subd. 4. **Report.** By September 1, 2017, and each September 1 thereafter, the commissioner shall submit a report to the chairs and ranking minority members of the house and senate committees with jurisdiction over human services finance that includes the number of cases affected by periodic data matching under this section, the number of recipients identified as possibly ineligible as a result of a periodic data match, and the number of recipients whose eligibility was terminated as a result of a periodic data match. The report must also specify, for recipients whose eligibility was terminated, how many cases were closed due to failure to cooperate.

Subd. 5. **Federal compliance.** The commissioner shall ensure that the implementation of this section complies with the Affordable Care Act, including the state's maintenance of effort requirements. The commissioner shall not terminate eligibility under this section if eligibility terminations would not conform with federal requirements, including requirements not yet codified in Minnesota Statutes.

Sec. 18. Minnesota Statutes 2014, section 256B.06, is amended by adding a subdivision to read:

Subd. 6. **Legal referral and assistance grants.** (a) The commissioner shall award grants to one or more nonprofit programs that provide legal services based on indigency to provide legal services to individuals with emergency medical conditions or chronic health conditions who are not currently eligible for medical assistance or other public health care programs based on their legal status, but who may meet eligibility requirements with legal assistance.

(b) The grantees, in collaboration with hospitals and safety net providers, shall provide referral assistance to connect individuals identified in paragraph (a) with alternative resources and services to assist in meeting their health care needs.

Sec. 19. Minnesota Statutes 2014, section 256B.0625, is amended by adding a subdivision to read:

Subd. 9b. **Dental services provided by faculty members and resident dentists at a dental school.** (a) A dentist who is not enrolled as a medical assistance provider, is a faculty or adjunct member at the University of Minnesota or a resident dentist licensed under section 150A.06, subdivision 1b, and is providing dental services at a dental clinic owned or operated by the University of Minnesota, may be enrolled as a medical assistance provider if the provider completes and submits to the commissioner an agreement form developed by the commissioner. The agreement must specify that the faculty or adjunct member or resident dentist:
(1) will not receive payment for the services provided to medical assistance or MinnesotaCare enrollees performed at the dental clinics owned or operated by the University of Minnesota;

(2) will not be listed in the medical assistance or MinnesotaCare provider directory; and

(3) is not required to serve medical assistance and MinnesotaCare enrollees when providing nonvolunteer services in a private practice.

(b) A dentist or resident dentist enrolled under this subdivision as a fee-for-service provider shall not otherwise be enrolled in or receive payments from medical assistance or MinnesotaCare as a fee-for-service provider.

Sec. 20. Minnesota Statutes 2014, section 256B.0625, subdivision 13h, is amended to read:

Subd. 13h. Medication therapy management services. (a) Medical assistance and general assistance medical care covers medication therapy management services for a recipient taking three or more prescriptions to treat or prevent one or more chronic medical conditions; a recipient with a drug therapy problem that is identified by the commissioner or identified by a pharmacist and approved by the commissioner; or prior authorized by the commissioner that has resulted or is likely to result in significant nondrug program costs. The commissioner may cover medical therapy management services under MinnesotaCare if the commissioner determines this is cost-effective. For purposes of this subdivision, "medication therapy management" means the provision of the following pharmaceutical care services by a licensed pharmacist to optimize the therapeutic outcomes of the patient's medications:

(1) performing or obtaining necessary assessments of the patient's health status;

(2) formulating a medication treatment plan;

(3) monitoring and evaluating the patient's response to therapy, including safety and effectiveness;

(4) performing a comprehensive medication review to identify, resolve, and prevent medication-related problems, including adverse drug events;

(5) documenting the care delivered and communicating essential information to the patient's other primary care providers;

(6) providing verbal education and training designed to enhance patient understanding and appropriate use of the patient's medications;

(7) providing information, support services, and resources designed to enhance patient adherence with the patient's therapeutic regimens; and

(8) coordinating and integrating medication therapy management services within the broader health care management services being provided to the patient.

Nothing in this subdivision shall be construed to expand or modify the scope of practice of the pharmacist as defined in section 151.01, subdivision 27.

(b) To be eligible for reimbursement for services under this subdivision, a pharmacist must meet the following requirements:
(1) have a valid license issued by the Board of Pharmacy of the state in which the medication therapy management service is being performed;

(2) have graduated from an accredited college of pharmacy on or after May 1996, or completed a structured and comprehensive education program approved by the Board of Pharmacy and the American Council of Pharmaceutical Education for the provision and documentation of pharmaceutical care management services that has both clinical and didactic elements;

(3) be practicing in an ambulatory care setting as part of a multidisciplinary team or have developed a structured patient care process that is offered in a private or semiprivate patient care area that is separate from the commercial business that also occurs in the setting, or in home settings, including long-term care settings, group homes, and facilities providing assisted living services, but excluding skilled nursing facilities; and

(4) make use of an electronic patient record system that meets state standards.

(c) For purposes of reimbursement for medication therapy management services, the commissioner may enroll individual pharmacists as medical assistance and general assistance medical care providers. The commissioner may also establish contact requirements between the pharmacist and recipient, including limiting the number of reimbursable consultations per recipient.

(d) If there are no pharmacists who meet the requirements of paragraph (b) practicing within a reasonable geographic distance of the patient, a pharmacist who meets the requirements may provide the services via two-way interactive video. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to the services provided. To qualify for reimbursement under this paragraph, the pharmacist providing the services must meet the requirements of paragraph (b), and must be located within an ambulatory care setting approved by the commissioner that meets the requirements of paragraph (b), clause (3). The patient must also be located within an ambulatory care setting approved by the commissioner that meets the requirements of paragraph (b), clause (3). Services provided under this paragraph may not be transmitted into the patient's residence.

(e) The commissioner shall establish a pilot project for an intensive medication therapy management program for patients identified by the commissioner with multiple chronic conditions and a high number of medications who are at high risk of preventable hospitalizations, emergency room use, medication complications, and suboptimal treatment outcomes due to medication-related problems. For purposes of the pilot project, medication therapy management services may be provided in a patient's home or community setting, in addition to other authorized settings. The commissioner may waive existing payment policies and establish special payment rates for the pilot project. The pilot project must be designed to produce a net savings to the state compared to the estimated costs that would otherwise be incurred for similar patients without the program. The pilot project must begin by January 1, 2010, and end June 30, 2012.

(e) Medication therapy management services may be delivered into a patient's residence via secure interactive video if the medication therapy management services are performed electronically during a covered home care visit by an enrolled provider. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to the services provided. To qualify for reimbursement under this paragraph, the pharmacist providing the services must meet the requirements of paragraph (b) and must be located within an ambulatory care setting that meets the requirements of paragraph (b), clause (3).

Sec. 21. Minnesota Statutes 2014, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. Transportation costs. (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services. Nonemergency medical transportation service includes, but is not limited to, special transportation service, defined in section 174.29, subdivision 1.
(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. Medical transportation must be provided by:

1. nonemergency medical transportation providers who meet the requirements of this subdivision;
2. ambulances, as defined in section 144E.001, subdivision 2;
3. taxicabs and public transit, as defined in section 174.22, subdivision 7; or
4. not-for-hire vehicles, including volunteer drivers.

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and in consultation with the Minnesota Department of Transportation. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) The administrative agency of nonemergency medical transportation must:

1. adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;
2. pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;
3. provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and
4. by July 1, 2016, in accordance with subdivision 18e, utilize a Web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

(e) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (h), clauses (4), (5), (6), and (7).

(f) The commissioner may use an order by the recipient's attending physician or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle. Nonemergency medical transportation providers must have trip logs, which include pickup and drop-off times, signed by the medical provider or client attesting mileage traveled to
obtain covered medical services, whichever is deemed most appropriate. Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must take clients to the health care provider, using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency. The minimum medical assistance reimbursement rates for special transportation services are:

1(i) $17 for the base rate and $1.35 per mile for special transportation services to eligible persons who need a wheelchair-accessible van;

(ii) $11.50 for the base rate and $1.30 per mile for special transportation services to eligible persons who do not need a wheelchair-accessible van; and

(iii) $60 for the base rate and $2.40 per mile, and an attendant rate of $9 per trip, for special transportation services to eligible persons who need a stretcher-accessible vehicle; and

2) Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pick-up and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

(g) The covered modes of nonemergency medical transportation include transportation provided directly by clients or family members of clients with their own transportation, volunteers using their own vehicles, taxicabs, and public transit, or provided to a client who needs a stretcher-accessible vehicle, a lift/ramp-equipped vehicle, or a vehicle that is not stretcher-accessible or lift/ramp-equipped designed to transport ten or fewer persons. Upon implementation of a new rate structure, a new covered mode of nonemergency medical transportation shall include transportation provided to a client who needs a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver.

(h) The new covered modes of transportation, which may not be implemented without a new rate structure, are:

1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

2) volunteer transport, which includes transportation by volunteers using their own vehicle;

3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or publicly operated public transit system is not available, the client can receive transportation from another nonemergency medical transportation provider;
(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

(i) In accordance with subdivision 18e, by July 1, 2016, the local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (h) according to a new rate structure, once this is adopted paragraphs (l) and (m) when the commissioner has developed, made available, and funded the Web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government.

(j) The commissioner shall:

(1) in consultation with the Nonemergency Medical Transportation Advisory Committee, verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

(k) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.

(l) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph (g), not the type of vehicle used to provide the service. The medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:

(1) $0.22 per mile for client reimbursement;

(2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $11 for the base rate and $1.30 per mile when provided by a nonemergency medical transportation provider;

(4) $13 for the base rate and $1.30 per mile for assisted transport;

(5) $18 for the base rate and $1.55 per mile for lift-equipped/ramp transport;
(6) $75 for the base rate and $2.40 per mile for protected transport; and

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary.

The base rates for special transportation services in areas defined under RUCA to be super rural shall be equal to the reimbursement rate established in paragraph (f), clause (1), plus 11.3 percent, and for special

(m) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph (l), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

(1) for a trip equal to 17 miles or less, mileage reimbursement shall be equal to 125 percent of the respective mileage rate in paragraph (f) (l), clause clauses (1) to (7); and

(2) for a trip between 18 and 50 miles, mileage reimbursement shall be equal to 112.5 percent of the respective mileage rate in paragraph (f) (l), clause clauses (1) to (7).

(m) For purposes of reimbursement rates for special nonemergency medical transportation services under paragraph (c) paragraphs (l) and (m), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(n) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(a) Effective for services provided on or after September 1, 2011, nonemergency transportation rates, including special transportation, taxi, and other commercial carriers, are reduced 4.5 percent. Payments made to managed care plans and county based purchasing plans must be reduced for services provided on or after January 1, 2012, to reflect this reduction.

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

Sec. 22. Minnesota Statutes 2014, section 256B.0625, subdivision 17a, is amended to read:

Subd. 17a. Payment for ambulance services. (a) Medical assistance covers ambulance services. Providers shall bill ambulance services according to Medicare criteria. Nonemergency ambulance services shall not be paid as emergencies. Effective for services rendered on or after July 1, 2001, medical assistance payments for ambulance services shall be paid at the Medicare reimbursement rate or at the medical assistance payment rate in effect on July 1, 2000, whichever is greater.

(b) Effective for services provided on or after September 1, 2011, ambulance services payment rates are reduced 4.5 percent. Payments made to managed care plans and county based purchasing plans must be reduced for services provided on or after January 1, 2012, to reflect this reduction.

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

Sec. 23. Minnesota Statutes 2014, section 256B.0625, subdivision 18a, is amended to read:

Subd. 18a. Access to medical services. (a) Medical assistance reimbursement for meals for persons traveling to receive medical care may not exceed $5.50 for breakfast, $6.50 for lunch, or $8 for dinner.
(b) Medical assistance reimbursement for lodging for persons traveling to receive medical care may not exceed $50 per day unless prior authorized by the local agency.

(c) Medical assistance direct mileage reimbursement to the eligible person or the eligible person's driver may not exceed 20 cents per mile.

(d) Regardless of the number of employees that an enrolled health care provider may have, medical assistance covers sign and oral language interpreter services when provided by an enrolled health care provider during the course of providing a direct, person-to-person covered health care service to an enrolled recipient with limited English proficiency or who has a hearing loss and uses interpreting services. Coverage for face-to-face oral language interpreter services shall be provided only if the oral language interpreter used by the enrolled health care provider is listed in the registry or roster established under section 144.058.

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

Sec. 24. Minnesota Statutes 2014, section 256B.0625, subdivision 18e, is amended to read:

Subd. 18e. **Single administrative structure and delivery system.** The commissioner, in coordination with the commissioner of transportation, shall implement a single administrative structure and delivery system for nonemergency medical transportation, beginning the latter of the date the single administrative assessment tool required in this subdivision is available for use, as determined by the commissioner or by July 1, 2016.

In coordination with the Department of Transportation, the commissioner shall develop and authorize a Web-based single administrative structure and assessment tool, which must operate 24 hours a day, seven days a week, to facilitate the enrollee assessment process for nonemergency medical transportation services. The Web-based tool shall facilitate the transportation eligibility determination process initiated by clients and client advocates; shall include an accessible automated intake and assessment process and real-time identification of level of service eligibility; and shall authorize an appropriate and auditable mode of transportation authorization. The tool shall provide a single framework for reconciling trip information with claiming and collecting complaints regarding inappropriate level of need determinations, inappropriate transportation modes utilized, and interference with accessing nonemergency medical transportation. The Web-based single administrative structure shall operate on a trial basis for one year from implementation and, if approved by the commissioner, shall be permanent thereafter. The commissioner shall seek input from the Nonemergency Medical Transportation Advisory Committee to ensure the software is effective and user-friendly and make recommendations regarding funding of the single administrative system.

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

Sec. 25. Minnesota Statutes 2014, section 256B.0625, subdivision 28a, is amended to read:

Subd. 28a. **Licensed physician assistant services.** (a) Medical assistance covers services performed by a licensed physician assistant if the service is otherwise covered under this chapter as a physician service and if the service is within the scope of practice of a licensed physician assistant as defined in section 147A.09.

(b) Licensed physician assistants, who are supervised by a physician certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry, may bill for medication management and evaluation and management services provided to medical assistance enrollees in inpatient hospital settings and in outpatient settings after the licensed physician assistant completes 2,000 hours of clinical experience in the evaluation and treatment of mental health, consistent with their authorized scope of practice, as defined in section 147A.09, with the exception of performing psychotherapy or diagnostic assessments or providing clinical supervision.
Sec. 26. Minnesota Statutes 2014, section 256B.0625, subdivision 31, is amended to read:

Subd. 31. **Medical supplies and equipment.** (a) Medical assistance covers medical supplies and equipment. Separate payment outside of the facility's payment rate shall be made for wheelchairs and wheelchair accessories for recipients who are residents of intermediate care facilities for the developmentally disabled. Reimbursement for wheelchairs and wheelchair accessories for ICF/DD recipients shall be subject to the same conditions and limitations as coverage for recipients who do not reside in institutions. A wheelchair purchased outside of the facility's payment rate is the property of the recipient. The commissioner may set reimbursement rates for specified categories of medical supplies at levels below the Medicare payment rate.

(b) Vendors of durable medical equipment, prosthetics, orthotics, or medical supplies must enroll as a Medicare provider.

(c) When necessary to ensure access to durable medical equipment, prosthetics, orthotics, or medical supplies, the commissioner may exempt a vendor from the Medicare enrollment requirement if:

1. the vendor supplies only one type of durable medical equipment, prosthetic, orthotic, or medical supply;
2. the vendor serves ten or fewer medical assistance recipients per year;
3. the commissioner finds that other vendors are not available to provide same or similar durable medical equipment, prosthetics, orthotics, or medical supplies; and
4. the vendor complies with all screening requirements in this chapter and Code of Federal Regulations, title 42, part 455. The commissioner may also exempt a vendor from the Medicare enrollment requirement if the vendor is accredited by a Centers for Medicare and Medicaid Services approved national accreditation organization as complying with the Medicare program's supplier and quality standards and the vendor serves primarily pediatric patients.

(d) Durable medical equipment means a device or equipment that:

1. can withstand repeated use;
2. is generally not useful in the absence of an illness, injury, or disability; and
3. is provided to correct or accommodate a physiological disorder or physical condition or is generally used primarily for a medical purpose.

(e) Electronic tablets may be considered durable medical equipment if the electronic tablet will be used as an augmentative and alternative communication system as defined under subdivision 31a, paragraph (a). To be covered by medical assistance, the device must be locked in order to prevent use not related to communication.

Sec. 27. Minnesota Statutes 2014, section 256B.0625, subdivision 57, is amended to read:

Subd. 57. **Payment for Part B Medicare crossover claims.** (a) Effective for services provided on or after January 1, 2012, medical assistance payment for an enrollee's cost-sharing associated with Medicare Part B is limited to an amount up to the medical assistance total allowed, when the medical assistance rate exceeds the amount paid by Medicare.
(b) Excluded from this limitation are payments for mental health services and payments for dialysis services provided to end-stage renal disease patients. The exclusion for mental health services does not apply to payments for physician services provided by psychiatrists and advanced practice nurses with a specialty in mental health.

(c) Excluded from this limitation are payments to federally qualified health centers and rural health clinics.

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

Sec. 28. Minnesota Statutes 2014, section 256B.0625, subdivision 58, is amended to read:

Subd. 58. Early and periodic screening, diagnosis, and treatment services. Medical assistance covers early and periodic screening, diagnosis, and treatment services (EPSDT). The payment amount for a complete EPSDT screening shall not include charges for vaccine health care services and products that are available at no cost to the provider and shall not exceed the rate established per Minnesota Rules, part 9505.0445, item M, effective October 1, 2010.

Sec. 29. Minnesota Statutes 2014, section 256B.0631, is amended to read:

**256B.0631 MEDICAL ASSISTANCE CO-PAYMENTS.**

Subdvision 1. Cost-sharing. (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following cost-sharing for all recipients, effective for services provided on or after September 1, 2011:

(1) $3 per nonpreventive visit, except as provided in paragraph (b). For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) $3.50 for nonemergency visits to a hospital-based emergency room, except that this co-payment shall be increased to $20 upon federal approval;

(3) $3 per brand-name drug prescription and $1 per generic drug prescription, subject to a $12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness;

(4) effective January 1, 2012, a family deductible equal to the maximum amount allowed under Code of Federal Regulations, title 42, part 447.54 $2.75 per month per family and adjusted annually by the percentage increase in the medical care component of the CPI-U for the period of September to September of the preceding calendar year, rounded to the next higher five-cent increment; and

(5) for individuals identified by the commissioner with income at or below 100 percent of the federal poverty guidelines, total monthly cost-sharing must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on cost-sharing. This paragraph does not apply to premiums charged to individuals described under section 256B.057, subdivision 9.

(b) Recipients of medical assistance are responsible for all co-payments and deductibles in this subdivision.

(c) Notwithstanding paragraph (b), the commissioner, through the contracting process under sections 256B.69 and 256B.692, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (4). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.
(d) Notwithstanding paragraph (b), the commissioner may waive the collection of the family deductible described under paragraph (a), clause (4), from individuals and allow long-term care and waivered service providers to assume responsibility for payment.

(e) Notwithstanding paragraph (b), the commissioner, through the contracting process under section 256B.0756 shall allow the pilot program in Hennepin County to waive co-payments. The value of the co-payments shall not be included in the capitation payment amount to the integrated health care delivery networks under the pilot program.

Subd. 2. Exceptions. Co-payments and deductibles shall be subject to the following exceptions:

(1) children under the age of 21;

(2) pregnant women for services that relate to the pregnancy or any other medical condition that may complicate the pregnancy;

(3) recipients expected to reside for at least 30 days in a hospital, nursing home, or intermediate care facility for the developmentally disabled;

(4) recipients receiving hospice care;

(5) 100 percent federally funded services provided by an Indian health service;

(6) emergency services;

(7) family planning services;

(8) services that are paid by Medicare, resulting in the medical assistance program paying for the coinsurance and deductible;

(9) co-payments that exceed one per day per provider for nonpreventive visits, eyeglasses, and nonemergency visits to a hospital-based emergency room; and

(10) services, fee-for-service payments subject to volume purchase through competitive bidding; and

(11) American Indians who meet the requirements in Code of Federal Regulations, title 42, sections 447.51 and 447.56;

(12) persons needing treatment for breast or cervical cancer as described under section 256B.057, subdivision 10; and

(13) services that currently have a rating of A or B from the United States Preventive Services Task Force (USPSTF), immunizations recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention, and preventive services and screenings provided to women as described in Code of Federal Regulations, title 45, section 147.130.

Subd. 3. Collection. (a) The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment or deductible, except that reimbursements shall not be reduced:

(1) once a recipient has reached the $12 per month maximum for prescription drug co-payments; or

(2) for a recipient identified by the commissioner under 100 percent of the federal poverty guidelines who has met their monthly five percent cost-sharing limit.
(b) The provider collects the co-payment or deductible from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment or deductible.

(c) Medical assistance reimbursement to fee-for-service providers and payments to managed care plans shall not be increased as a result of the removal of co-payments or deductibles effective on or after January 1, 2009.

**EFFECTIVE DATE.** The amendment to subdivision 1, paragraph (a), clause (4), is effective retroactively from January 1, 2014.

Sec. 30. [256B.0638] OPIOID PRESCRIBING IMPROVEMENT PROGRAM.

Subdivision 1. Program established. The commissioner of human services, in conjunction with the commissioner of health, shall coordinate and implement an opioid prescribing improvement program to reduce opioid dependency and substance use by Minnesotans due to the prescribing of opioid analgesics by health care providers.

Subd. 2. Definitions. (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Commissioner" means the commissioner of human services.

(c) "Commissioners" means the commissioner of human services and the commissioner of health.

(d) "DEA" means the United States Drug Enforcement Administration.

(e) "Minnesota health care program" means a public health care program administered by the commissioner of human services under chapters 256B and 256L, and the Minnesota restricted recipient program.

(f) "Opioid disenrollment standards" means parameters of opioid prescribing practices that fall outside community standard thresholds for prescribing to such a degree that a provider must be disenrolled as a medical assistance provider.

(g) "Opioid prescriber" means a licensed health care provider who prescribes opioids to medical assistance and MinnesotaCare enrollees under the fee-for-service system or under a managed care or county-based purchasing plan.

(h) "Opioid quality improvement standard thresholds" means parameters of opioid prescribing practices that fall outside community standards for prescribing to such a degree that quality improvement is required.

(i) "Program" means the statewide opioid prescribing improvement program established under this section.

(j) "Provider group" means a clinic, hospital, or primary or specialty practice group that employs, contracts with, or is affiliated with an opioid prescriber. Provider group does not include a professional association supported by dues-paying members.

(k) "Sentinel measures" means measures of opioid use that identify variations in prescribing practices during the prescribing intervals.

Subd. 3. Opioid prescribing work group. (a) The commissioner of human services, in consultation with the commissioner of health, shall appoint the following voting members to an opioid prescribing work group:
(1) two consumer members who have been impacted by an opioid abuse disorder or opioid dependence disorder, either personally or with family members;

(2) one member who is a licensed physician actively practicing in Minnesota and registered as a practitioner with the DEA;

(3) one member who is a licensed pharmacist actively practicing in Minnesota and registered as a practitioner with the DEA;

(4) one member who is a licensed nurse practitioner actively practicing in Minnesota and registered as a practitioner with the DEA;

(5) one member who is a licensed dentist actively practicing in Minnesota and registered as a practitioner with the DEA;

(6) two members who are nonphysician licensed health care professionals actively engaged in the practice of their profession in Minnesota, and their practice includes treating pain;

(7) one member who is a mental health professional who is licensed or registered in a mental health profession, who is actively engaged in the practice of that profession in Minnesota, and whose practice includes treating patients with chemical dependency or substance abuse;

(8) one member who is a medical examiner for a Minnesota county;

(9) one member of the Health Services Policy Committee established under section 256B.0625, subdivisions 3c to 3e;

(10) one member who is a medical director of a health plan company doing business in Minnesota;

(11) one member who is a pharmacy director of a health plan company doing business in Minnesota; and

(12) one member representing Minnesota law enforcement.

(b) In addition, the work group shall include the following nonvoting members:

(1) the medical director for the medical assistance program;

(2) a member representing the Department of Human Services pharmacy unit; and

(3) the medical director for the Department of Labor and Industry.

(c) An honorarium of $200 per meeting and reimbursement for mileage and parking shall be paid to each voting member in attendance.

Subd. 4. Program components. (a) The working group shall recommend to the commissioners the components of the statewide opioid prescribing improvement program, including, but not limited to, the following:

(1) developing criteria for opioid prescribing protocols, including:

(i) prescribing for the interval of up to four days immediately after an acute painful event;
(ii) prescribing for the interval of up to 45 days after an acute painful event; and

(iii) prescribing for chronic pain, which for purposes of this program means pain lasting longer than 45 days after an acute painful event;

(2) developing sentinel measures;

(3) developing educational resources for opioid prescribers about communicating with patients about pain management and the use of opioids to treat pain;

(4) developing opioid quality improvement standard thresholds and opioid disenrollment standards for opioid prescribers and provider groups. In developing opioid disenrollment standards, the standards may be described in terms of the length of time in which prescribing practices fall outside community standards and the nature and amount of opioid prescribing that fall outside community standards; and

(5) addressing other program issues as determined by the commissioners.

(b) The opioid prescribing protocols shall not apply to opioids prescribed for patients who are experiencing pain caused by a malignant condition or who are receiving hospice care, or to opioids prescribed as medication-assisted therapy to treat opioid dependency.

(c) All opioid prescribers who prescribe opioids to Minnesota health care program enrollees must participate in the program in accordance with subdivision 5. Any other prescriber who prescribes opioids may comply with the components of this program described in paragraph (a) on a voluntary basis.

Subd. 5. Program implementation. (a) The commissioner shall implement the programs within the Minnesota health care program to improve the health of and quality of care provided to Minnesota health care program enrollees. The commissioner shall annually collect and report to opioid prescribers data showing the sentinel measures of their opioid prescribing patterns compared to their anonymized peers.

(b) The commissioner shall notify an opioid prescriber and all provider groups with which the opioid prescriber is employed or affiliated when the opioid prescriber's prescribing pattern exceeds the opioid quality improvement standard thresholds. An opioid prescriber and any provider group that receives a notice under this paragraph shall submit to the commissioner a quality improvement plan for review and approval by the commissioner with the goal of bringing the opioid prescriber's prescribing practices into alignment with community standards. A quality improvement plan must include:

(1) components of the program described in subdivision 4, paragraph (a);

(2) internal practice-based measures to review the prescribing practice of the opioid prescriber and, where appropriate, any other opioid prescribers employed by or affiliated with any of the provider groups with which the opioid prescriber is employed or affiliated; and

(3) appropriate use of the prescription monitoring program under section 152.126.

(c) If, after a year from the commissioner's notice under paragraph (b), the opioid prescriber's prescribing practices do not improve so that they are consistent with community standards, the commissioner shall take one or more of the following steps:

(1) monitor prescribing practices more frequently than annually;
(2) monitor more aspects of the opioid prescriber’s prescribing practices than the sentinel measures; or

(3) require the opioid prescriber to participate in additional quality improvement efforts, including but not limited to mandatory use of the prescription monitoring program established under section 152.126.

(d) The commissioner shall terminate from Minnesota health care programs all opioid prescribers and provider groups whose prescribing practices fall within the applicable opioid disenrollment standards.

Subd. 6. Data practices. (a) Reports and data identifying an opioid prescriber are private data on individuals as defined under section 13.02, subdivision 12, until an opioid prescriber is subject to termination as a medical assistance provider under this section. Notwithstanding this data classification, the commissioner shall share with all of the provider groups with which an opioid prescriber is employed or affiliated, a report identifying an opioid prescriber who is subject to quality improvement activities under subdivision 5, paragraph (b) or (c).

(b) Reports and data identifying a provider group are nonpublic data as defined under section 13.02, subdivision 9, until the provider group is subject to termination as a medical assistance provider under this section.

(c) Upon termination under this section, reports and data identifying an opioid prescriber or provider group are public, except that any identifying information of Minnesota health care program enrollees must be redacted by the commissioner.

Subd. 7. Annual report to legislature. By September 15, 2016, and annually thereafter, the commissioner of human services shall report to the legislature on the implementation of the opioid prescribing improvement program in the Minnesota health care programs. The report must include data on the utilization of opioids within the Minnesota health care programs.

Sec. 31. Minnesota Statutes 2014, section 256B.0757, is amended to read:

256B.0757 COORDINATED CARE THROUGH A HEALTH HOME.

Subdivision 1. Provision of coverage. (a) The commissioner shall provide medical assistance coverage of health home services for eligible individuals with chronic conditions who select a designated provider, a team of health care professionals, or a health team as the individual’s health home.

(b) The commissioner shall implement this section in compliance with the requirements of the state option to provide health homes for enrollees with chronic conditions, as provided under the Patient Protection and Affordable Care Act, Public Law 111-148, sections 2703 and 3502. Terms used in this section have the meaning provided in that act.

(c) The commissioner shall establish health homes to serve populations with serious mental illness who meet the eligibility requirements described under subdivision 2, clause (4). The health home services provided by health homes shall focus on both the behavioral and the physical health of these populations.

Subd. 2. Eligible individual. An individual is eligible for health home services under this section if the individual is eligible for medical assistance under this chapter and has at least:

(1) two chronic conditions;

(2) one chronic condition and is at risk of having a second chronic condition; or

(3) one serious and persistent mental health condition; or
(4) a condition that meets the definition in section 245.462, subdivision 20, paragraph (a), or 245.4871, subdivision 15, clause (2); and has a current diagnostic assessment as defined in Minnesota Rules, part 9505.0372, subpart 1, item B or C, as performed or reviewed by a mental health professional employed by or under contract with the behavioral health home. The commissioner shall establish criteria for determining continued eligibility.

Subd. 3. Health home services. (a) Health home services means comprehensive and timely high-quality services that are provided by a health home. These services include:

(1) comprehensive care management;
(2) care coordination and health promotion;
(3) comprehensive transitional care, including appropriate follow-up, from inpatient to other settings;
(4) patient and family support, including authorized representatives;
(5) referral to community and social support services, if relevant; and
(6) use of health information technology to link services, as feasible and appropriate.

(b) The commissioner shall maximize the number and type of services included in this subdivision to the extent permissible under federal law, including physician, outpatient, mental health treatment, and rehabilitation services necessary for comprehensive transitional care following hospitalization.

Subd. 4. Health teams Designated provider. (a) Health home services are voluntary and an eligible individual may choose any designated provider. The commissioner shall establish health teams to support the patient centered designated providers to serve as health home homes and provide the services described in subdivision 3 to individuals eligible under subdivision 2. The commissioner shall apply for grants or contracts as provided under section 3502 of the Patient Protection and Affordable Care Act to establish health teams homes and provide capitated payments to primary care designated providers. For purposes of this section, "health teams" "designated provider" means community based, interdisciplinary, interprofessional teams of health care providers that support primary care practices. These providers may include medical specialists, nurses, advanced practice registered nurses, pharmacists, nutritionists, social workers, behavioral and mental health providers, doctors of chiropractic, licensed complementary and alternative medicine practitioners, and physician assistants. a provider, clinical practice or clinical group practice, rural clinic, community health center, community mental health center, or any other entity that is determined by the commissioner to be qualified to be a health home for eligible individuals. This determination must be based on documentation evidencing that the designated provider has the systems and infrastructure in place to provide health home services and satisfies the qualification standards established by the commissioner in consultation with stakeholders and approved by the Centers for Medicare and Medicaid Services.

(b) The commissioner shall develop and implement certification standards for designated providers under this subdivision.

Subd. 5. Payments. The commissioner shall make payments to each health home and each health team designated provider for the provision of health home services described in subdivision 3 to each eligible individual with chronic conditions under subdivision 2 that selects the health home as a provider.

Subd. 6. Coordination. The commissioner, to the extent feasible, shall ensure that the requirements and payment methods for health homes and health teams designated providers developed under this section are consistent with the requirements and payment methods for health care homes established under sections 256B.0751 and 256B.0753. The commissioner may modify requirements and payment methods under sections 256B.0751 and 256B.0753 in order to be consistent with federal health home requirements and payment methods.
Subd. 8. Evaluation and continued development. (a) For continued certification under this section, health homes must meet process, outcome, and quality standards developed and specified by the commissioner. The commissioner shall collect data from health homes as necessary to monitor compliance with certification standards.

(b) The commissioner may contract with a private entity to evaluate patient and family experiences, health care utilization, and costs.

(c) The commissioner shall utilize findings from the implementation of behavioral health homes to determine populations to serve under subsequent health home models for individuals with chronic conditions.

EFFECTIVE DATE. This section is effective July 1, 2016, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 32. [256B.0758] HEALTH CARE DELIVERY PILOT PROGRAM.

(a) The commissioner may establish a health care delivery pilot program to test alternative and innovative integrated health care delivery networks, including accountable care organizations or a community-based collaborative care network created by or including North Memorial Health Care. If required, the commissioner shall seek federal approval of a new waiver request or amend an existing demonstration pilot project waiver.

(b) Individuals eligible for the pilot program shall be individuals who are eligible for medical assistance under section 256B.055. The commissioner may identify individuals to be enrolled in the pilot program based on zip code or whether the individuals would benefit from an integrated health care delivery network.

(c) In developing a payment system for the pilot programs, the commissioner shall establish a total cost of care for the individuals enrolled in the pilot program that equals the cost of care that would otherwise be spent for these enrollees in the prepaid medical assistance program.

Sec. 33. Minnesota Statutes 2014, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. Managed care contracts. (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan
efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659.

(e) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For 2012, the reduction shall be based on the health plan's utilization in 2009. To earn the return of the withhold each subsequent year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than ten percent of the plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous measurement year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(f) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than five percent of the plan's hospital admission rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous calendar year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that this reduction in the hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.
The withhold described in this paragraph shall continue until there is a 25 percent reduction in the hospital admission rate compared to the hospital admission rates in calendar year 2011, as determined by the commissioner. The hospital admissions in this performance target do not include the admissions applicable to the subsequent hospital admission performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(g) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rates for subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason, for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, of no less than five percent compared to the previous calendar year until the final performance target is reached.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in the subsequent hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph must continue for each consecutive contract period until the plan’s subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved.

(h) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(k) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(l) The return of the withhold under paragraphs (h) and (i) is not subject to the requirements of paragraph (c).

(m) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the
commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of
a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment
terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs.
Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing
in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

Sec. 34. Minnesota Statutes 2014, section 256B.69, subdivision 5i, is amended to read:

Subd. 5i. Administrative expenses. (a) Managed care plan and county-based purchasing plan Administrative
costs for a prepaid health plan provided paid to managed care plans and county-based purchasing plans under this
section or section 256B.692, and section 256L.12 must not exceed the prepaid health plan's or county-based purchasing plan's actual calculated administrative spending for the previous calendar year as a percentage of total revenue of total payments made to all managed care plans and county-based purchasing plans in aggregate across all state public health care programs, based on payments expected to be made at the beginning of each calendar year. The penalty for exceeding this limit must be the amount of administrative spending in excess of 105 percent of the actual calculated amount. The commissioner may waive this penalty if the excess administrative spending is the result of unexpected shifts in enrollment or member needs or new program requirements. The commissioner may reduce or eliminate administrative requirements to meet the administrative cost limit. For purposes of this paragraph, administrative costs do not include premium taxes paid under section 297I.05, subdivision 5, provider surcharges paid under section 256.9657, subdivision 3, and health insurance fees under section 9010 of the Affordable Care Act.

(b) The following expenses are not allowable administrative expenses for rate-setting purposes under this
section:

(1) charitable contributions made by the managed care plan or the county-based purchasing plan;

(2) any portion of an individual's compensation in excess of $200,000 paid by the managed care plan or
county-based purchasing plan, compensation of individuals within the organization in excess of $200,000 such that
the allocation of compensation for an individual across all state public health care programs in total cannot exceed
$200,000;

(3) any penalties or fines assessed against the managed care plan or county-based purchasing plan; and

(4) any indirect marketing or advertising expenses of the managed care plan or county-based purchasing plan,
including but not limited to costs to promote the managed care or county-based purchasing plan, costs of facilities
used for special events, and costs of displays, demonstrations, donations, and promotional items such as
memorabilia, models, gifts, and souvenirs. The commissioner may classify an item listed in this clause as an
allowable administrative expense for rate-setting purposes, if the commissioner determines that the expense is
incidental to an activity related to state public health care programs that is an allowable cost for purposes of rate
setting;

(5) any lobbying and political activities, events, or contributions;

(6) administrative expenses related to the provision of services not covered under the state plan or waiver;

(7) alcoholic beverages and related costs;

(8) membership in any social, dining, or country club or organization; and
(9) entertainment, including amusement, diversion, and social activities, and any costs directly associated with
these costs, including but not limited to tickets to shows or sporting events, meals, lodging, rentals, transportation,
and gratuities.

For the purposes of this subdivision, compensation includes salaries, bonuses and incentives, other reportable
compensation on an IRS 990 form, retirement and other deferred compensation, and nontaxable benefits. Charitable
ccontributions under clause (1) include payments for or to any organization or entity selected by the managed care
plan or county-based purchasing plan that is operated for charitable, educational, political, religious, or scientific
purposes, that are not related to medical and administrative services covered under state public health care programs.

(c) Payments to a quality improvement organization are an allowable administrative expense for rate-setting
purposes under this section, to the extent they are allocated to a state public health care program and approved by the
commissioner.

(d) Where reasonably possible, expenses for an administrative item shall be directly allocated so as to assign
costs for an item to an individual state public health care program when the cost can be specifically identified with
and benefits the individual state public health care program. For administrative services expended to the state's
public health care programs, managed care plans and county-based purchasing plans must clearly identify and
separately record expense items listed under paragraph (b) in their accounting systems in a manner that allows for
independent verification of unallowable expenses for purposes of determining payment rates for state public health
care programs.

(e) Notwithstanding paragraph (a), the commissioner shall reduce administrative expenses paid to managed care
plans and county-based purchasing plans by .50 of a percentage point for contracts beginning January 1, 2016, and
ending December 31, 2017. To meet the administrative reductions under this paragraph, the commissioner may
reduce or eliminate administrative requirements, exclude additional unallowable administrative expenses identified
under this section and resulting from the financial audits conducted under subdivision 9d, and utilize competitive
bidding to gain efficiencies through economies of scale from increased enrollment. If the total reduction cannot be
achieved through administrative reduction, the commissioner may limit total rate increases on payments to managed
care plans and county-based purchasing plans.

Sec. 35. Minnesota Statutes 2014, section 256B.69, subdivision 9c, is amended to read:

Subd. 9c. Managed care financial reporting. (a) The commissioner shall collect detailed data regarding
financials, provider payments, provider rate methodologies, and other data as determined by the commissioner. The
commissioner, in consultation with the commissioners of health and commerce, and in consultation with managed
care plans and county-based purchasing plans, shall set uniform criteria, definitions, and standards for the data to be
submitted, and shall require managed care and county-based purchasing plans to comply with these criteria,
definitions, and standards when submitting data under this section. In carrying out the responsibilities of this
subdivision, the commissioner shall ensure that the data collection is implemented in an integrated and coordinated
manner that avoids unnecessary duplication of effort. To the extent possible, the commissioner shall use existing
data sources and streamline data collection in order to reduce public and private sector administrative costs.
Nothing in this subdivision shall allow release of information that is nonpublic data pursuant to section 13.02.

(b) Effective January 1, 2014, each managed care and county-based purchasing plan must quarterly provide to
the commissioner the following information on state public programs, in the form and manner specified by the
commissioner, according to guidelines developed by the commissioner in consultation with managed care plans and
county-based purchasing plans under contract:

(1) an income statement by program;
(2) financial statement footnotes;

(3) quarterly profitability by program and population group;

(4) a medical liability summary by program and population group;

(5) received but unpaid claims report by program;

(6) services versus payment lags by program for hospital services, outpatient services, physician services, other medical services, and pharmaceutical benefits;

(7) utilization reports that summarize utilization and unit cost information by program for hospitalization services, outpatient services, physician services, and other medical services;

(8) pharmaceutical statistics by program and population group for measures of price and utilization of pharmaceutical services;

(9) subcapitation expenses by population group;

(10) third-party payments by program;

(11) all new, active, and closed subrogation cases by program;

(12) all new, active, and closed fraud and abuse cases by program;

(13) medical loss ratios by program;

(14) administrative expenses by category and subcategory by program that reconcile to other state and federal regulatory agencies, including Minnesota Supplement Report #1A;

(15) revenues by program, including investment income;

(16) nonadministrative service payments, provider payments, and reimbursement rates by provider type or service category, by program, paid by the managed care plan under this section or the county-based purchasing plan under section 256B.692 to providers and vendors for administrative services under contract with the plan, including but not limited to:

(i) individual-level provider payment and reimbursement rate data;

(ii) provider reimbursement rate methodologies by provider type, by program, including a description of alternative payment arrangements and payments outside the claims process;

(iii) data on implementation of legislatively mandated provider rate changes; and

(iv) individual-level provider payment and reimbursement rate data and plan-specific provider reimbursement rate methodologies by provider type, by program, including alternative payment arrangements and payments outside the claims process, provided to the commissioner under this subdivision are nonpublic data as defined in section 13.02;

(17) data on the amount of reinsurance or transfer of risk by program; and

(18) contribution to reserve, by program.
(c) In the event a report is published or released based on data provided under this subdivision, the commissioner shall provide the report to managed care plans and county-based purchasing plans 15 days prior to the publication or release of the report. Managed care plans and county-based purchasing plans shall have 15 days to review the report and provide comment to the commissioner.

The quarterly reports shall be submitted to the commissioner no later than 60 days after the end of the previous quarter, except the fourth-quarter report, which shall be submitted by April 1 of each year. The fourth-quarter report shall include audited financial statements, parent company audited financial statements, an income statement reconciliation report, and any other documentation necessary to reconcile the detailed reports to the audited financial statements.

(d) Managed care plans and county-based purchasing plans shall certify to the commissioner for the purpose of financial reporting for state public health care programs under this subdivision that costs reported for state public health care programs include:

(1) only services covered under the state plan and waivers, and related allowable administrative expenses; and

(2) the dollar value of unallowable and nonstate plan services, including both medical and administrative expenditures, that have been excluded.

Sec. 36. Minnesota Statutes 2014, section 256B.69, subdivision 9d, is amended to read:

Subd. 9d. Financial audit and quality assurance audits. (a) The legislative auditor shall contract with an audit firm to conduct a biennial independent third-party financial audit of the information required to be provided by managed care plans and county-based purchasing plans under subdivision 9c, paragraph (b). The audit shall be conducted in accordance with generally accepted government auditing standards issued by the United States Government Accountability Office. The contract with the audit firm shall be designed and administered so as to render the independent third-party audit eligible for a federal subsidy, if available. The contract shall require the audit to include a determination of compliance with the federal Medicaid rate certification process. The contract shall require the audit to determine if the administrative expenses and investment income reported by the managed care plans and county-based purchasing plans are compliant with state and federal law.

(b) For purposes of this subdivision, "independent third party" means an audit firm that is independent in accordance with government auditing standards issued by the United States Government Accountability Office and licensed in accordance with chapter 326A. An audit firm under contract to provide services in accordance with this subdivision must not have provided services to a managed care plan or county-based purchasing plan during the period for which the audit is being conducted.

(e) (a) The commissioner shall require, in the request for bids and resulting contracts with managed care plans and county-based purchasing plans under this section and section 256B.692, that each managed care plan and county-based purchasing plan submit to and fully cooperate with the independent third-party financial audit audits by the legislative auditor under subdivision 9e of the information required under subdivision 9c, paragraph (b). Each contract with a managed care plan or county-based purchasing plan under this section or section 256B.692 must provide the commissioner and the audit firm legislative auditor, and vendors contracting with the legislative auditor, access to all data required to complete the audit. For purposes of this subdivision, the contracting audit firm shall have the same investigative power as the legislative auditor under section 3.978, subdivision 2 audits under subdivision 9e.

(f) (b) Each managed care plan and county-based purchasing plan providing services under this section shall provide to the commissioner biweekly encounter data and claims data for state public health care programs and shall participate in a quality assurance program that verifies the timeliness, completeness, accuracy, and consistency of
the data provided. The commissioner shall develop written protocols for the quality assurance program and shall make the protocols publicly available. The commissioner shall contract for an independent third-party audit to evaluate the quality assurance protocols as to the capacity of the protocols to ensure complete and accurate data and to evaluate the commissioner’s implementation of the protocols. The audit firm under contract to provide this evaluation must meet the requirements in paragraph (b).

(e) Upon completion of the audit under paragraph (a) and receipt by the legislative auditor, the legislative auditor shall provide copies of the audit report to the commissioner, the state auditor, the attorney general, and the chairs and ranking minority members of the health and human services finance committees of the legislature. (c) Upon completion of the evaluation under paragraph (d) (b), the commissioner shall provide copies of the report to the legislative auditor and the chairs and ranking minority members of the health finance committees of the legislature, legislative committees with jurisdiction over health care policy and financing.

(f) Any actuary under contract with the commissioner to provide actuarial services must meet the independence requirements under the professional code for fellows in the Society of Actuaries and must not have provided actuarial services to a managed care plan or county-based purchasing plan that is under contract with the commissioner pursuant to this section and section 256B.692 during the period in which the actuarial services are being provided. An actuary or actuarial firm meeting the requirements of this paragraph must certify and attest to the rates paid to the managed care plans and county-based purchasing plans under this section and section 256B.692, and the certification and attestation must be auditable.

(g) The commissioner, to the extent of available funding, shall conduct ad hoc audits of state public health care program administrative and medical expenses reported by managed care plans and county-based purchasing plans. This includes: financial and encounter data reported to the commissioner under subdivision 9c, including payments to providers and subcontractors; supporting documentation for expenditures; categorization of administrative and medical expenses; and allocation methods used to attribute administrative expenses to state public health care programs. These audits also must monitor compliance with data and financial report certification requirements established by the commissioner for the purposes of managed care capitation payment rate-setting. The managed care plans and county-based purchasing plans shall fully cooperate with the audits in this subdivision. The commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by February 1, 2016, and each February 1 thereafter, the number of ad hoc audits conducted in the past calendar year and the results of these audits.

(h) Nothing in this subdivision shall allow the release of information that is nonpublic data pursuant to section 13.02.

Sec. 37. Minnesota Statutes 2014, section 256B.69, is amended by adding a subdivision to read:

Subd. 9e. Financial audits. (a) The legislative auditor shall conduct or contract with vendors to conduct independent third-party financial audits of the information required to be provided by managed care plans and county-based purchasing plans under subdivision 9c, paragraph (b). The audits by the vendors shall be conducted as vendor resources permit and in accordance with generally accepted government auditing standards issued by the United States Government Accountability Office. The contract with the vendors shall be designed and administered so as to render the independent third-party audits eligible for a federal subsidy, if available. The contract shall require the audits to include a determination of compliance with the federal Medicaid rate certification process.

(b) For purposes of this subdivision, "independent third-party" means a vendor that is independent in accordance with government auditing standards issued by the United States Government Accountability Office.
Sec. 38. Minnesota Statutes 2014, section 256B.75, is amended to read:

256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (9), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program. Effective for services provided on or after July 1, 2015, rates established for critical access hospitals under this paragraph for the applicable payment year shall be the final payment and shall not be settled to actual costs.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) In addition to the reduction in paragraph (d), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

(f) In addition to the reductions in paragraphs (d) and (e), the total payment for fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced three percent from the current statutory rates. Mental health services and facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

Sec. 39. Minnesota Statutes 2014, section 256B.76, subdivision 1, is amended to read:

Subdivision 1. **Physician reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to psychiatric patients, and level three codes for enhanced services for prenatal high risk, shall be paid at the lower of
(i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992.

(b) Effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services. The increases in this paragraph shall be implemented January 1, 2000, for managed care.

(c) Effective for services rendered on or after July 1, 2009, payment rates for physician and professional services shall be reduced by five percent, except that for the period July 1, 2009, through June 30, 2010, payment rates shall be reduced by 6.5 percent for the medical assistance and general assistance medical care programs, over the rates in effect on June 30, 2009. This reduction and the reductions in paragraph (d) do not apply to office or other outpatient visits, preventive medicine visits and family planning visits billed by physicians, advanced practice nurses, or physician assistants in a family planning agency or one of the following primary care practices: general practice, general internal medicine, general pediatrics, general geriatrics, and family medicine. This reduction and the reductions in paragraph (d) do not apply to federally qualified health centers, rural health centers, and Indian health services. Effective October 1, 2009, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(d) Effective for services rendered on or after July 1, 2010, payment rates for physician and professional services shall be reduced an additional seven percent over the five percent reduction in rates described in paragraph (c). This additional reduction does not apply to physical therapy services, occupational therapy services, and speech pathology and related services provided on or after July 1, 2010. This additional reduction does not apply to physician services billed by a psychiatrist or an advanced practice nurse with a specialty in mental health. Effective October 1, 2010, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(e) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for physician and professional services shall be reduced three percent from the rates in effect on August 31, 2011. This reduction does not apply to physical therapy services, occupational therapy services, and speech pathology and related services.

(f) Effective for services rendered on or after September 1, 2014, payment rates for physician and professional services, including physical therapy, occupational therapy, speech pathology and related services shall be increased by five percent from the rates in effect on August 31, 2014. In calculating this rate increase, the commissioner shall not include in the base rate for August 31, 2014, the rate increase provided under section 256B.76, subdivision 7. This increase does not apply to federally qualified health centers, rural health centers, and Indian health services. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(g) Effective for services rendered on or after July 1, 2015, payment rates for physical therapy, occupational therapy, and speech pathology and related services provided by a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.
Sec. 40. Minnesota Statutes 2014, section 256B.76, subdivision 2, is amended to read:

Subd. 2. Dental reimbursement. (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(b) Beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (1) submitted charge, or (2) 80 percent of median 1997 charges.

(c) Effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999.

(d) Effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (1) the submitted charge, or (2) 85 percent of median 1999 charges.

(e) The increases listed in paragraphs (b) and (c) shall be implemented January 1, 2000, for managed care.

(f) Effective for dental services rendered on or after October 1, 2010, by a state-operated dental clinic, payment shall be paid on a reasonable cost basis that is based on the Medicare principles of reimbursement. This payment shall be effective for services rendered on or after January 1, 2011, to recipients enrolled in managed care plans or county-based purchasing plans.

(g) Beginning in fiscal year 2011, if the payments to state-operated dental clinics in paragraph (f), including state and federal shares, are less than $1,850,000 per fiscal year, a supplemental state payment equal to the difference between the total payments in paragraph (f) and $1,850,000 shall be paid from the general fund to state-operated services for the operation of the dental clinics.

(h) If the cost-based payment system for state-operated dental clinics described in paragraph (f) does not receive federal approval, then state-operated dental clinics shall be designated as critical access dental providers under subdivision 4, paragraph (b), and shall receive the critical access dental reimbursement rate as described under subdivision 4, paragraph (a).

(i) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for dental services shall be reduced by three percent. This reduction does not apply to state-operated dental clinics in paragraph (f).

(j) Effective for services rendered on or after January 1, 2014, payment rates for dental services shall be increased by five percent from the rates in effect on December 31, 2013. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2014, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment increase described in this paragraph.

(k) Effective for services rendered on or after July 1, 2015, the commissioner shall increase payment rates for services furnished by dental providers located outside of the seven-county metropolitan area by the maximum percentage possible above the rates in effect on June 30, 2015, while remaining within the limits of funding
appropriated for this purpose. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2016, payments to managed care plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect the payment increase described in this paragraph. The commissioner shall require managed care and county-based purchasing plans to pass on the full amount of the increase, in the form of higher payment rates to dental providers located outside of the seven-county metropolitan area.

Sec. 41. Minnesota Statutes 2014, section 256B.76, subdivision 4, as amended by Laws 2015, chapter 21, article 1, section 58, is amended to read:

Subd. 4. **Critical access dental providers.** (a) Effective for dental services rendered on or after January 1, 2002, the commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, 2007, the commissioner shall increase reimbursement by 35 percent above the reimbursement rate that would otherwise be paid to the critical access dental provider. The commissioner shall pay the managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner.

(b) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

(1) nonprofit community clinics that:

(i) have nonprofit status in accordance with chapter 317A;

(ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);

(iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;

(iv) have professional staff familiar with the cultural background of the clinic’s patients;

(v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;

(vi) do not restrict access or services because of a patient’s financial limitations or public assistance status; and

(vii) have free care available as needed;

(2) federally qualified health centers, rural health clinics, and public health clinics;

(3) city or county owned and operated hospital-based dental clinics;

(4) a dental clinic or dental group owned and operated by a nonprofit corporation in accordance with chapter 317A with more than 10,000 patient encounters per year with patients who are uninsured or covered by medical assistance or MinnesotaCare;

(5) a dental clinic owned and operated by the University of Minnesota or the Minnesota State Colleges and Universities system; and

(6) private practicing dentists if:
(i) the dentist's office is located within a health professional shortage area as defined under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E;

(ii) more than 50 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare; and

(iii) the dentist does not restrict access or services because of a patient's financial limitations or public assistance status; and

(iv) (iii) the level of service provided by the dentist is critical to maintaining adequate levels of patient access within the service area in which the dentist operates.

Sec. 42. Minnesota Statutes 2014, section 256B.762, is amended to read:

**256B.762 REIMBURSEMENT FOR HEALTH CARE SERVICES.**

(a) Effective for services provided on or after October 1, 2005, payment rates for the following services shall be increased by five percent over the rates in effect on September 30, 2005, when these services are provided as home health services under section 256B.0625, subdivision 6a:

1. skilled nursing visit;
2. physical therapy visit;
3. occupational therapy visit;
4. speech therapy visit; and
5. home health aide visit.

(b) Effective for services provided on or after July 1, 2015, payment rates for managed care and fee-for-service visits for the following services shall be increased by ten percent over the rates in effect on June 30, 2015, when these services are provided as home health services under section 256B.0625, subdivision 6a:

1. physical therapy;
2. occupational therapy; and
3. speech therapy.

The commissioner shall adjust managed care and county-based purchasing plan capitation rates to reflect the payment rates under this paragraph.

Sec. 43. Minnesota Statutes 2014, section 256B.766, is amended to read:

**256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.**

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy
services, occupational therapy services, and speech-language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech-language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

(c) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for outpatient hospital facility fees shall be reduced by five percent from the rates in effect on August 31, 2011.

(d) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, renal dialysis services, laboratory services, public health nursing services, physical therapy services, occupational therapy services, speech therapy services, eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume purchase contract, and anesthesia services shall be reduced by three percent from the rates in effect on August 31, 2011.

(e) Effective for services provided on or after September 1, 2014, payments for ambulatory surgery centers facility fees, hospice services, renal dialysis services, laboratory services, public health nursing services, eyeglasses not subject to a volume purchase contract, and hearing aids not subject to a volume purchase contract shall be increased by three percent from the rates in effect on August 31, 2011. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(f) Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, provided on or after July 1, 2014, through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2015, shall be increased by three percent from the rates in effect on June 30, 2014 as determined under paragraph (i).

(g) Effective for services provided on or after July 1, 2015, payments for outpatient hospital facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, and laboratory services to a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(h) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

(i) Effective July 1, 2015, the medical assistance payment rate for durable medical equipment, prosthetics, orthotics, or supplies shall be restored to the January 1, 2008, medical assistance fee schedule, updated to include subsequent rate increases in the Medicare and medical assistance fee schedules, and including individually priced items for the following categories: enteral nutrition and supplies, customized and other specialized tracheostomy tubes and supplies, electric patient lifts, and durable medical equipment repair and service. This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, and items provided to dually eligible recipients when Medicare is the primary payer for the item.
Sec. 44. Minnesota Statutes 2014, section 256B.767, is amended to read:

**256B.767 MEDICARE PAYMENT LIMIT.**

(a) Effective for services rendered on or after July 1, 2010, fee-for-service payment rates for physician and professional services under section 256B.76, subdivision 1, and basic care services subject to the rate reduction specified in section 256B.766, shall not exceed the Medicare payment rate for the applicable service, as adjusted for any changes in Medicare payment rates after July 1, 2010. The commissioner shall implement this section after any other rate adjustment that is effective July 1, 2010, and shall reduce rates under this section by first reducing or eliminating provider rate add-ons.

(b) This section does not apply to services provided by advanced practice certified nurse midwives licensed under chapter 148 or traditional midwives licensed under chapter 147D. Notwithstanding this exemption, medical assistance fee-for-service payment rates for advanced practice certified nurse midwives and licensed traditional midwives shall equal and shall not exceed the medical assistance payment rate to physicians for the applicable service.

(c) This section does not apply to mental health services or physician services billed by a psychiatrist or an advanced practice registered nurse with a specialty in mental health.

(d) Effective for durable medical equipment, prosthetics, orthotics, or supplies provided on or after July 1, 2013, through June 30, 2015, the payment rate for items that are subject to the rates established under Medicare’s National Competitive Bidding Program shall be equal to the rate that applies to the same item when not subject to the rate established under Medicare’s National Competitive Bidding Program. This paragraph does not apply to mail order diabetic supplies and does not apply to items provided to dually eligible recipients when Medicare is the primary payer of the item.

(d) Effective July 1, 2015, this section shall not apply to durable medical equipment, prosthetics, orthotics, or supplies.

(e) This section does not apply to physical therapy, occupational therapy, speech pathology and related services, and basic care services provided by a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4).

Sec. 45. [256B.79] INTEGRATED CARE FOR HIGH-RISK PREGNANT WOMEN.

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

(b) "Adverse outcomes" means maternal opiate addiction, other reportable prenatal substance abuse, low birth weight, or preterm birth.

(c) "Qualified integrated perinatal care collaborative" or "collaborative" means a combination of (1) members of community-based organizations that represent communities within the identified targeted populations, and (2) local or tribally based service entities, including health care, public health, social services, mental health, chemical dependency treatment, and community-based providers, determined by the commissioner to meet the criteria for the provision of integrated care and enhanced services for enrollees within targeted populations.

(d) "Targeted populations" means pregnant medical assistance enrollees residing in geographic areas identified by the commissioner as being at above-average risk for adverse outcomes.
Subd. 2. **Pilot program established.** The commissioner shall implement a pilot program to improve birth outcomes and strengthen early parental resilience for pregnant women who are medical assistance enrollees, are at significantly elevated risk for adverse outcomes of pregnancy, and are in targeted populations. The program must promote the provision of integrated care and enhanced services to these pregnant women, including postpartum coordination to ensure ongoing continuity of care, by qualified integrated perinatal care collaboratives.

Subd. 3. **Grant awards.** The commissioner shall award grants to qualifying applicants to support interdisciplinary, integrated perinatal care. Grants must be awarded beginning July 1, 2016. Grant funds must be distributed through a request for proposals process to a designated lead agency within an entity that has been determined to be a qualified integrated perinatal care collaborative or within an entity in the process of meeting the qualifications to become a qualified integrated perinatal care collaborative. Grant awards must be used to support interdisciplinary, team-based needs assessments, planning, and implementation of integrated care and enhanced services for targeted populations. In determining grant award amounts, the commissioner shall consider the identified health and social risks linked to adverse outcomes and attributed to enrollees within the identified targeted population.

Subd. 4. **Eligibility for grants.** To be eligible for a grant under this section, an entity must show that the entity meets or is in the process of meeting qualifications established by the commissioner to be a qualified integrated perinatal care collaborative. These qualifications must include evidence that the entity has or is in the process of developing policies, services, and partnerships to support interdisciplinary, integrated care. The policies, services, and partnerships must meet specific criteria and be approved by the commissioner. The commissioner shall establish a process to review the collaborative's capacity for interdisciplinary, integrated care, to be reviewed at the commissioner's discretion. In determining whether the entity meets the qualifications for a qualified integrated perinatal care collaborative, the commissioner shall verify and review whether the entity's policies, services, and partnerships:

1. (1) optimize early identification of drug and alcohol dependency and abuse during pregnancy, effectively coordinate referrals and follow-up of identified patients to evidence-based or evidence-informed treatment, and integrate perinatal care services with behavioral health and substance abuse services;

2. (2) enhance access to, and effective use of, needed health care or tribal health care services, public health or tribal public health services, social services, mental health services, chemical dependency services, or services provided by community-based providers by bridging cultural gaps within systems of care and by integrating community-based paraprofessionals such as doulas and community health workers as routinely available service components;

3. (3) encourage patient education about prenatal care, birthing, and postpartum care, and document how patient education is provided. Patient education may include information on nutrition, reproductive life planning, breastfeeding, and parenting;

4. (4) integrate child welfare case planning with substance abuse treatment planning and monitoring, as appropriate;

5. (5) effectively systematize screening, collaborative care planning, referrals, and follow up for behavioral and social risks known to be associated with adverse outcomes and known to be prevalent within the targeted populations;

6. (6) facilitate ongoing continuity of care to include postpartum coordination and referrals for interconception care, continued treatment for substance abuse, identification and referrals for maternal depression and other chronic mental health conditions, continued medication management for chronic diseases, and appropriate referrals to tribal or county-based social services agencies and tribal or county-based public health nursing services; and
(7) implement ongoing quality improvement activities as determined by the commissioner, including collection
and use of data from qualified providers on metrics of quality such as health outcomes and processes of care, and the
use of other data that has been collected by the commissioner.

Subd. 5. **Gaps in communication, support, and care.** A collaborative receiving a grant under this section
must develop means of identifying and reporting gaps in the collaborative's communication, administrative support,
and direct care that must be remedied for the collaborative to effectively provide integrated care and enhanced
services to targeted populations.

Subd. 6. **Report.** By January 31, 2019, the commissioner shall report to the chairs and ranking minority
members of the legislative committees with jurisdiction over health and human services policy and finance on the
status and progress of the pilot program. The report must:

1. describe the capacity of collaboratives receiving grants under this section;

2. contain aggregate information about enrollees served within targeted populations;

3. describe the utilization of enhanced prenatal services;

4. for enrollees identified with maternal substance use disorders, describe the utilization of substance use
treatment and dispositions of any child protection cases;

5. contain data on outcomes within targeted populations and compare these outcomes to outcomes statewide,
using standard categories of race and ethnicity; and

6. include recommendations for continuing the program or sustaining improvements through other means
beyond June 30, 2019.

Subd. 7. **Expiration.** This section expires June 30, 2019.

Sec. 46. Minnesota Statutes 2014, section 256L.01, subdivision 3a, is amended to read:

Subd. 3a. **Family.** (a) Except as provided in paragraphs (c) and (d), "family" has the meaning given for family
and family size as defined in Code of Federal Regulations, title 26, section 1.36B-1.

(b) The term includes children who are temporarily absent from the household in settings such as schools,
camps, or parenting time with noncustodial parents.

(c) For an individual who does not expect to file a federal tax return and does not expect to be claimed as a
dependent for the applicable tax year, "family" has the meaning given in Code of Federal Regulations, title 42,
section 435.603(f)(3).

(d) For a married couple, "family" has the meaning given in Code of Federal Regulations, title 42, section
435.603(f)(4).

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 47. Minnesota Statutes 2014, section 256L.01, subdivision 5, is amended to read:

Subd. 5. Income. "Income" has the meaning given for modified adjusted gross income, as defined in Code of Federal Regulations, title 26, section 1.36B-1\pi, and means a household's projected annual income for the applicable tax year.

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

Sec. 48. Minnesota Statutes 2014, section 256L.03, subdivision 5, is amended to read:

Subd. 5. Cost-sharing. (a) Except as otherwise provided in this subdivision, the MinnesotaCare benefit plan shall include the following cost-sharing requirements for all enrollees:

1. $3 per prescription for adult enrollees;

2. $25 for eyeglasses for adult enrollees;

3. $3 per nonpreventive visit. For purposes of this subdivision, a 'visit' means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

4. $6 for nonemergency visits to a hospital-based emergency room for services provided through December 31, 2010, and $3.50 effective January 1, 2011; and

5. a family deductible equal to the maximum amount allowed under Code of Federal Regulations, title 42, part 447.54, $2.75 per month per family and adjusted annually by the percentage increase in the medical care component of the CPI-U for the period of September to September of the preceding calendar year, rounded to the next-higher five cent increment.

(b) Paragraph (a) does not apply to children under the age of 21 and to American Indians as defined in Code of Federal Regulations, title 42, section 447.51.

(c) Paragraph (a), clause (3), does not apply to mental health services.

(d) MinnesotaCare reimbursements to fee-for-service providers and payments to managed care plans or county-based purchasing plans shall not be increased as a result of the reduction of the co-payments in paragraph (a), clause (4), effective January 1, 2011.

(e) The commissioner, through the contracting process under section 256L.12, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (5). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.

(f) The commissioner shall increase co-payments for covered services in a manner sufficient to reduce the actuarial value of the benefit to 94 percent. The cost-sharing changes described in this paragraph do not apply to eligible recipients or services exempt from cost-sharing under state law. The cost-sharing changes described in this paragraph shall not be implemented prior to January 1, 2016.
(g) The cost-sharing changes authorized under paragraph (f) must satisfy the requirements for cost-sharing under the Basic Health Program as set forth in Code of Federal Regulations, title 42, sections 600.510 and 600.520.

**EFFECTIVE DATE.** The amendment to paragraph (a), clause (5), is effective retroactively from January 1, 2014. The amendment to paragraph (b) is effective the day following final enactment.

Sec. 49. Minnesota Statutes 2014, section 256L.04, subdivision 1c, is amended to read:

Subd. 1c. **General requirements.** To be eligible for coverage under MinnesotaCare, a person must meet the eligibility requirements of this section. A person eligible for MinnesotaCare shall not be considered a qualified individual under section 1312 of the Affordable Care Act, and is not eligible for enrollment in a qualified health plan offered through MNsure under chapter 62V.

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

Sec. 50. Minnesota Statutes 2014, section 256L.04, subdivision 7b, is amended to read:

Subd. 7b. **Annual income limits adjustment.** The commissioner shall adjust the income limits under this section each July 1 by the annual update of the federal poverty guidelines following publication by the United States Department of Health and Human Services except that the income standards shall not go below those in effect on July 1, 2009 annually on January 1 as provided in Code of Federal Regulations, title 26, section 1.36B-1(h).

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

Sec. 51. Minnesota Statutes 2014, section 256L.05, is amended by adding a subdivision to read:

Subd. 2a. **Eligibility and coverage.** For purposes of this chapter, an individual is eligible for MinnesotaCare following a determination by the commissioner that the individual meets the eligibility criteria for the applicable period of eligibility. For an individual required to pay a premium, coverage is only available in each month of the applicable period of eligibility for which a premium is paid.

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

Sec. 52. Minnesota Statutes 2014, section 256L.05, subdivision 3, is amended to read:

Subd. 3. **Effective date of coverage.** (a) The effective date of coverage is the first day of the month following the month in which eligibility is approved and the first premium payment has been received. The effective date of coverage for new members added to the family is the first day of the month following the month in which the change is reported. All eligibility criteria must be met by the family at the time the new family member is added. The income of the new family member is included with the family's modified adjusted gross income and the adjusted premium begins in the month the new family member is added.

(b) The initial premium must be received by the last working day of the month for coverage to begin the first day of the following month.

(c) Notwithstanding any other law to the contrary, benefits under sections 256L.01 to 256L.18 are secondary to a plan of insurance or benefit program under which an eligible person may have coverage and the commissioner shall use cost avoidance techniques to ensure coordination of any other health coverage for eligible persons. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.
(d) The effective date of coverage for individuals or families who are exempt from paying premiums under section 256L.15, subdivision 1, paragraph (c), is the first day of the month following the month in which verification of American Indian status is received or eligibility is approved, whichever is later.

Sec. 53. Minnesota Statutes 2014, section 256L.05, subdivision 3a, is amended to read:

Subd. 3a. Renewal Redetermination of eligibility. (a) Beginning July 1, 2007, An enrollee's eligibility must be renewed every 12 months redetermined on an annual basis. The 12-month period begins in the month after the month the application is approved. The period of eligibility is the entire calendar year following the year in which eligibility is redetermined. Beginning in calendar year 2015, eligibility redeterminations shall occur during the open enrollment period for qualified health plans as specified in Code of Federal Regulations, title 45, section 155.410.

(b) Each new period of eligibility must take into account any changes in circumstances that impact eligibility and premium amount. An enrollee must provide all the information needed to redetermine eligibility by the first day of the month that ends the eligibility period. The premium for the new period of eligibility must be received before coverage begins as provided in section 256L.06 in order for eligibility to continue.

(c) For children enrolled in MinnesotaCare, the first period of renewal begins the month the enrollee turns 21 years of age.

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

Sec. 54. Minnesota Statutes 2014, section 256L.05, subdivision 4, is amended to read:

Subd. 4. Application processing. The commissioner of human services shall determine an applicant's eligibility for MinnesotaCare no more than 45 days from the date that the application is received by the Department of Human Services as set forth in Code of Federal Regulations, title 42, section 435.912. Beginning January 1, 2000, this requirement also applies to local county human services agencies that determine eligibility for MinnesotaCare.

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

Sec. 55. Minnesota Statutes 2014, section 256L.06, subdivision 3, is amended to read:

Subd. 3. Commissioner's duties and payment. (a) Premiums are dedicated to the commissioner for MinnesotaCare.

(b) The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon both increases and decreases in enrollee income, at the time the change in income is reported; and (3) disenroll enrollees from MinnesotaCare for failure to pay required premiums. Failure to pay includes payment with a dishonored check, a returned automatic bank withdrawal, or a refused credit card or debit card payment. The commissioner may demand a guaranteed form of payment, including a cashier's check or a money order, as the only means to replace a dishonored, returned, or refused payment.

(c) Premiums are calculated on a calendar month basis and may be paid on a monthly, quarterly, or semiannual basis, with the first payment due upon notice from the commissioner of the premium amount required. The commissioner shall inform applicants and enrollees of these premium payment options. Premium payment is required before enrollment is complete and to maintain eligibility in MinnesotaCare. Premium payments received before noon are credited the same day. Premium payments received after noon are credited on the next working day.
(d) Nonpayment of the premium will result in disenrollment from the plan effective for the calendar month following the month for which the premium was due. Persons disenrolled for nonpayment who pay all past due premiums as well as current premiums due, including premiums due for the period of disenrollment, within 20 days of disenrollment, shall be reenrolled retroactively to the first day of disenrollment may not reenroll prior to the first day of the month following the payment of an amount equal to two months' premiums.

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

Sec. 56. Minnesota Statutes 2014, section 256L.121, subdivision 1, is amended to read:

Subdivision 1. **Competitive process.** The commissioner of human services shall establish a competitive process for entering into contracts with participating entities for the offering of standard health plans through MinnesotaCare. Coverage through standard health plans must be available to enrollees beginning January 1, 2015. Each standard health plan must cover the health services listed in and meet the requirements of section 256L.03. The competitive process must meet the requirements of section 1331 of the Affordable Care Act and be designed to ensure enrollee access to high-quality health care coverage options. The commissioner, to the extent feasible, shall seek to ensure that enrollees have a choice of coverage from more than one participating entity within a geographic area. In counties that were part of a county-based purchasing plan on January 1, 2013, the commissioner shall use the medical assistance competitive procurement process under section 256B.69, subdivisions 1 to 32, under which selection of entities is based on criteria related to provider network access, coordination of health care with other local services, alignment with local public health goals, and other factors.

Sec. 57. Minnesota Statutes 2014, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. **Premium determination for MinnesotaCare.** (a) Families with children and individuals shall pay a premium determined according to subdivision 2.

(b) Members of the military and their families who meet the eligibility criteria for MinnesotaCare upon eligibility approval made within 24 months following the end of the member’s tour of active duty shall have their premiums paid by the commissioner. The effective date of coverage for an individual or family who meets the criteria of this paragraph shall be the first day of the month following the month in which eligibility is approved. This exemption applies for 12 months.

(c) Beginning July 1, 2009, American Indians enrolled in MinnesotaCare and their families shall have their premiums waived by the commissioner in accordance with section 5006 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5. An individual must document status as an American Indian, as defined under Code of Federal Regulations, title 42, section 447.50, to qualify for the waiver of premiums.

(d) For premiums effective August 1, 2015, and after, the commissioner, after consulting with the chairs and ranking minority members of the legislative committees with jurisdiction over human services, shall increase premiums under subdivision 2 for recipients based on June 2015 program enrollment. Premium increases shall be sufficient to increase projected revenue to the fund described in section 16A.724 by at least $27,800,000 for the biennium ending June 30, 2017. The commissioner shall publish the revised premium scale on the Department of Human Services Web site and in the State Register no later than June 15, 2015. The revised premium scale applies to all premiums on or after August 1, 2015, in place of the scale under subdivision 2.

(e) By July 1, 2015, the commissioner shall provide the chairs and ranking minority members of the legislative committees with jurisdiction over human services the revised premium scale effective August 1, 2015, and statutory language to codify the revised premium schedule.
(f) Premium changes authorized under paragraph (d) must only apply to enrollees not otherwise excluded from paying premiums under state or federal law. Premium changes authorized under paragraph (d) must satisfy the requirements for premiums for the Basic Health Program under title 42 of the Code of Federal Regulations, section 600.505.

Sec. 58. Minnesota Statutes 2014, section 256L.15, subdivision 2, is amended to read:

Subd. 2. Sliding fee scale; monthly individual or family income.  (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee’s monthly individual or family income.

(b) Beginning January 1, 2014, MinnesotaCare enrollees shall pay premiums according to the premium scale specified in paragraph (c) with the exception that children 20 years of age and younger in families with income at or below 200 percent of the federal poverty guidelines shall pay no premiums (d).

(c) Paragraph (b) does not apply to:

1. children 20 years of age or younger; and

2. individuals with household incomes below 35 percent of the federal poverty guidelines.

(d) The following premium scale is established for each individual in the household who is 21 years of age or older and enrolled in MinnesotaCare:

<table>
<thead>
<tr>
<th>Federal Poverty Guideline</th>
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<tr>
<td>Greater than or Equal to</td>
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<table>
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<tr>
<th>Less than</th>
<th>Individual Premium Amount</th>
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<tr>
<td>0% - 35%</td>
<td>$4</td>
</tr>
<tr>
<td>55%</td>
<td>$6</td>
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<tr>
<td>80%</td>
<td>$8</td>
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<td>90%</td>
<td>$10</td>
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<td>180%</td>
<td>$43</td>
</tr>
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<td>190%</td>
<td>$50</td>
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</tbody>
</table>

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

Sec. 59. Laws 2008, chapter 363, article 18, section 3, subdivision 5, is amended to read:

Subd. 5. Basic Health Care Grants

(a) MinnesotaCare Grants

| Health Care Access | -0-          | (770,000) |
Incentive Program and Outreach Grants. Of the appropriation for the Minnesota health care outreach program in Laws 2007, chapter 147, article 19, section 3, subdivision 7, paragraph (b):

(1) $400,000 in fiscal year 2009 from the general fund and $200,000 in fiscal year 2009 from the health care access fund are for the incentive program under Minnesota Statutes, section 256.962, subdivision 5. For the biennium beginning July 1, 2009, base level funding for this activity shall be $360,000 from the general fund and $160,000 from the health care access fund; and

(2) $100,000 in fiscal year 2009 from the general fund and $50,000 in fiscal year 2009 from the health care access fund are for the outreach grants under Minnesota Statutes, section 256.962, subdivision 2. For the biennium beginning July 1, 2009, base level funding for this activity shall be $90,000 from the general fund and $40,000 from the health care access fund.

(b) MA Basic Health Care Grants - Families and Children

Third-Party Liability. (a) During fiscal year 2009, the commissioner shall employ a contractor paid on a percentage basis to improve third-party collections. Improvement initiatives may include, but not be limited to, efforts to improve postpayment collection from nonresponsive claims and efforts to uncover third-party payers the commissioner has been unable to identify.

(b) In fiscal year 2009, the first $1,098,000 of recoveries, after contract payments and federal repayments, is appropriated to the commissioner for technology-related expenses.

Administrative Costs. (a) For contracts effective on or after January 1, 2009, the commissioner shall limit aggregate administrative costs paid to managed care plans under Minnesota Statutes, section 256B.69, and to county-based purchasing plans under Minnesota Statutes, section 256B.692, to an overall average of 6.6 percent of total contract payments under Minnesota Statutes, sections 256B.69 and 256B.692, for each calendar year. For purposes of this paragraph, administrative costs do not include premium taxes paid under Minnesota Statutes, section 297I.05, subdivision 5, and provider surcharges paid under Minnesota Statutes, section 256.9657, subdivision 3.

(b) Notwithstanding any law to the contrary, the commissioner may reduce or eliminate administrative requirements to meet the administrative target under paragraph (a).

(c) Notwithstanding any contrary provision of this article, this rider shall not expire.
Hospital Payment Delay. Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 6, payments from the Medicaid Management Information System that would otherwise have been made for inpatient hospital services for medical assistance enrollees are delayed as follows: (1) for fiscal year 2008, June payments must be included in the first payments in fiscal year 2009; and (2) for fiscal year 2009, June payments must be included in the first payment of fiscal year 2010. The provisions of Minnesota Statutes, section 16A.124, do not apply to these delayed payments. Notwithstanding any contrary provision in this article, this paragraph expires on June 30, 2010.

(c) MA Basic Health Care Grants - Elderly and Disabled

Minnesota Disability Health Options Rate Setting Methodology. The commissioner shall develop and implement a methodology for risk adjusting payments for community alternatives for disabled individuals (CADI) and traumatic brain injury (TBI) home and community-based waiver services delivered under the Minnesota disability health options program (MnDHO) effective January 1, 2009. The commissioner shall take into account the weighting system used to determine county waiver allocations in developing the new payment methodology. Growth in the number of enrollees receiving CADI or TBI waiver payments through MnDHO is limited to an increase of 200 enrollees in each calendar year from January 2009 through December 2011. If those limits are reached, additional members may be enrolled in MnDHO for basic care services only as defined under Minnesota Statutes, section 256B.69, subdivision 28, and the commissioner may establish a waiting list for future access of MnDHO members to those waiver services.

MA Basic Elderly and Disabled Adjustments. For the fiscal year ending June 30, 2009, the commissioner may adjust the rates for each service affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to service providers, notwithstanding the requirements of Laws 2007, chapter 147, article 7, section 71.

(d) General Assistance Medical Care Grants

(e) Other Health Care Grants

MinnesotaCare Outreach Grants Special Revenue Account. The balance in the MinnesotaCare outreach grants special revenue account on July 1, 2009, estimated to be $900,000, must be transferred to the general fund.
Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund health care grants issued under this paragraph shall be reduced by 1.8 percent at the allotment level.

Sec. 60. Laws 2014, chapter 312, article 24, section 45, subdivision 2, is amended to read:

Subd. 2. Application for and terms of variance. A new provider may apply to the commissioner, on a form supplied by the commissioner for this purpose, for a variance from special transportation service operating standards. The commissioner may grant or deny the variance application. Variances expire on the earlier of February 1, 2016, or the date that the commissioner of transportation begins certifying new providers under the terms of this act and successor legislation one year after the date the variance was issued. The commissioner must not grant variances under this subdivision after June 30, 2016.

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

Sec. 61. STATEWIDE OPIOID PRESCRIBING IMPROVEMENT PROGRAM.

The commissioner of human services, in collaboration with the commissioner of health, shall report to the legislature by December 1, 2015, on recommendations made by the opioid prescribing work group under Minnesota Statutes, section 256B.0638, subdivision 4, and steps taken by the commissioner of human services to implement the opioid prescribing improvement program under Minnesota Statutes, section 256B.0638, subdivision 5.

Sec. 62. TASK FORCE ON HEALTH CARE FINANCING.

Subdivision 1. Task force. (a) The governor shall convene a task force on health care financing to advise the governor and legislature on strategies that will increase access to and improve the quality of health care for Minnesotans. These strategies shall include options for sustainable health care financing, coverage, purchasing, and delivery for all insurance affordability programs, including MNsure, medical assistance, MinnesotaCare, and individuals eligible to purchase coverage with federal advanced premium tax credits and cost-sharing subsidies.

(b) The task force shall consist of:

(1) seven members appointed by the senate, four members appointed by the majority leader of the senate, one of whom must be a legislator; and three members appointed by the minority leader of the senate, one of whom must be a legislator;

(2) seven members of the house of representatives, four members appointed by the speaker of the house, one of whom must be a legislator; and three members appointed by the minority leader of the house of representatives, one of whom must be a legislator;

(3) 11 members appointed by the governor, including public and private health care experts and consumer representatives. The consumer representatives must include one member from a nonprofit organization with legal expertise representing low-income consumers, at least one member from a broad-based nonprofit consumer advocacy organization, and at least one member from an organization representing consumers of color; and

(4) the commissioners of human services, commerce, and health, and the executive director of MNsure, or their designees.

(c) The commissioner of human services and a member of the task force voted by the task force shall serve as cochair of the task force. The commissioner of human services shall convene the first meeting and the members shall vote on the cochair position at the first meeting.
Subd. 2. Duties. (a) The task force shall consider opportunities, including alternatives to MNsure, options under section 1332 of the Patient Protection and Affordable Care Act, and options under a section 1115 waiver of the Social Security Act, including:

1. Options for providing and financing seamless coverage for persons otherwise eligible for insurance affordability programs, including medical assistance, MinnesotaCare, and advanced premium tax credits used to purchase commercial insurance. This includes, but is not limited to: alignment of eligibility and enrollment requirements; smoothing consumer cost-sharing across programs; alignment and alternatives to benefit sets; alternatives to the individual mandate; the employer mandate and penalties; advanced premium tax credits; and qualified health plans;

2. Options for transforming health care purchasing and delivery, including, but not limited to: expansion of value-based direct contracting with providers and other entities to reward improved health outcomes and reduced costs, including selective contracting; contracting to provide services to public programs and commercial products; and payment models that support and reward coordination of care across the continuum of services and programs;

3. Options for alignment, consolidation, and governance of certain operational components, including, but not limited to: MNsure; program eligibility, enrollment, call centers, and contracting; and the shared eligibility IT platform; and

4. Examining the impact of options on the health care workforce and delivery system, including, but not limited to, rural and safety net providers, clinics, and hospitals.

(b) In development of the options in paragraph (a), the task force options and recommendations shall include the following goals:

1. Seamless consumer experience across all programs;

2. Reducing barriers to accessibility and affordability of coverage;

3. Improving sustainable financing of health programs, including impact on the state budget;

4. Assessing the impact of options for innovation on their potential to reduce health disparities;

5. Expanding innovative health care purchasing and delivery systems strategies that reduce cost and improve health;

6. Promoting effectively and efficiently aligning program resources and operations; and

7. Increasing transparency and accountability of program operations.

Subd. 3. Staff. (a) The commissioner of human services shall provide staff and administrative services for the task force. The commissioner may accept outside resources to help support its efforts and shall leverage its existing vendor contracts to provide technical expertise to develop options under subdivision 2. The commissioner of human services shall receive expedited review and publication of competitive procurements for additional vendor support needed to support the task force.

(b) Technical assistance shall be provided by the Departments of Health, Commerce, Human Services, and Management and Budget.
Subd. 4. Report. The commissioner of human services shall submit recommendations by January 15, 2016, to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over health, human services, and commerce policy and finance.

Subd. 5. Expiration. The task force expires the day after submitting the report required under subdivision 4.

Sec. 63. HEALTH DISPARITIES PAYMENT ENHANCEMENT.

(a) The commissioner of human services shall develop a methodology to pay a higher payment rate for health care providers and services that takes into consideration the higher cost, complexity, and resources needed to serve patients and populations who experience the greatest health disparities in order to achieve the same health and quality outcomes that are achieved for other patients and populations. In developing the methodology, the commissioner shall take into consideration all existing payment methods and rates, including add-on or enhanced rates paid to providers serving high concentrations of low-income patients or populations or providing access in underserved regions or populations. The new methodology must not result in a net decrease in total payment from all sources for those providers who qualify for additional add-on payments or enhanced payments, including, but not limited to, critical access dental, community clinic add-ons, federally qualified health centers payment rates, and disproportionate share payments. The commissioner shall develop the methodology in consultation with affected stakeholders, including communities impacted by health disparities, using culturally appropriate methods of community engagement. The proposed methodology must include recommendations for how the methodology could be incorporated into payment methods used in both fee-for-service and managed care plans.

(b) The commissioner shall submit a report on the analysis and provide options for new payment methodologies that incorporate health disparities to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance by February 1, 2016. The scope of the report and the development work described in paragraph (a) is limited to data currently available to the Department of Human Services; analyses of the data for reliability and completeness; analyses of how these data relate to health disparities, outcomes, and expenditures; and options for incorporating these data or measures into a payment methodology.

Sec. 64. CAPITATION PAYMENT DELAY.

The commissioner of human services shall delay $135,000,000 of the medical assistance capitation payment to managed care plans and county-based purchasing plans due in May 2017 and the payment due in April 2017 for special needs basic care until July 1, 2017. The payment shall be made no earlier than July 1, 2017, and no later than July 31, 2017.

Sec. 65. REPEALER.

(a) Minnesota Statutes 2014, sections 256.01, subdivision 35; 256.969, subdivisions 23 and 30; and 256B.69, subdivision 32, are repealed effective July 1, 2015.

(b) Minnesota Statutes 2014, sections 256L.02, subdivision 3; and 256L.05, subdivisions 1b, 1c, 3c, and 5, are repealed effective the day following final enactment.

(c) Minnesota Rules, part 8840.5900, subparts 12 and 14, are repealed effective January 1, 2016.

ARTICLE 12

MNSURE

Section 1. Minnesota Statutes 2014, section 62A.02, subdivision 2, is amended to read:

Subd. 2. Approval. (a) The health plan form shall not be issued, nor shall any application, rider, endorsement, or rate be used in connection with it, until the expiration of 60 days after it has been filed unless the commissioner approves it before that time.
(b) Notwithstanding paragraph (a), a rate filed with respect to a policy of accident and sickness insurance as defined in section 62A.01 by an insurer licensed under chapter 60A, may be used on or after the date of filing with the commissioner. Rates that are not approved or disapproved within the 60-day time period are deemed approved. This paragraph does not apply to Medicare-related coverage as defined in section 62A.3099, subdivision 17.

(c) For coverage to begin on or after January 1, 2016, and each January 1 thereafter, health plans in the individual and small group markets that are not grandfathered plans to be offered outside MNsure and qualified health plans to be offered inside MNsure must receive rate approval from the commissioner no later than 30 days prior to the beginning of the annual open enrollment period for MNsure. Premium rates for all carriers in the applicable market for the next calendar year must be made available to the public by the commissioner on or after the applicable market are final and approved. Final and approved rates must be publicly released at a uniform time for all individual and small group health plans that are not grandfathered plans to be offered outside MNsure and qualified health plans to be offered inside MNsure, and no later than 30 days prior to the beginning of the annual open enrollment period for MNsure.

Sec. 2. Minnesota Statutes 2014, section 62V.03, subdivision 2, is amended to read:

Subd. 2. Application of other law. (a) MNsure must be reviewed by the legislative auditor under section 3.971. The legislative auditor shall audit the books, accounts, and affairs of MNsure once each year or less frequently as the legislative auditor’s funds and personnel permit. Upon the audit of the financial accounts and affairs of MNsure, MNsure is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill MNsure either monthly or at the completion of the audit. All collections received for the audits must be deposited in the general fund and are appropriated to the legislative auditor. Pursuant to section 3.97, subdivision 3a, the Legislative Audit Commission is requested to direct the legislative auditor to report by March 1, 2014, to the legislature on any duplication of services that occurs within state government as a result of the creation of MNsure. The legislative auditor may make recommendations on consolidating or eliminating any services deemed duplicative. The board shall reimburse the legislative auditor for any costs incurred in the creation of this report.

(b) Board members of MNsure are subject to sections 10A.07 and 10A.09. Board members and the personnel of MNsure are subject to section 10A.071.

(c) All meetings of the board shall comply with the open meeting law in chapter 13D, except that:

(1) meetings, or portions of meetings, regarding compensation negotiations with the director or managerial staff may be closed in the same manner and according to the same procedures identified in section 13D.03;

(2) meetings regarding contract negotiation strategy may be closed in the same manner and according to the same procedures identified in section 13D.05, subdivision 3, paragraph (c); and

(3) meetings, or portions of meetings, regarding not public data described in section 62V.06, subdivision 3, and regarding trade secret information as defined in section 13.37, subdivision 1, paragraph (b), are closed to the public, but must otherwise comply with the procedures identified in chapter 13D.

(d) MNsure and provisions specified under this chapter are exempt from:

(1) chapter 14, including section 14.386, except as specified in section 62V.05; and

(2) chapters 16B and 16C, with the exception of sections 16C.08, subdivision 2, paragraph (b), clauses (1) to (8); 16C.086; 16C.09, paragraph (a), clauses (1) and (3), paragraph (b), and paragraph (c); and section 16C.16. However, MNsure, in consultation with the commissioner of administration, shall implement policies and
procedures to establish an open and competitive procurement process for MNsure that, to the extent practicable, conforms to the principles and procedures contained in chapters 16B and 16C. In addition, MNsure may enter into an agreement with the commissioner of administration for other services.

(a) (d) The board and the Web site are exempt from chapter 60K. Any employee of MNsure who sells, solicits, or negotiates insurance to individuals or small employers must be licensed as an insurance producer under chapter 60K.

(f) (e) Section 3.3005 applies to any federal funds received by MNsure.

(g) MNsure is exempt from the following sections in chapter 16E: 16E.01, subdivision 3, paragraph (b); 16E.03, subdivisions 3 and 4; 16E.04, subdivision 1, subdivision 2, paragraph (c), and subdivision 3, paragraph (b); 16E.0465; 16E.055; 16E.145; 16E.15; 16E.16; 16E.17; 16E.18; and 16E.22.

(h) (f) A MNsure decision that requires a vote of the board, other than a decision that applies only to hiring of employees or other internal management of MNsure, is an "administrative action" under section 10A.01, subdivision 2.

Sec. 3. Minnesota Statutes 2014, section 62V.05, subdivision 6, is amended to read:

Subd. 6. Appeals. (a) The board may conduct hearings, appoint hearing officers, and recommend final orders related to appeals of any MNsure determinations, except for those determinations identified in paragraph (d). An appeal by a health carrier regarding a specific certification or selection determination made by MNsure under subdivision 5 must be conducted as a contested case proceeding under chapter 14, with the report or order of the administrative law judge constituting the final decision in the case, subject to judicial review under sections 14.63 to 14.69. For other appeals, the board shall establish hearing processes which provide for a reasonable opportunity to be heard and timely resolution of the appeal and which are consistent with the requirements of federal law and guidance. An appealing party may be represented by legal counsel at these hearings, but this is not a requirement.

(b) MNsure may establish service-level agreements with state agencies to conduct hearings for appeals. Notwithstanding section 471.59, subdivision 1, a state agency is authorized to enter into service-level agreements for this purpose with MNsure.

(c) For proceedings under this subdivision, MNsure may be represented by an attorney who is an employee of MNsure.

(d) This subdivision does not apply to appeals of determinations where a state agency hearing is available under section 256.045.

(e) An appellant aggrieved by an order of MNsure issued in an eligibility appeal, as defined in Minnesota Rules, part 7700.0101, may appeal the order to the district court of the appellant's county of residence by serving a written copy of a notice of appeal upon MNsure and any other adverse party of record within 30 days after the date MNsure issued the order, the amended order, or order affirming the original order, and by filing the original notice and proof of service with the court administrator of the district court. Service may be made personally or by mail; service by mail is complete upon mailing; no filing fee shall be required by the court administrator in appeals taken pursuant to this subdivision. MNsure shall furnish all parties to the proceedings with a copy of the decision and a transcript of any testimony, evidence, or other supporting papers from the hearing held before the appeals examiner within 45 days after service of the notice of appeal.

(f) Any party aggrieved by the failure of an adverse party to obey an order issued by MNsure may compel performance according to the order in the manner prescribed in sections 586.01 to 586.12.
(g) Any party may obtain a hearing at a special term of the district court by serving a written notice of the time and place of the hearing at least ten days prior to the date of the hearing. The court may consider the matter in or out of chambers, and shall take no new or additional evidence unless it determines that such evidence is necessary for a more equitable disposition of the appeal.

(h) Any party aggrieved by the order of the district court may appeal the order as in other civil cases. No costs or disbursements shall be taxed against any party nor shall any filing fee or bond be required of any party.

(i) If MNsure or district court orders eligibility for qualified health plan coverage through MNsure, or eligibility for federal advance payment of premium tax credits or cost-sharing reductions contingent upon full payment of respective premiums, the premiums must be paid or provided pending appeal to the district court, Court of Appeals, or Supreme Court. Provision of eligibility by MNsure pending appeal does not render moot MNsure’s position in a court of law.

Sec. 4. Minnesota Statutes 2014, section 62V.05, subdivision 7, is amended to read:

Subd. 7. Agreements; consultation. (a) The board shall:

(1) establish and maintain an agreement with the chief information officer of the Office of MN.IT Services for information technology services that ensures coordination with public health care programs. The board may establish and maintain agreements with the chief information officer of the Office of MN.IT Services for other information technology services, including an agreement that would permit MNsure to administer eligibility for additional health care and public assistance programs under the authority of the commissioner of human services;

(2) establish and maintain an agreement with the commissioner of human services for cost allocation and services regarding eligibility determinations and enrollment for public health care programs that use a modified adjusted gross income standard to determine program eligibility. The board may establish and maintain an agreement with the commissioner of human services for other services; and

(3) establish interagency agreements to transfer funds to other state agencies for their costs related to implementing and operating MNsure, excluding medical assistance allocatable costs.

(b) The board shall consult with the commissioners of commerce and health regarding the operations of MNsure.

(c) The board shall consult with Indian tribes and organizations regarding the operation of MNsure.

(d) Beginning March 15, 2014, and each March 15 thereafter, the board shall submit a report to the chairs and ranking minority members of the committees in the senate and house of representatives with primary jurisdiction over commerce, health, and human services on all the agreements entered into with the chief information officer of the Office of MN.IT Services, or the commissioners of human services, health, or commerce in accordance with this subdivision. The report shall include the agency in which the agreement is with; the time period of the agreement; the purpose of the agreement; and a summary of the terms of the agreement. A copy of the agreement must be submitted to the extent practicable.
Sec. 5. Minnesota Statutes 2014, section 62V.05, subdivision 8, is amended to read:

Subd. 8. Rulemaking. (a) If the board’s policies, procedures, or other statements are rules, as defined in section 14.02, subdivision 4, the requirements in either paragraph (b) or (c) apply, as applicable.

(b) Effective upon enactment until January 1, 2015:

(1) the board shall publish notice of proposed rules in the State Register after complying with section 14.07, subdivision 2;

(2) interested parties have 21 days to comment on the proposed rules. The board must consider comments it receives. After the board has considered all comments and has complied with section 14.07, subdivision 2, the board shall publish notice of the final rule in the State Register;

(3) if the adopted rules are the same as the proposed rules, the notice shall state that the rules have been adopted as proposed and shall cite the prior publication. If the adopted rules differ from the proposed rules, the portions of the adopted rules that differ from the proposed rules shall be included in the notice of adoption, together with a citation to the prior State Register that contained the notice of the proposed rules; and

(4) rules published in the State Register before January 1, 2014, take effect upon publication of the notice. Rules published in the State Register on and after January 1, 2014, take effect 30 days after publication of the notice.

(c) Beginning January 1, 2015, the board may adopt rules to implement any provisions in this chapter using the expedited rulemaking process in section 14.389.

(d) The notice of proposed rules required in paragraph (b) must provide information as to where the public may obtain a copy of the rules. The board shall post the proposed rules on the MNsure Web site at the same time the notice is published in the State Register.

Sec. 6. Minnesota Statutes 2014, section 62V.05, is amended by adding a subdivision to read:

Subd. 12. Prohibition on other product lines. MNsure is prohibited from certifying, selecting, or offering products and policies of coverage that do not meet the definition of health plan or dental plan as provided in section 62V.02.

Sec. 7. EXPANDED ACCESS TO THE SMALL BUSINESS HEALTH CARE TAX CREDIT.

(a) The commissioner of human services, in consultation with the Board of Directors of MNsure and the MNsure Legislative Oversight Committee, shall develop a proposal to allow small employers the ability to receive the small business health care tax credit when the small employer pays the premiums on behalf of employees enrolled in either a qualified health plan offered through a small business health options program (SHOP) marketplace or a small group health plan offered outside of the SHOP marketplace within MNsure. To be eligible for the tax credit, the small employer must meet the requirements under the Affordable Care Act, except that employees may be enrolled in a small group health plan product offered outside of MNsure.

(b) The commissioner shall seek all federal waivers and approvals necessary to implement the proposal in paragraph (a). The commissioner shall submit a draft proposal to the MNsure board and the MNsure Legislative Oversight Committee at least 30 days before submitting a final proposal to the federal government, and shall notify the board and Legislative Oversight Committee of any federal decision or action received regarding the proposal and submitted waiver.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 8. **EXPANDED ACCESS TO QUALIFIED HEALTH PLANS AND SUBSIDIES.**

The commissioner of commerce, in consultation with the Board of Directors of MNsure and the MNsure Legislative Oversight Committee, shall develop a proposal to allow individuals to purchase qualified health plans outside of MNsure directly from health plan companies and to allow eligible individuals to receive advanced premium tax credits and cost-sharing reductions when purchasing these health plans. The commissioner shall seek all federal waivers and approvals necessary to implement this proposal. The commissioner shall submit a draft proposal to the MNsure board and the MNsure Legislative Oversight Committee at least 30 days before submitting a final proposal to the federal government and shall notify the board and legislative oversight committee of any federal decision or action related to the proposal.

Sec. 9. **REPEALER.**

Minnesota Statutes 2014, section 62V.11, subdivision 3, is repealed.

ARTICLE 13
HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2013, chapter 108, article 14, as amended by Laws 2014, chapter 312, article 30, from the general fund, or any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figure "2015" used in this article means that the appropriations listed are available for the fiscal year ending June 30, 2015.

**APPROPRIATIONS**
Available for the Year Ending June 30 2015

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation** $(255,104,000)

Appropriations by Fund

2015

General Fund (125,910,000)
Health Care Access (123,113,000)
TANF (6,081,000)

Subd. 2. **Forecasted Programs**

(a) **MFIP/DWP Grants**

Appropriations by Fund

General Fund (1,977,000)
TANF (7,079,000)
(b) MFIP Child Care Assistance Grants  

(c) General Assistance Grants  

(d) Minnesota Supplemental Aid Grants  

(e) Group Residential Housing Grants  

(f) MinnesotaCare Grants  

This appropriation is from the health care access fund.  

(g) Medical Assistance Grants  

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
</tr>
</thead>
</table>
| General Fund           | (124,557,000)  
| Health Care Access     | (47,438,000)  

(h) Alternative Care Grants  

(i) CD Entitlement Grants  

Subd. 3. Technical Activities  

This appropriation is from the TANF fund.  

Sec. 3. EFFECTIVE DATE.  

Sections 1 and 2 are effective the day following final enactment.  

ARTICLE 14  

HEALTH AND HUMAN SERVICES APPROPRIATIONS  

Section 1. HEALTH AND HUMAN SERVICES APPROPRIATIONS.  

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.  

### APPROPRIATIONS  

<table>
<thead>
<tr>
<th>Available for the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending June 30</td>
</tr>
</tbody>
</table>
| 2016                   | $7,236,563,000  
| 2017                   | $7,443,496,000  

Sec. 2. COMMISSIONER OF HUMAN SERVICES  

Subdivision 1. Total Appropriation  

$7,236,563,000  

$7,443,496,000
Appropriations by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>5,903,939,000</td>
<td>6,448,469,000</td>
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<td>State Government Special</td>
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<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4,514,000</td>
<td>4,274,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>1,059,147,000</td>
<td>725,326,000</td>
</tr>
<tr>
<td>Federal TANF</td>
<td>267,070,000</td>
<td>263,531,000</td>
</tr>
<tr>
<td>Lottery Prize</td>
<td>1,893,000</td>
<td>1,896,000</td>
</tr>
</tbody>
</table>

Receipts for Systems Projects. Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, ISDS, and SSIS must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner of the Office of MN.IT Services, funded by the legislature, and approved by the commissioner of management and budget may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

TANF Maintenance of Effort. (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

1. MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

2. the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

3. state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

4. state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

5. expenditures made on behalf of legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

6. qualifying working family credit expenditures under Minnesota Statutes, section 290.0671; and
qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state’s TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (7), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall ensure that the maintenance of effort used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) The requirement in Minnesota Statutes, section 256.011, subdivision 3, that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, does not apply if the grants or aids are federal TANF funds.

(e) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43(a)(2).

(f) For the purposes of paragraph (e), clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision and subdivision 2.

(g) Notwithstanding any contrary provision in this article, paragraphs (a) to (f) expire June 30, 2019.
Working Family Credit Expenditure as TANF/MOE. The commissioner may claim as TANF maintenance of effort up to $6,707,000 per year of working family credit expenditures in each fiscal year.

Subd. 2. Working Family Credit to be Claimed for TANF/MOE

The commissioner may count the following additional amounts of working family credit expenditures as TANF maintenance of effort:

(1) fiscal year 2016, $0;
(2) fiscal year 2017, $1,283,000;
(3) fiscal year 2018, $0; and
(4) fiscal year 2019, $0.

Notwithstanding any contrary provision in this article, this subdivision expires June 30, 2019.

Subd. 3. Central Office

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Operations

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>115,577,000</td>
<td>113,733,000</td>
</tr>
<tr>
<td>State Government Special Revenue</td>
<td>4,389,000</td>
<td>4,149,000</td>
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<tr>
<td>Health Care Access</td>
<td>9,793,000</td>
<td>10,076,000</td>
</tr>
<tr>
<td>Federal TANF</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

Administrative Recovery; Set-Aside. The commissioner may invoice local entities through the SWIFT accounting system as an alternative means to recover the actual cost of administering the following provisions:

(1) Minnesota Statutes, section 125A.744, subdivision 3;
(2) Minnesota Statutes, section 245.495, paragraph (b);
(3) Minnesota Statutes, section 256B.0625, subdivision 20, paragraph (k);
(4) Minnesota Statutes, section 256B.0924, subdivision 6, paragraph (g);

(5) Minnesota Statutes, section 256B.0945, subdivision 4, paragraph (d); and

(6) Minnesota Statutes, section 256F.10, subdivision 6, paragraph (b).

**IT Appropriations Generally.** This appropriation includes funds for information technology projects, services, and support. Notwithstanding Minnesota Statutes, section 16E.0466, funding for information technology project costs shall be incorporated into the service level agreement and paid to the Office of MN.IT Services by the Department of Human Services under the rates and mechanism specified in that agreement.

**Periodic Data Matching for Medical Assistance and MinnesotaCare.** $1,598,000 in fiscal year 2016 and $2,017,000 in fiscal year 2017 from the general fund are for periodic data matching for medical assistance and MinnesotaCare recipients under Minnesota Statutes, section 256B.0561, and related administrative services.

**Base Level Adjustment.** The general fund base is increased by $1,240,000 in fiscal year 2018 and by $1,291,000 in fiscal year 2019. The health care access fund base is decreased by $455,000 in fiscal year 2018 and by $455,000 in fiscal year 2019.

(b) **Children and Families**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>9,974,000</th>
<th>9,829,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>9,974,000</td>
<td>9,829,000</td>
</tr>
<tr>
<td>Federal TANF</td>
<td>2,582,000</td>
<td>2,582,000</td>
</tr>
</tbody>
</table>

**Financial Institution Data Match and Payment of Fees.** The commissioner is authorized to allocate up to $310,000 each year in fiscal year 2016 and fiscal year 2017 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

**Child Support Work Group.** $12,000 in fiscal year 2016 is from the general fund for facilitation of the duties of the child support work group.

**Base Level Adjustment.** The general fund base is increased by $31,000 in fiscal year 2018 and by $31,000 in fiscal year 2019.
(c) **Health Care**

**Appropriations by Fund**

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>16,667,000</td>
<td>16,309,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>33,185,000</td>
<td>34,007,000</td>
</tr>
</tbody>
</table>

**Periodic Data Matching for Medical Assistance and MinnesotaCare.** $116,000 in fiscal year 2017 from the health care access fund is for periodic data matching for medical assistance and MinnesotaCare recipients under Minnesota Statutes, section 256B.0561, and related administrative services.

**Task Force.** Of the general fund appropriation, $770,000 in fiscal year 2016 is for administrative services and support to the Task Force on Health Care Financing. This is a onetime appropriation.

**Base Level Adjustment.** The general fund base is decreased by $98,000 in fiscal year 2019. The health care access fund base is increased by $43,000 in fiscal year 2018 and by $150,000 in fiscal year 2019.

(d) **Continuing Care**

**Appropriations by Fund**

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>32,950,000</td>
<td>29,924,000</td>
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<tr>
<td>State Government Special</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>125,000</td>
<td>125,000</td>
</tr>
</tbody>
</table>

**Training of Direct Support Services Providers.** $250,000 in fiscal year 2017 is for training of individual providers of direct support services as defined in Minnesota Statutes, section 256B.0711, subdivision 1. This appropriation is only available if the labor agreement between the state of Minnesota and the Service Employees International Union Healthcare Minnesota under Minnesota Statutes, section 179A.54, is approved under Minnesota Statutes, sections 3.855 and 179A.22.

**Deaf and Hard-of-Hearing Services Division.** $650,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are from the general fund for the Deaf and Hard-of-Hearing Services Division under Minnesota Statutes, section 256C.233. This is a onetime appropriation. The funds must be used:

1. to provide linguistically and culturally appropriate mental health services;
2. to ensure that each regional advisory committee meets at least quarterly;
Fully visible text as per the guidelines provided.
living apart from parents or a legal guardian at $203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

**Emergency General Assistance.** The amount appropriated for emergency general assistance is limited to no more than $6,729,812 in fiscal year 2016 and $6,729,812 in fiscal year 2017. Funds to counties shall be allocated by the commissioner using the allocation method under Minnesota Statutes, section 256D.06.

(d) **Minnesota Supplemental Aid**

(e) **Group Residential Housing**

(f) **Northstar Care for Children**

(g) **MinnesotaCare**

This appropriation is from the health care access fund.

**Medical Assistance**

Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>4,468,089,000</td>
<td>4,977,237,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>650,139,000</td>
<td>288,224,000</td>
</tr>
</tbody>
</table>

**Behavioral Health Services.** $1,000,000 each fiscal year is for behavioral health services provided by hospitals identified under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (a), clause (4). The increase in payments shall be made by increasing the adjustment under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (e), clause (2).

**Base Adjustment.** The health care access fund base for medical assistance is decreased by $30,917,000 in fiscal year 2018 and by $16,108,000 in fiscal year 2019.

(i) **Alternative Care**

(ii) **Alternative Care Transfer.** Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but must be transferred to the medical assistance account.

(j) **Chemical Dependency Treatment Fund**

Subd. 5. **Grant Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:
(a) **Support Services Grants**

Appropriations by Fund

General 13,133,000 8,715,000
Federal TANF 96,311,000 96,311,000

(b) **Basic Sliding Fee Child Care Assistance Grants**

**Basic Sliding Fee Waiting List Allocation.** Notwithstanding Minnesota Statutes, section 119B.03, $5,413,000 in fiscal year 2016 is to reduce the basic sliding fee program waiting list as follows:

1. The calendar year 2016 allocation shall be increased to serve families on the waiting list. To receive funds appropriated for this purpose, a county must have:
   
   (i) a waiting list in the most recent published waiting list month;
   
   (ii) an average of at least ten families on the most recent six months of published waiting list; and
   
   (iii) total expenditures in calendar year 2014 that met or exceeded 80 percent of the county's available final allocation.

2. Funds shall be distributed proportionately based on the average of the most recent six months of published waiting lists to counties that meet the criteria in clause (1).

3. Allocations in calendar years 2017 and beyond shall be calculated using the allocation formula in Minnesota Statutes, section 119B.03.

4. The guaranteed floor for calendar year 2017 shall be based on the revised calendar year 2016 allocation.

**Base Level Adjustment.** The general fund base is increased by $810,000 in fiscal year 2018 and increased by $821,000 in fiscal year 2019.

(c) **Child Care Development Grants** 1,737,000 1,737,000

(d) **Child Support Enforcement Grants** 50,000 50,000

(e) **Children's Services Grants**

Appropriations by Fund

General 39,015,000 38,665,000
Federal TANF 140,000 140,000
Safe Place for Newborns. $350,000 from the general fund in fiscal year 2016 is to distribute information on the Safe Place for Newborns law in Minnesota to increase public awareness of the law. This is a onetime appropriation.

Child Protection. $23,350,000 in fiscal year 2016 and $23,350,000 in fiscal year 2017 are to address child protection staffing and services under Minnesota Statutes, section 256M.41. $1,650,000 in fiscal year 2016 and $1,650,000 in fiscal year 2017 are for child protection grants to address child welfare disparities under Minnesota Statutes, section 256E.28.

Title IV-E Adoption Assistance. Additional federal reimbursement to the state as a result of the Fostering Connections to Success and Increasing Adoptions Act's expanded eligibility for title IV-E adoption assistance is appropriated to the commissioner for postadoption services, including a parent-to-parent support network.

Adoption Assistance Incentive Grants. Federal funds available during fiscal years 2016 and 2017 for adoption incentive grants are appropriated to the commissioner for postadoption services, including a parent-to-parent support network.

(f) Children and Community Service Grants 56,301,000 56,301,000

(g) Children and Economic Support Grants 26,778,000 26,966,000

Mobile Food Shelf Grants. (a) $1,000,000 in fiscal year 2016 and $1,000,000 in fiscal year 2017 are for a grant to Hunger Solutions. This is a onetime appropriation and is available until June 30, 2017.

(b) Hunger Solutions shall award grants of up to $75,000 on a competitive basis. Grant applications must include:

1) the location of the project;

2) a description of the mobile program, including size and scope;

3) evidence regarding the unserved or underserved nature of the community in which the project is to be located;

4) evidence of community support for the project;

5) the total cost of the project;

6) the amount of the grant request and how funds will be used;

7) sources of funding or in-kind contributions for the project that will supplement any grant award;
(8) a commitment to mobile programs by the applicant and an ongoing commitment to maintain the mobile program; and

(9) any additional information requested by Hunger Solutions.

c) Priority may be given to applicants who:

(1) serve underserved areas;

(2) create a new or expand an existing mobile program;

(3) serve areas where a high amount of need is identified;

(4) provide evidence of strong support for the project from citizens and other institutions in the community;

(5) leverage funding for the project from other private and public sources; and

(6) commit to maintaining the program on a multilayer basis.

**Homeless Youth Act.** Of this appropriation, at least $500,000 must be awarded to providers in greater Minnesota, with at least 25 percent of this amount for new applicant providers. The commissioner shall provide outreach and technical assistance to greater Minnesota providers and new providers to encourage responding to the request for proposals.

**Stearns County Veterans Housing.** $85,000 in fiscal year 2016 and $85,000 in fiscal year 2017 are for a grant to Stearns County to provide administrative funding in support of a service provider serving veterans in Stearns County. The administrative funding grant may be used to support group residential housing services, corrections-related services, veteran services, and other social services related to the service provider serving veterans in Stearns County.

**Safe Harbor.** $800,000 in fiscal year 2016 and $800,000 in fiscal year 2017 are from the general fund for emergency shelter and transitional and long-term housing beds for sexually exploited youth and youth at risk of sexual exploitation. Of this appropriation, $150,000 in fiscal year 2016 and $150,000 in fiscal year 2017 are from the general fund for statewide youth outreach workers connecting sexually exploited youth and youth at risk of sexual exploitation with shelter and services.

**Minnesota Food Assistance Program.** Unexpended funds for the Minnesota food assistance program for fiscal year 2016 do not cancel but are available for this purpose in fiscal year 2017.
Base Level Adjustment. The general fund base is decreased by $816,000 in fiscal year 2018 and is decreased by $606,000 in fiscal year 2019.

(h) Health Care Grants

Appropriations by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>536.00</td>
<td>2,482.00</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>3,341.00</td>
<td>3,465.00</td>
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Grants for Periodic Data Matching for Medical Assistance and MinnesotaCare. Of the general fund appropriation, $26,000 in fiscal year 2016 and $1,276,000 in fiscal year 2017 are for grants to counties for costs related to periodic data matching for medical assistance and MinnesotaCare recipients under Minnesota Statutes, section 256B.0561. The commissioner must distribute these grants to counties in proportion to each county's number of cases in the prior year in the affected programs.

Base Level Adjustment. The general fund base is increased by $1,637,000 in fiscal year 2018 and increased by $1,229,000 in fiscal year 2019.

(i) Other Long-Term Care Grants

Transition Populations. $1,551,000 in fiscal year 2016 and $1,725,000 in fiscal year 2017 are for home and community-based services transition grants to assist in providing home and community-based services and treatment for transition populations under Minnesota Statutes, section 256.478.

Base Level Adjustment. The general fund base is increased by $156,000 in fiscal year 2018 and by $581,000 in fiscal year 2019.

(i) Aging and Adult Services Grants

Dementia Grants. $750,000 in fiscal year 2016 and $750,000 in fiscal year 2017 are for the Minnesota Board on Aging for regional and local dementia grants authorized in Minnesota Statutes, section 256.975, subdivision 11.

(k) Deaf and Hard-of-Hearing Grants

Deaf, Deafblind, and Hard-of-Hearing Grants. $350,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are for deaf and hard-of-hearing grants. The funds must be used to increase the number of deafblind Minnesotans receiving services under Minnesota Statutes, section 256C.261, and to provide linguistically and culturally appropriate mental health services to children who are deaf, deafblind, and hard-of-hearing. This is a onetime appropriation.
**Base Level Adjustment.** The general fund base is decreased by $500,000 in fiscal year 2018 and by $500,000 in fiscal year 2019.

(l) **Disabilities Grants**

State Quality Council. $573,000 in fiscal year 2016 and $600,000 in fiscal year 2017 are for the State Quality Council to provide technical assistance and monitoring of person-centered outcomes related to inclusive community living and employment. The funding must be used by the State Quality Council to assure a statewide plan for systems change in person-centered planning that will achieve desired outcomes including increased integrated employment and community living.

(m) **Adult Mental Health Grants**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>69,992,000</td>
<td>71,244,000</td>
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<tr>
<td>Health Care Access</td>
<td>1,575,000</td>
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<tr>
<td>Lottery Prize</td>
<td>1,733,000</td>
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</tr>
</tbody>
</table>

**Funding Usage.** Up to 75 percent of a fiscal year's appropriation for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

**Culturally Specific Mental Health Services.** $100,000 in fiscal year 2016 is for grants to nonprofit organizations to provide resources and referrals for culturally specific mental health services to Southeast Asian veterans born before 1965 who do not qualify for services available to veterans formally discharged from the United States armed forces.

**Problem Gambling.** $225,000 in fiscal year 2016 and $225,000 in fiscal year 2017 are from the lottery prize fund for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education, and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research related to problem gambling.

**Sustainability Grants.** $2,125,000 in fiscal year 2016 and $2,125,000 in fiscal year 2017 are for sustainability grants under Minnesota Statutes, section 256B.0622, subdivision 11.

**Beltrami County Mental Health Services Grant.** $1,000,000 in fiscal year 2016 and $1,000,000 in fiscal year 2017 are from the general fund for a grant to Beltrami County to fund the planning and development of a comprehensive mental health services program under article 2, section 41, Comprehensive Mental Health Program in Beltrami County. This is a onetime appropriation.
**Base Level Adjustment.** The general fund base is increased by $723,000 in fiscal year 2018 and by $723,000 in fiscal year 2019. The health care access fund base is decreased by $1,723,000 in fiscal year 2018 and by $1,723,000 in fiscal year 2019.

(n) **Child Mental Health Grants**

**Services and Supports for First Episode Psychosis.** $177,000 in fiscal year 2017 is for grants under Minnesota Statutes, section 245.4889, to mental health providers to pilot evidence-based interventions for youth at risk of developing or experiencing a first episode of psychosis and for a public awareness campaign on the signs and symptoms of psychosis. The base for these grants is $236,000 in fiscal year 2018 and $301,000 in fiscal year 2019.

**Adverse Childhood Experiences.** The base for grants under Minnesota Statutes, section 245.4889, to children's mental health and family services collaboratives for adverse childhood experiences (ACEs) training grants and for an interactive Web site connection to support ACEs in Minnesota is $363,000 in fiscal year 2018 and $363,000 in fiscal year 2019.

**Funding Usage.** Up to 75 percent of a fiscal year's appropriation for child mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

**Base Level Adjustment.** The general fund base is increased by $422,000 in fiscal year 2018 and is increased by $487,000 in fiscal year 2019.

(o) **Chemical Dependency Treatment Support Grants**

**Chemical Dependency Prevention.** $150,000 in fiscal year 2016 and $150,000 in fiscal year 2017 are for grants to nonprofit organizations to provide chemical dependency prevention programs in secondary schools. When making grants, the commissioner must consider the expertise, prior experience, and outcomes achieved by applicants that have provided prevention programming in secondary education environments. An applicant for the grant funds must provide verification to the commissioner that the applicant has available and will contribute sufficient funds to match the grant given by the commissioner. This is a one-time appropriation.

**Fetal Alcohol Syndrome Grants.** $250,000 in fiscal year 2016 and $250,000 in fiscal year 2017 are for grants to be administered by the Minnesota Organization on Fetal Alcohol Syndrome to provide comprehensive, gender-specific services to pregnant and parenting women suspected of or known to use or abuse alcohol or other drugs. This appropriation is for grants to no fewer than three eligible recipients. Minnesota Organization on Fetal Alcohol
Syndrome must report to the commissioner of human services annually by January 15 on the grants funded by this appropriation. The report must include measurable outcomes for the previous year, including the number of pregnant women served and the number of toxic-free babies born.

**Base Level Adjustment.** The general fund base is decreased by $150,000 in fiscal year 2018 and by $150,000 in fiscal year 2019.

**Subd. 6. DCT State-Operated Services**

**Transfer Authority for State-Operated Services.** Money appropriated for state-operated services may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) **DCT State-Operated Services Mental Health**

130,070,000

131,795,000

**Increased Capacity at AMRTC.** $4,108,000 in fiscal year 2016 and $4,108,000 in fiscal year 2017 are to increase the number of staffed beds at the Anoka Regional Treatment Center so that 15 additional beds are available for patients above the number of beds that are available on June 30, 2015.

**Transfer.** Notwithstanding Minnesota Statutes, section 246.18, subdivision 8, the commissioner of human services shall transfer $2,000,000 in fiscal year 2017 from the account under Minnesota Statutes, section 246.18, subdivision 8, in the special revenue fund to the general fund. This is a onetime transfer for repeal of never implemented grants for mental health specialty treatment services.

**Dedicated Receipts Available.** Of the revenue received under Minnesota Statutes, section 246.18, subdivision 8, paragraph (a), up to $1,000,000 each year is available for the purposes of Minnesota Statutes, section 246.18, subdivision 8, paragraph (b), clause (1); and up to $2,713,000 each year is available for the purposes of Minnesota Statutes, section 246.18, subdivision 8, paragraph (b), clause (3).

**Transfers from State-Operated Services Account.** (a) If the commissioner of human services notifies the commissioner of management and budget by July 31, 2015, that the fiscal year 2015 general fund expenditures exceed the general fund appropriation for state-operated services mental health to the Department of Human Services, notwithstanding Minnesota Statutes, section 246.18, subdivision 8, the commissioner of human services, with the approval of the commissioner of management and budget, shall transfer up to $1,000,000 in fiscal year 2015 from the account.
under Minnesota Statutes, section 246.18, subdivision 8, in the special revenue fund to the general fund. The amount transferred under this paragraph must not exceed the amount of the fiscal year 2015 negative balance in the general fund appropriation for state-operated services mental health to the Department of Human Services. The amount transferred under this paragraph, up to $1,000,000 in fiscal year 2015, is appropriated from the general fund to the commissioner of human services for state-operated services mental health expenditures. This paragraph is effective the day following final enactment and expires on October 1, 2015. Any amount transferred under this paragraph that is not expended by September 30, 2015, shall cancel to the account from which the amount was transferred.

(b) If the commissioner of human services notifies the commissioner of management and budget by July 31, 2015, that the balance in fiscal year 2015 in the Minnesota state-operated community services fund is a negative amount, notwithstanding Minnesota Statutes, section 246.18, subdivision 8, the commissioner of human services, with the approval of the commissioner of management and budget, shall transfer up to $3,200,000 in fiscal year 2015 from the account under Minnesota Statutes, section 246.18, subdivision 8, in the special revenue fund to the Minnesota state-operated community services fund. The amount transferred under this paragraph must not exceed the amount of the fiscal year 2015 negative balance in the Minnesota state-operated community services fund. This paragraph is effective the day following final enactment and expires on October 1, 2015. Any amount transferred under this paragraph that is not expended by September 30, 2015, shall cancel to the account from which the amount was transferred.

**Appropriations Retroactive to Fiscal Year 2015.** If the commissioner of human services notifies the commissioner of management and budget by July 31, 2015, that the fiscal year 2015 general fund expenditures exceed the general fund appropriation for state-operated services mental health to the Department of Human Services, up to $5,000,000 of this appropriation in fiscal year 2016 may be used in fiscal year 2015 for state-operated services mental health expenditures. The commissioner of human services must report to the commissioner of management and budget the purpose and amount of any expenditures under this paragraph, and the commissioner of management and budget must approve the total amount attributable to this paragraph. This paragraph is effective the day following final enactment and expires on October 1, 2015.

(b) **DCT State-Operated Services Enterprise Services**

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<table>
<thead>
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<tbody>
<tr>
<td>9,626,000</td>
<td>6,113,000</td>
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</table>
Community Addiction Recovery Enterprise. $9,626,000 in fiscal year 2016 and $6,113,000 in fiscal year 2017 are for the C.A.R.E. program. The commissioner must transfer these amounts to the enterprise fund for the Community Addiction Recovery Enterprise. The base for this purpose is $5,991,000 in fiscal year 2018 and $5,991,000 in fiscal year 2019.

Transfers from Consolidated Chemical Dependency Treatment Fund. (a) If the commissioner of human services notifies the commissioner of management and budget by July 31, 2015, that the balance in fiscal year 2015 in the community addiction recovery enterprise fund is a negative amount, notwithstanding Minnesota Statutes, section 254B.06, subdivision 1, the commissioner of human services, with the approval of the commissioner of management and budget, shall transfer $2,000,000 in fiscal year 2015 from the consolidated chemical dependency treatment fund account in the special revenue fund to the community addiction recovery enterprise fund. The amount transferred under this paragraph must not exceed the amount of the fiscal year 2015 negative balance in the community addiction recovery enterprise fund. This paragraph is effective the day following final enactment and expires on October 1, 2015. Any amount transferred under this paragraph that is not expended by September 30, 2015, shall cancel to the account from which the amount was transferred.

(b) If the commissioner of human services notifies the commissioner of management and budget by July 31, 2015, that the fiscal year 2015 general fund expenditures exceed the general fund appropriation for state-operated services mental health to the Department of Human Services, notwithstanding Minnesota Statutes, section 254B.06, subdivision 1, the commissioner of human services, with the approval of the commissioner of management and budget, shall transfer $1,500,000 in fiscal year 2015 from the consolidated chemical dependency treatment fund account in the special revenue fund to the general fund. $1,500,000 in fiscal year 2015 is appropriated from the general fund to the commissioner of human services for state-operated services mental health expenditures. The amount transferred under this paragraph must not exceed the amount of the fiscal year 2015 negative balance in the general fund appropriation for state-operated services mental health to the Department of Human Services. This paragraph is effective the day following final enactment and expires on October 1, 2015. Any amount transferred under this paragraph that is not expended by September 30, 2015, shall cancel to the account from which the amount was transferred.

Base Level Adjustment. The general fund base is decreased by $122,000 in fiscal year 2018 and by $122,000 in fiscal year 2019.

(c) DCT State-Operated Services Minnesota Security Hospital 81,821,000 83,233,000
Base Level Adjustment. The general fund base is increased by $17,000 in fiscal year 2018 and by $34,000 in fiscal year 2019.

Subd. 7. DCT Minnesota Sex Offender Program
$83,686,000 $84,927,000

Transfer Authority for Minnesota Sex Offender Program. Money appropriated for the Minnesota sex offender program may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

Limited Carryforward Allowed. Notwithstanding any contrary provision in this article, of this appropriation, up to $875,000 in fiscal year 2016 and $2,625,000 in fiscal year 2017 are available until June 30, 2019.

Minnesota Sex Offender Program. Any funds from the appropriation made by Laws 2014, chapter 312, article 30, section 2, subdivision 6, that are not used for payment of court-ordered costs in compliance with the United States District Court order of February 20, 2014, in the matter of Karsjens et al. v. Jesson et al., including any funds returned by the court that had been deposited with the court but not spent, may be used by the commissioner of human services to offset past and future litigation expenses in the same matter and to comply with any future orders of the United States District Court.

Subd. 8. Technical Activities
$82,671,000 $83,427,000

This appropriation is from the federal TANF fund.

Base Level Adjustment. The TANF fund appropriation is increased by $392,000 in fiscal year 2018 and by $80,000 in fiscal year 2019.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation
$188,912,000 $188,939,000

Appropriations by Fund

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<thead>
<tr>
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<th>2016</th>
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<tbody>
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<td>State Government Special Revenue</td>
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<tr>
<td>Federal TANF</td>
<td>11,713,000</td>
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</table>

The amounts that may be spent for each purpose are specified in the following subdivisions.
Subd. 2. **Health Improvement**

Appropriations by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
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<td>General</td>
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<tr>
<td>Revenue</td>
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</tr>
<tr>
<td>Health Care Access</td>
<td>33,987,000</td>
<td>33,421,000</td>
</tr>
<tr>
<td>Federal TANF</td>
<td>11,713,000</td>
<td>11,713,000</td>
</tr>
</tbody>
</table>

**Violence Against Asian Women Working Group.** $200,000 in fiscal year 2016 from the general fund is for the working group on violence against Asian women and children.

**MERC Program.** $1,000,000 in fiscal year 2016 and $1,000,000 in fiscal year 2017 are from the general fund for the MERC program under Minnesota Statutes, section 62J.692, subdivision 4.

**Poison Information Center Grants.** $750,000 in fiscal year 2016 and $750,000 in fiscal year 2017 are from the general fund for regional poison information center grants under Minnesota Statutes, section 145.93.

**Advanced Care Planning.** $250,000 in fiscal year 2016 is from the general fund to award a grant to a statewide advance care planning resource organization that has expertise in convening and coordinating community-based strategies to encourage individuals, families, caregivers, and health care providers to begin conversations regarding end-of-life care choices that express an individual's health care values and preferences and are based on informed health care decisions. This is a one-time appropriation.

**Early Dental Prevention Initiatives.** $172,000 in fiscal year 2016 and $140,000 in fiscal year 2017 are for the development and distribution of the early dental prevention initiative under Minnesota Statutes, section 144.3875.

**International Medical Graduate Assistance Program.** (a) $500,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are from the health care access fund for the grant programs and necessary contracts under Minnesota Statutes, section 144.1911, subdivisions 3, paragraph (a), clause (4), and 4 and 5. The commissioner may use up to $133,000 per year of the appropriation for international medical graduate assistance program administration duties in Minnesota Statutes, section 144.1911, subdivisions 3, 9, and 10, and for administering the grant programs under Minnesota Statutes, section 144.1911, subdivisions 4, 5, and 6. The commissioner shall develop recommendations for any additional funding required for initiatives needed to achieve the objectives of Minnesota Statutes, section 144.1911. The commissioner shall report the funding
recommendations to the legislature by January 15, 2016, in the report required under Minnesota Statutes, section 144.1911, subdivision 10. The base for this purpose is $1,000,000 in fiscal years 2018 and 2019.

(b) $500,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are from the health care access fund for transfer to the revolving international medical graduate residency account established in Minnesota Statutes, section 144.1911, subdivision 6. This is a onetime appropriation.

Federally Qualified Health Centers. $1,000,000 in fiscal year 2016 and $1,000,000 in fiscal year 2017 are from the general fund to provide subsidies to federally qualified health centers under Minnesota Statutes, section 145.9269. This is a onetime appropriation.

Organ Donation. $200,000 in fiscal year 2016 is from the general fund to establish a grant program to develop and create culturally appropriate outreach programs that provide education about the importance of organ donation. Grants shall be awarded to a federally designated organ procurement organization and hospital system that performs transplants. This is a onetime appropriation.

Primary Care Residency. $1,500,000 in fiscal year 2016 and $1,500,000 in fiscal year 2017 are from the general fund for the purposes of the primary care residency expansion grant program under Minnesota Statutes, section 144.1506.

Somali Women's Health Pilot Program. (a) The commissioner of health shall establish a pilot program between one or more federally qualified health centers, as defined under Minnesota Statutes, section 145.9269, a nonprofit organization that helps Somali women, and the Minnesota Evaluation Studies Institute, to develop a promising strategy to address the preventative and primary health care needs of, and address health inequities experienced by, first generation Somali women. The pilot program must collaboratively develop a patient flow process for first generation Somali women by:

(1) addressing and identifying clinical and cultural barriers to Somali women accessing preventative and primary care, including, but not limited to, cervical and breast cancer screenings;

(2) developing a culturally appropriate health curriculum for Somali women based on the outcomes from the community-based participatory research report “Cultural Traditions and the Reproductive Health of Somali Refugees and Immigrants” to increase the health literacy of Somali women and develop culturally specific health care information; and
(3) training the federally qualified health center's providers and staff to enhance provider and staff cultural competence regarding the cultural barriers, including female genital cutting.

(b) The pilot program must develop a process that results in increased screening rates for cervical and breast cancer and can be replicated by other providers serving ethnic minorities. The pilot program must conduct an evaluation of the new patient flow process used by Somali women to access federally qualified health centers services.

(c) The pilot program must report the outcomes to the commissioner by June 30, 2017.

(d) $110,000 in fiscal year 2016 is for the Somali women's health pilot program. Of this appropriation, the commissioner may use up to $10,000 to administer the program. This appropriation is available until June 30, 2017. This is a onetime appropriation.

Menthol Cigarette Usage in African-American Community Intervention Grants. Of the health care access fund appropriation for the statewide health improvement program, $200,000 in fiscal year 2016 is for at least one grant that must be awarded by the commissioner to implement strategies and interventions to reduce the disproportionately high usage of cigarettes by African-Americans, especially the use of menthol-flavored cigarettes, as well as the disproportionate harm tobacco causes in that community. The grantee shall engage members of the African-American community and community-based organizations. This grant shall be awarded as part of the statewide health improvement program grants awarded on November 1, 2015, and must meet the requirements of Minnesota Statutes, section 145.986.

Targeted Home Visiting System. (a) $75,000 in fiscal year 2016 is for the commissioner of health, in consultation with the commissioners of human services and education, community health boards, tribal nations, and other home visiting stakeholders, to design baseline training for new home visitors to ensure statewide coordination across home visiting programs.

(b) $575,000 in fiscal year 2016 and $2,000,000 fiscal year 2017 are to provide grants to community health boards and tribal nations for start-up grants for new nurse-family partnership programs and for grants to expand existing programs to serve first-time mothers, prenatally by 28 weeks gestation until the child is two years of age, who are eligible for medical assistance under Minnesota Statutes, chapter 256B, or the federal Special Supplemental Nutrition Program for Women, Infants, and Children. The commissioner shall award grants to community health boards or tribal nations in metropolitan and rural areas of the state. Priority for all grants shall be given to nurse-family partnership programs that provide
services through a Minnesota health care program-enrolled provider that accepts medical assistance. Additionally, priority for grants to rural areas shall be given to community health boards and tribal nations that expand services within regional partnerships that provide the nurse-family partnership program. Funding available under this paragraph may only be used to supplement, not to replace, funds being used for nurse-family partnership home visiting services as of June 30, 2015.

**Opiate Antagonists.** $270,000 in fiscal year 2016 and $20,000 in fiscal year 2017 are from the general fund for grants to the eight regional emergency medical services programs to purchase opiate antagonists and educate and train emergency medical services persons, as defined in Minnesota Statutes, section 144.7401, subdivision 4, clauses (1) and (2), in the use of these antagonists in the event of an opioid or heroin overdose. For the purposes of this paragraph, "opiate antagonist" means naloxone hydrochloride or any similarly acting drug approved by the federal Food and Drug Administration for the treatment of drug overdose. Grants under this paragraph must be distributed to all eight regional emergency medical services programs. This is a onetime appropriation and is available until June 30, 2017. The commissioner may use up to $20,000 of the amount for opiate antagonists for administration.

**Local and Tribal Public Health Grants.** (a) $894,000 in fiscal year 2016 and $894,000 in fiscal year 2017 are for an increase in local public health grants for community health boards under Minnesota Statutes, section 145A.131, subdivision 1, paragraph (e).

(b) $106,000 in fiscal year 2016 and $106,000 in fiscal year 2017 are for an increase in special grants to tribal governments under Minnesota Statutes, section 145A.14, subdivision 2a.

**HCBS Employee Scholarships.** $1,000,000 in fiscal year 2016 and $1,000,000 in fiscal year 2017 are from the general fund for the home and community-based services employee scholarship program under Minnesota Statutes, section 144.1503. The commissioner may use up to $50,000 of the amount for the HCBS employee scholarships for administration.

**Family Planning Special Projects.** $1,000,000 in fiscal year 2016 and $1,000,000 in fiscal year 2017 are from the general fund for family planning special project grants under Minnesota Statutes, section 145.925.

**Positive Alternatives.** $1,000,000 in fiscal year 2016 and $1,000,000 in fiscal year 2017 are from the general fund for positive abortion alternatives under Minnesota Statutes, section 145.4235.
Safe Harbor for Sexually Exploited Youth. $700,000 in fiscal year 2016 and $700,000 in fiscal year 2017 are from the general fund for the safe harbor program under Minnesota Statutes, sections 145.4716 to 145.4718. Funds shall be used for grants to increase the number of regional navigators; training for professionals who engage with exploited or at-risk youth; implementing statewide protocols and best practices for effectively identifying, interacting with, and referring sexually exploited youth to appropriate resources; and program operating costs.

Health Care Grants for Uninsured Individuals. (a) $125,000 in fiscal year 2016 and $125,000 in fiscal year 2017 are from the general fund for dental provider grants in Minnesota Statutes, section 145.929, subdivision 1.

(b) $437,500 in fiscal year 2016 and $437,500 in fiscal year 2017 are from the general fund for community mental health program grants in Minnesota Statutes, section 145.929, subdivision 2.

(c) $1,500,000 in fiscal year 2016 and $1,500,000 in fiscal year 2017 are from the general fund for the emergency medical assistance outlier grant program in Minnesota Statutes, section 145.929, subdivision 3.

(d) $437,500 of the general fund appropriation in fiscal years 2016 and 2017 is for community health center grants under Minnesota Statutes, section 145.9269. A community health center that receives a grant from this appropriation is not eligible for a grant under paragraph (b).

(e) The commissioner may use up to $25,000 of the appropriations for health care grants for uninsured individuals in fiscal years 2016 and 2017 for grant administration.

TANF Appropriations. (a) $1,156,000 of the TANF funds is appropriated each year of the biennium to the commissioner for family planning grants under Minnesota Statutes, section 145.925.

(b) $3,579,000 of the TANF funds is appropriated each year of the biennium to the commissioner for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1.

(c) $2,000,000 of the TANF funds is appropriated each year of the biennium to the commissioner for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7.
(d) $4,978,000 of the TANF funds is appropriated each year of the biennium to the commissioner for the family home visiting grant program according to Minnesota Statutes, section 145A.17. $4,000,000 of the funding must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding must be distributed to tribal governments as provided in Minnesota Statutes, section 145A.14, subdivision 2a.

(e) The commissioner may use up to 6.23 percent of the funds appropriated each fiscal year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

**TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

**Health Professional Loan Forgiveness.** $2,631,000 in fiscal year 2016 and $2,631,000 in fiscal year 2017 are from the general fund for the purposes of Minnesota Statutes, section 144.1501. Of this appropriation, the commissioner may use up to $131,000 each year to administer the program.

**Minnesota Stroke System.** $350,000 in fiscal year 2016 and $350,000 in fiscal year 2017 are from the general fund for the Minnesota stroke system.

**Prevention of Violence in Health Care.** $50,000 in fiscal year 2016 is to continue the prevention of violence in health care program and creating violence prevention resources for hospitals and other health care providers to use in training their staff on violence prevention. This is a onetime appropriation and is available until June 30, 2017.

**Health Care Savings Determinations.** (a) The health care access fund base for the state health improvement program is decreased by $261,000 in fiscal year 2016 and decreased by $110,000 in fiscal year 2017.

(b) $261,000 in fiscal year 2016 and $110,000 in fiscal year 2017 are from the health care access fund for the forecasting, cost reporting, and analysis required by Minnesota Statutes, section 62U.10, subdivisions 6 and 7.

**Base Level Adjustments.** The general fund base is decreased by $1,070,000 in fiscal year 2018 and by $1,020,000 in fiscal year 2019. The state government special revenue fund base is increased by $33,000 in fiscal year 2018. The health care access fund base is increased by $610,000 in fiscal year 2018 and by $23,000 in fiscal year 2019.
Subd. 3. **Health Protection**

Appropriations by Fund

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<th>State Government Special Revenue</th>
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<tr>
<td>2017</td>
<td>14,149,000</td>
<td>46,266,000</td>
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**Base Level Adjustments.** The state government special revenue fund base is increased by $322,000 in fiscal year 2018 and by $300,000 in fiscal year 2019.

Subd. 4. **Administrative Support Services**

Sec. 4. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation**

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This appropriation is from the state government special revenue fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Board of Chiropractic Examiners**

Subd. 3. **Board of Dentistry**

Subdivision 4. **Board of Dietetics and Nutrition Practice**

Subd. 5. **Board of Marriage and Family Therapy**

Subd. 6. **Board of Medical Practice**

Subd. 7. **Board of Nursing**

Subd. 8. **Board of Nursing Home Administrators**

**Administrative Services Unit - Operating Costs.** Of this appropriation, $1,482,000 in fiscal year 2016 and $1,497,000 in fiscal year 2017 are for operating costs of the administrative services unit. The administrative services unit may receive and expend reimbursements for services performed by other agencies.

**Administrative Services Unit - Volunteer Health Care Provider Program.** Of this appropriation, $150,000 in fiscal year 2016 and $150,000 in fiscal year 2017 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.
Administrative Services Unit - Retirement Costs. Of this appropriation, $320,000 in fiscal year 2016 is a onetime appropriation to the administrative services unit to pay for the retirement costs of health-related board employees. This funding may be transferred to the health board incurring the retirement costs. These funds are available either year of the biennium.

Administrative Services Unit - Contested Cases and Other Legal Proceedings. Of this appropriation, $200,000 in fiscal year 2016 and $200,000 in fiscal year 2017 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. Upon certification by a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of management and budget. The commissioner of management and budget must require any board that has an unexpended balance for an amount transferred under this paragraph to transfer the unexpended amount to the administrative services unit to be deposited in the state government special revenue fund.

Subd. 9. Board of Optometry 138,000 143,000
Subd. 10. Board of Pharmacy 2,847,000 2,888,000
Subd. 11. Board of Physical Therapy 354,000 359,000
Subd. 12. Board of Podiatry 78,000 79,000
Subd. 13. Board of Psychology 874,000 884,000
Subd. 14. Board of Social Work 1,141,000 1,155,000
Subd. 15. Board of Veterinary Medicine 262,000 265,000
Subd. 16. Board of Behavioral Health and Therapy 480,000 486,000

Sec. 5. EMERGENCY MEDICAL SERVICES REGULATORY BOARD $2,904,000 $3,037,000

Cooper/Sams Volunteer Ambulance Program. $700,000 in fiscal year 2016 and $700,000 in fiscal year 2017 are for the Cooper/Sams volunteer ambulance program under Minnesota Statutes, section 144E.40.

(a) Of this amount, $611,000 in fiscal year 2016 and $611,000 in fiscal year 2017 are for the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.
(b) Of this amount, $89,000 in fiscal year 2016 and $89,000 in fiscal year 2017 are for the operations of the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.

**Ambulance Training Grant.** $361,000 in fiscal year 2016 and $361,000 in fiscal year 2017 are for training grants.

**EMSRB Board Operations.** $1,226,000 in fiscal year 2016 and $1,360,000 in fiscal year 2017 are for board operations.

**Regional Grants.** $585,000 in fiscal year 2016 and $585,000 in fiscal year 2017 are for regional emergency medical services programs, to be distributed equally to the eight emergency medical service regions.

Sec. 6. COUNCIL ON DISABILITY $622,000 $629,000

Sec. 7. OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES $1,917,000 $2,032,000

Sec. 8. OMBUDSPERSONS FOR FAMILIES $392,000 $453,000

Sec. 9. COMMISSIONER OF COMMERCE $210,000 $213,000

The commissioner of commerce shall develop a proposal to allow individuals to purchase qualified health plans outside of MNsure directly from health plan companies and to allow eligible individuals to receive advanced premium tax credits and cost-sharing reductions when purchasing qualified health plans outside of MNsure.

Sec. 10. APPROPRIATION.

$455,000,000 is appropriated in fiscal year 2015 from the general fund to the commissioner of human services. The commissioner of human services must transfer $455,000,000 from the general fund to the health care access fund by June 30, 2015.

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

Sec. 11. Minnesota Statutes 2014, section 256.01, is amended by adding a subdivision to read:

Subd. 40. Nonfederal share transfers. The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

Sec. 12. TRANSFERS.

Subdivision 1. Grants. The commissioner of human services, with the approval of the commissioner of management and budget, may transfer unencumbered appropriation balances for the biennium ending June 30, 2017, within fiscal years among the MFIP, general assistance, general assistance medical care under Minnesota Statutes 2009 Supplement, section 256D.03, subdivision 3, medical assistance, MinnesotaCare, MFIP child care assistance
under Minnesota Statutes, section 119B.05, Minnesota supplemental aid, and group residential housing programs, the entitlement portion of Northstar Care for Children under Minnesota Statutes, chapter 256N, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health and Human Services Finance Committee quarterly about transfers made under this subdivision.

Subd. 2. Administration. Positions, salary money, and nonsalary administrative money may be transferred within the Departments of Health and Human Services as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health and Human Services Finance Committee quarterly about transfers made under this subdivision.

Sec. 13. INDIRECT COSTS NOT TO FUND PROGRAMS.

The commissioners of health and human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 14. EXPIRATION OF UNCODIFIED LANGUAGE.

All uncodified language contained in this article expires on June 30, 2017, unless a different expiration date is explicit.

Sec. 15. EFFECTIVE DATE.

This article is effective July 1, 2015, unless a different effective date is specified."

Delete the title and insert:

"A bill for an act relating to state government; establishing the health and human services budget; modifying provisions governing children and family services, chemical and mental health services, withdrawal management programs, direct care and treatment, health care, continuing care, Department of Health and public health programs, health care delivery, health licensing boards, and MNsure; making changes to medical assistance, MFIP, Northstar Care for Children, MinnesotaCare, child care assistance, and group residential housing programs; establishing uniform requirements for public assistance programs related to income calculation, reporting income, and correcting overpayments and underpayments; modifying requirements for reporting maltreatment of minors and juvenile safety and placement; establishing the Minnesota ABLE plan and accounts; modifying child support provisions; establishing standards for withdrawal management programs; modifying requirements for background studies; making changes to provisions governing the health information exchange; providing for protection of born alive infants; authorizing rulemaking; requiring reports and studies; making technical changes; modifying certain fees for Department of Health programs; modifying fees of certain health-related licensing boards; making human services forecast adjustments; appropriating money; amending Minnesota Statutes 2014, sections 13.46, subdivisions 2, 7; 13.461, by adding a subdivision; 16A.724, subdivision 2; 43A.241; 62A.02, subdivision 2; 62A.045; 62J.498; 62J.4981; 62J.4982, subdivisions 4, 5; 62J.692, subdivision 4; 62Q.37, subdivision 2; 62Q.55, subdivision 3; 62U.02, subdivisions 1, 2, 3, 4; 62U.04, subdivision 11; 62U.10, by adding subdivisions; 62V.03, subdivision 2; 62V.05, subdivisions 6, 7, 8, by adding a subdivision; 119B.011, subdivision 15; 119B.025, subdivision 1; 119B.035, subdivision 4; 119B.09, subdivision 4; 119B.125, by adding a subdivision; 119B.13, subdivision 6; 144.057, subdivision 1; 144.1501, subdivisions 1, 2, 3, 4; 144.291, subdivision 2; 144.293, subdivisions 5, 6, 8; 144.298, subdivisions 2, 3; 144.551, subdivision 1; 144.9501, subdivisions 6d, 22b, 26b, by adding subdivisions; 144.9505; 144.9508; 144A.071, subdivision 4a; 144A.70, subdivision 6, by adding a subdivision; 144A.71; 144A.72; 144A.73; 144A.75, subdivision 13; 144D.01, by adding a subdivision; 144E.001, by adding a subdivision;
We request the adoption of this report and repassage of the bill.

Senate Conferees: TONY LOUREY, KATHY SHERAN, JEFF HAYDEN, MELISA FRANZEN and JULIE A. ROSEN.

House Conferees: MATT DEAN, TARA MACK, JOE SCHOMACKER, JOE MCDONALD and NICK ZERWAS.

CALL OF THE HOUSE LIFTED

Thissen moved that the call of the House be lifted. The motion prevailed and it was so ordered.

Dean, M., moved that the report of the Conference Committee on S. F. No. 1458 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Dean, M., motion and the roll was called. There were 86 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Albright
Anderson, M.
Anderson, P.
Anderson, S.
Anzelc
Applebaum
Backer
Baker
Barrett
Bennett
Christensen
Cornish
Daniels
Davids
Dean, M.

Hamilton
Drazkowski
Erhardt
Erickson
Fabian
Fenton
Fischer
Franson
Garofalo
Green
Gruenhagen
Gunther
Hackbarth
Halverson

Hancock
Heintzman
Hertaus
Hoppe
Hortman
Howe
Isaacson
Johnson, B.
Kelly
Kiel
Koznick
Kresha
Lohmer
Loon

Lucero
Lueck
Mack
Mahoney
McDonald
McNamara
Miller
Murphy, E.
Nash
Nelson
Newberger
Nornes
Norton
O'Neill
O'Neill

Peppin
Petersburg
Peterson
Pierson
Pugh
Quam
Rarick
Rosenthal
Runbeck
Sanders
Schomacker
Scott
Selcer
Smith
Swedzinski
Theis
Torkelson
Uglem
Urdahl
Vogel
Whelan
Wills
Yarusso
Zerwas
Spk. Daudt

Those who voted in the negative were:

Allen
Bernardy
Bly
Carlson
Clark
Considine
Davnie
Freiberg

Hansen
Hausman
Hilstrom
Hornstein
Johnson, C.
Johnson, S.
Laine
Lenczewski

Lesch
Liebling
Lien
Lillie
Loeffler
Mariani
Marquart
Masin

Melin
Metsa
Moran
Mullery
Murphy, M.
Newton
Pelowski
Persell

Pinto
Poppe
Schoen
Schultz
Simonson
Slon
Sundin
Thissen
Wagenius
Winkler
Youakim
S. F. No. 1458, A bill for an act relating to state government; establishing the health and human services budget; modifying provisions governing children and family services, chemical and mental health services, withdrawal management programs, direct care and treatment, health care, continuing care, Department of Health programs, health care delivery, health licensing boards, and MNsure; making changes to medical assistance, general assistance, MFIP, Northstar Care for Children, MinnesotaCare, child care assistance, and group residential housing programs; establishing uniform requirements for public assistance programs related to income calculation, reporting income, and correcting overpayments and underpayments; creating the Department of MNsure; modifying requirements for reporting maltreatment of minors; establishing the Minnesota ABLE plan and accounts; modifying child support provisions; establishing standards for withdrawal management programs; modifying requirements for background studies; making changes to provisions governing the health information exchange; authorizing rulemaking; requiring reports; making technical changes; modifying certain fees for Department of Health programs; modifying fees of certain health-related licensing boards; making human services forecast adjustments; appropriating money; amending Minnesota Statutes 2014, sections 13.3806, subdivision 4; 13.46, subdivisions 2, 7; 13.461, by adding a subdivision; 15.01; 15A.0815, subdivision 2; 16A.724, subdivision 2; 43A.241; 62A.02, subdivision 2; 62A.045; 62J.497, subdivisions 1, 3, 4, 5; 62J.498; 62J.4981; 62J.4982, subdivisions 4, 5; 62J.692, subdivision 4; 62M.01, subdivision 2; 62M.02, subdivisions 12, 14, 15, 17, by adding subdivisions; 62M.05, subdivisions 3a, 3b, 4; 62M.06, subdivisions 2, 3; 62M.07; 62M.09, subdivision 3; 62M.10, subdivision 7; 62M.11; 62Q.02; 62U.02, subdivisions 1, 2, 3, 4; 62U.04, subdivision 11; 62V.02, subdivisions 2, 11, by adding a subdivision; 62V.03; 62V.05; 62V.06; 62V.07; 62V.08; 119B.011, subdivision 15; 119B.025, subdivision 1; 119B.035, subdivision 4; 119B.07; 119B.09, subdivision 4; 119B.10, subdivision 1; 119B.11, subdivision 1; 119B.12, by adding a subdivision; 144.057, subdivision 1; 144.1501, subdivisions 1, 2, 3, 4; 144.215, by adding a subdivision; 144.225, subdivision 4; 144.291, subdivision 2; 144.293, subdivisions 6, 8; 144.298, subdivisions 2, 3, 144.3831, subdivision 1; 144.9501, subdivisions 6d, 22b, 26b, by adding subdivisions; 144.9505; 144.9508; 144A.70, subdivision 6, by adding a subdivision; 144A.71; 144A.72; 144A.73; 144D.01, by adding a subdivision; 144E.001, by adding a subdivision; 144E.275, subdivision 1, by adding a subdivision; 144E.50; 144F.01, subdivision 5; 145.928, by adding a subdivision; 145A.131, subdivision 1; 148.57, subsections 1, 2; 148.59; 148E.075; 148E.080, subdivisions 1, 2; 148E.180, subdivisions 2, 5; 149A.20, subdivisions 5, 6; 149A.40, subdivision 11; 149A.65; 149A.92, subdivision 1; 149A.97, subdivision 7; 150A.091, subdivisions 4, 5, 11, by adding subdivisions; 150A.31; 151.065, subdivisions 1, 2, 3, 4; 151.58, subdivisions 2, 5; 157.16; 169.686, subdivision 3; 174.29, subdivision 1; 174.30, subdivisions 3, 4, by adding subdivisions; 245.4661, subdivisions 5, 6, by adding subdivisions; 245.467, subdivision 6; 245.469, by adding a subdivision; 245.4876, subdivision 7; 245.4889, subdivision 1, by adding a subdivision; 245C.03, by adding a subdivision; 245C.08, subdivision 1; 245C.10, by adding subdivisions; 245C.12; 246.18, subdivision 8; 246.54, subdivision 1; 246B.01, subdivision 2b; 246B.10; 253B.18, subdivisions 4c, 5; 254B.05, subdivision 5; 254B.12, subdivision 2; 256.01, by adding a subdivision; 256.015, subdivision 7; 256.017, subdivision 1; 256.478; 256.741, subdivisions 1, 2; 256.962, subdivision 5; 256.969, subdivisions 1, 2b, 3a, 3c, 9; 256.975, subdivision 8; 256B.056, subdivision 5c; 256B.057, subdivision 9; 256B.059, subdivision 5; 256B.06, by adding a subdivision; 256B.0615, subdivision 3; 256B.0622, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10, by adding a subdivision; 256B.0624, subdivision 7; 256B.0625, subdivisions 3b, 9, 13, 13e, 13h, 14, 17, 17a, 18a, 18e, 31, 48, 57, 58, by adding subdivisions; 256B.0631; 256B.072; 256B.0757; 256B.0916, subdivisions 2, 11, by adding a subdivision; 256B.441, by adding a subdivision; 256B.49, subdivision 26, by adding a subdivision; 256B.4913, subdivisions 4a, 5; 256B.4914, subdivisions 2, 8, 10, 14, 15; 256B.69, subdivisions 5a, 5i, 6, 9c, 9d, by adding a subdivision; 256B.75; 256B.76, subdivisions 2, 4, 7; 256B.767; 256D.01, subdivision 1a; 256D.02, subdivision 8, by adding subdivisions; 256D.06, subdivision 1; 256D.405, subdivision 3; 256E.35, subdivision 2, by adding a subdivision; 256L.03, subdivisions 3, 7, by adding subdivisions; 256L.04; 256L.05, subdivisions 1c, 1g; 256L.06, subdivisions 2, 6, 7, 8; 256L.08, subdivisions 26, 86; 256L.24, subdivisions 5, 5a; 256L.30, subdivisions 1, 9; 256L.35; 256L.40; 256L.95, subdivision 19; 256L.45, subdivisions 1a, 6; 256L.01, subdivisions 3a, 5; 256L.03, subdivision 5; 256L.04, subdivisions 1a, 1c, 7b; 256L.05, subdivisions 3a, 4, by adding a subdivision; 256L.06, subdivision 3; 256L.11, by adding a subdivision; 256L.121, subdivision 1; 256L.15, subdivision 2; 256N.22, subdivisions 9, 10; 256N.24, subdivision 4; 256N.25, subdivision 1; 256N.27, subdivision 2; 256P.001; 256P.01, subdivision 3, by adding subdivisions; 256P.02, by adding subdivisions; 256P.03, subdivision 1; 256P.04, subdivisions 1, 4; 256P.05, subdivision 1; 257.0755, subdivisions 1, 2; 257.0761, subdivision 1; 257.0766, subdivision 1; 257.0769, subdivision 1; 257.75, subdivisions 3, 5; 259A.75; 260C.007, subdivisions 27, 32;
The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 99 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Albright
Anderson, M.
Anderson, P.
Anderson, S.
Anzelc
Applebaum
Backer
Baker
Barrett
Bennett
Bly
Carlson
Christensen
Cornish
Daniels
Davids
Dean, M.

Those who voted in the negative were:

Allen
Bernardy
Clark
Considine
Davnie
Hansen

The bill was repassed, as amended by Conference, and its title agreed to.
MOTIONS AND RESOLUTIONS

Schomacker moved that the name of Masin be added as an author on H. F. No. 954. The motion prevailed.

Peterson moved that the name of Pugh be added as an author on H. F. No. 2354. The motion prevailed.

Lesch moved that the name of Pugh be added as an author on H. F. No. 2355. The motion prevailed.

Hansen moved that the name of Laine be added as an author on H. F. No. 2359. The motion prevailed.

Green moved that the names of Kiel, Pugh and Drazkowski be added as authors on H. F. No. 2360. The motion prevailed.

Green moved that the names of Kiel, Fabian, Pugh and Drazkowski be added as authors on H. F. No. 2362. The motion prevailed.

Drazkowski moved that the names of Pugh, Lucero and Lohmer be added as authors on H. F. No. 2364. The motion prevailed.

Scott moved that the name of Pugh be added as an author on H. F. No. 2370. The motion prevailed.

ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 11:00 a.m., Monday, May 18, 2015. The motion prevailed.

Peppin moved that the House adjourn. The motion prevailed and Speaker pro tempore Davids declared the House stands adjourned until 11:00 a.m., Monday, May 18, 2015.

PATRICK D. MURPHY, Chief Clerk, House of Representatives