# STATE OF MINNESOTA

# NINETY-THIRD SESSION - 2023

# FIFTY-THIRD DAY

# SAINT PAUL, MINNESOTA, THURSDAY, APRIL 20, 2023

The House of Representatives convened at 11:30 a.m. and was called to order by Dan Wolgamott, Speaker pro tempore.

Prayer was offered by the Reverend Dr. Bart Roush, Oak Grove Presbyterian Church, Bloomington, 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:

Acomb	Daudt	Hassan	Kotyza-Witthuhn	Niska	Scott
Agbaje	Davis	Heintzeman	Kozlowski	Noor	Sencer-Mura
Altendorf	Dotseth	Hemmingsen-Jaeger	Koznick	Norris	Skraba
Anderson, P. E.	Edelson	Her	Kraft	Novotny	Smith
Anderson, P. H.	Elkins	Hicks	Kresha	O'Driscoll	Stephenson
Backer	Engen	Hill	Lee, F.	Olson, B.	Swedzinski
Bahner	Feist	Hollins	Lee, K.	Olson, L.	Tabke
Bakeberg	Finke	Hornstein	Liebling	O'Neill	Torkelson
Baker	Fischer	Howard	Lillie	Pelowski	Urdahl
Becker-Finn	Fogelman	Hudella	Lislegard	Pérez-Vega	Vang
Bennett	Franson	Hudson	Long	Perryman	West
Berg	Frazier	Huot	Mekeland	Petersburg	Wiener
Bierman	Frederick	Hussein	Moller	Pinto	Wiens
Bliss	Freiberg	Igo	Mueller	Pryor	Witte
Brand	Garofalo	Jacob	Murphy	Pursell	Wolgamott
Burkel	Gillman	Johnson	Myers	Quam	Xiong
Carroll	Gomez	Jordan	Nadeau	Rehm	Youakim
Cha	Greenman	Joy	Nash	Reyer	Zeleznikar
Clardy	Grossell	Keeler	Nelson, M.	Richardson	Spk. Hortman
Coulter	Hansen, R.	Klevorn	Nelson, N.	Robbins	
Curran	Hanson, J.	Knudsen	Neu Brindley	Schomacker	
Daniels	Harder	Koegel	Newton	Schultz	

A quorum was present.

Davids, Demuth and Kiel were excused.

McDonald was excused until 5:10 p.m. Pfarr was excused until 5:20 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.

## **REPORTS OF STANDING COMMITTEES AND DIVISIONS**

Gomez from the Committee on Taxes to which was referred:

H. F. No. 1938, A bill for an act relating to taxation; modifying individual income and corporate franchise taxes, sales and use taxes, property taxes, local government aids, and other miscellaneous taxes and tax provisions; modifying income tax additions, subtractions, and credits; modifying taxes on capital gains; proposing a child tax credit; proposing an advance payment and one-time refundable tax credit; modifying cannabis-related sales and use tax provisions; proposing sales tax exemptions for certain entities; modifying eligibility for certain property tax programs; modifying the formula and adding definitions for the calculation of local government aids; proposing new forms of local government aids; appropriating money; amending Minnesota Statutes 2022, sections 116J.8737, subdivisions 5, 12; 270C.52, subdivision 2; 273.124, subdivisions 6, 13, 13a, 13c, 13d, 14; 273.1245, subdivision 1; 273.1315, subdivision 2; 273.1387, subdivision 2; 289A.08, subdivisions 7, as amended, 7a, as amended; 290.0131, by adding a subdivision; 290.0132, subdivision 26; 290.06, subdivision 2c, as amended; 290.067; 290.0671, subdivision 1; 290.0674, subdivisions 2, 2a, by adding a subdivision; 290.0677, subdivision 1; 290.0681, subdivisions 3, 10; 290.091, subdivision 2, as amended; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 297A.61, by adding subdivisions; 297A.67, subdivisions 2, 7; 297A.70, subdivisions 2, 4, 18; 297A.71, by adding a subdivision; 297A.75, subdivisions 1, 2, 3; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivision 2; 477A.013, subdivisions 8, 9; 477A.03, subdivisions 2a, 2b; Laws 2006, chapter 259, article 11, section 3, as amended; Laws 2023, chapter 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 290; 477A; repealing Minnesota Statutes 2022, sections 290.0132, subdivision 33; 477A.011, subdivisions 30a, 38, 42, 45; 477A.013, subdivision 13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## "ARTICLE 1 INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2022, 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 child and 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 Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D; 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);

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(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 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 a SNAP 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 and Nutrition 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 SNAP benefits 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, or SNAP benefits 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;

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(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 SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(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 and the Department of Human Services operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(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;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(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 7, clause (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.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 2. Minnesota Statutes 2022, section 41B.0391, subdivision 1, is amended to read:

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

(b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and machinery used for farming in Minnesota.

(c) "Beginning farmer" means an individual who:

- (1) is a resident of Minnesota;
- (2) is seeking entry, or has entered within the last ten years, into farming;
- (3) intends to farm land located within the state borders of Minnesota;

(4) <u>except as provided in subdivision 2</u>, is not and whose spouse is not a family member of the owner of the agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

(5) <u>except as provided in subdivision 2</u>, is not and whose spouse is not a family member of a partner, member, shareholder, or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to purchase or rent agricultural assets; and

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(6) meets the following eligibility requirements as determined by the authority:

(i) has a net worth that does not exceed the limit provided under section 41B.03, subdivision 3, paragraph (a), clause (2);

(ii) provides the majority of the day-to-day physical labor and management of the farm;

(iii) has, by the judgment of the authority, adequate farming experience or demonstrates knowledge in the type of farming for which the beginning farmer seeks assistance from the authority;

(iv) demonstrates to the authority a profit potential by submitting projected earnings statements;

(v) asserts to the satisfaction of the authority that farming will be a significant source of income for the beginning farmer;

(vi) is enrolled in or has completed within ten years of their first year of farming a financial management program approved by the authority or the commissioner of agriculture;

(vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility requirements within the three-year certification period, in which case the beginning farmer is no longer eligible for credits under this section; and

(viii) has other qualifications as specified by the authority.

The authority may waive the requirement in item (vi) if the participant requests a waiver and has a four-year degree in an agricultural program or related field, reasonable agricultural job-related experience, or certification as an adult farm management instructor.

(d) "Family member" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(e) "Farm product" means plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables.

(f) "Farming" means the active use, management, and operation of real and personal property for the production of a farm product.

(g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

(h) "Resident" has the meaning given in section 290.01, subdivision 7.

(i) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of farm products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss, or both.

(j) "Underserved farmer or rancher" means a farmer or rancher who is a veteran, limited resource producer, or who is living in a high poverty area as those terms are defined and implemented by the secretary of the United States Department of Agriculture pursuant to Public Law 117-169, section 22007.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2022, section 41B.0391, subdivision 2, is amended to read:

Subd. 2. Tax credit for owners of agricultural assets. (a) An owner of agricultural assets may take a credit against the tax due under chapter 290 for the sale or rental of agricultural assets to a beginning farmer in the amount allocated by the authority under subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

(1) five eight percent of the lesser of the sale price or the fair market value of the agricultural asset, up to a maximum of  $\frac{322,000}{50,000}$ ;

(2) ten percent of the gross rental income in each of the first, second, and third years of a rental agreement, up to a maximum of \$7,000 per year; or

(3) 15 percent of the cash equivalent of the gross rental income in each of the first, second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

(b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent agreement. The agricultural asset must be rented at prevailing community rates as determined by the authority.

(c) The credit may be claimed only after approval and certification by the authority, and is limited to the amount stated on the certificate issued under subdivision 4. An owner of agricultural assets must apply to the authority for certification and allocation of a credit, in a form and manner prescribed by the authority.

(d) An owner of agricultural assets or beginning farmer may terminate a rental agreement, including a share rent agreement, for reasonable cause upon approval of the authority. If a rental agreement is terminated without the fault of the owner of agricultural assets, the tax credits shall not be retroactively disallowed. In determining reasonable cause, the authority must look at which party was at fault in the termination of the agreement. If the authority determines the owner of agricultural assets did not have reasonable cause, the owner of agricultural assets must repay all credits received as a result of the rental agreement to the commissioner of revenue. The repayment is additional income tax for the taxable year in which the authority makes its decision or when a final adjudication under subdivision 5, paragraph (a), is made, whichever is later.

(e) The credit is limited to the liability for tax as computed under chapter 290 for the taxable year. If the amount of the credit determined under this section for any taxable year exceeds this limitation, the excess is a beginning farmer incentive credit carryover according to section 290.06, subdivision 37.

(f) For purposes of the credit for the sale of agricultural land only, the family member definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply. For a sale to a family member to qualify for the credit, the sales price of the agricultural land must equal or exceed the assessed value of the land as of the date of the sale. For purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer in which the beginning farmer or the beginning farmer's spouse is a family member of:

(1) the owner of the agricultural land; or

(2) a partner, member, shareholder, or trustee of the owner of the agricultural land.

(g) For a sale to an underserved farmer or rancher, the credit rate under paragraph (a), clause (1), is twelve percent rather than eight percent.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 4. Minnesota Statutes 2022, section 41B.0391, subdivision 4, is amended to read:

Subd. 4. Authority duties. (a) The authority shall:

(1) approve and certify or recertify beginning farmers as eligible for the program under this section;

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c);

(3) provide necessary and reasonable assistance and support to beginning farmers for qualification and participation in financial management programs approved by the authority;

(4) refer beginning farmers to agencies and organizations that may provide additional pertinent information and assistance; and

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.

(b) The certification of a beginning farmer or an owner of agricultural assets under this section is valid for the year of the certification and the two following years, after which time the beginning farmer or owner of agricultural assets must apply to the authority for recertification.

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than \$5,000,000 for taxable years beginning after December 31, 2017, and before January 1, 2019, and must not allocate more than \$6,000,000 for taxable years beginning after December 31, 2018, and before January 1, 2032. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2) and (3), have first priority. For each taxable year, 50 percent of newly allocated credits must be allocated to underserved farmers or ranchers. Any portion of a taxable year's newly allocated credits that is reserved for underserved farmers or ranchers that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 5. Minnesota Statutes 2022, section 41B.0391, subdivision 7, is amended to read:

Subd. 7. Sunset. This section expires for taxable years beginning after December 31, 2023 2031.

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

Sec. 6. Minnesota Statutes 2022, section 116U.27, subdivision 1, is amended to read:

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

(b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer upon receipt of an initial application for a credit for a project that has not yet been completed.

(c) "Application" means the application for a credit under subdivision 4.

(d) "Commissioner" means the commissioner of employment and economic development.

(e) "Credit certificate" means a certificate issued by the commissioner upon submission of the cost verification report in subdivision 4, paragraph (e).

(f) "Eligible production costs" means eligible production costs as defined in section 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to the production of a film project in Minnesota.

(g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

(h) "Project" means a film:

(1) that includes the promotion of Minnesota;

(2) for which the taxpayer has expended at least \$1,000,000 in the taxable year a consecutive 12-month period beginning when expenditures are first paid in Minnesota for eligible production costs; and

(3) to the extent practicable, that employs Minnesota residents.

(i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated logo, approved by the commissioner and lasting approximately five seconds, that promotes Minnesota within its presentation in the end credits before the below-the-line crew crawl for the life of the project.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 7. Minnesota Statutes 2022, section 116U.27, subdivision 4, is amended to read:

Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a taxpayer must submit to the commissioner an application for a credit in the form prescribed by the commissioner, in consultation with the commissioner of revenue.

(b) Upon approving an application for a credit that meets the requirements of this section, the commissioner shall issue allocation certificates that:

(1) verify eligibility for the credit;

(2) state the amount of credit anticipated for the eligible project, with the credit amount up to 25 percent of eligible project costs; and

(3) state the taxable year in which the credit is allocated.

The commissioner must consult with the Minnesota Film and TV Board prior to issuing an allocation certificate.

(c) The commissioner must not issue allocation certificates for more than  $\frac{4,950,000}{24,950,000}$  of credits each year. If the entire amount is not allocated in that taxable year, any remaining amount is available for allocation for the four following taxable years until the entire allocation has been made. The commissioner must not award any credits for taxable years beginning after December 31,  $\frac{2024}{2032}$ , and any unallocated amounts cancel on that date.

(d) The commissioner must allocate credits on a first-come, first-served basis.

(e) Upon completion of a project, the taxpayer shall submit to the commissioner a report prepared by an independent certified public accountant licensed in the state of Minnesota to verify the amount of eligible production costs related to the project. The report must be prepared in accordance with generally accepted accounting principles. Upon receipt and review of the cost verification report, the commissioner shall determine the final amount of eligible production costs and issue a credit certificate to the taxpayer. The credit may not exceed the anticipated credit amount on the allocation certificate. If the credit is less than the anticipated amount on the allocation credit, the difference is returned to the amount available for allocation under paragraph (c). To claim the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit certificate as part of the taxpayer's return.

## EFFECTIVE DATE. This section is effective for allocation certificates issued after December 31, 2022.

Sec. 8. Minnesota Statutes 2022, section 116U.27, subdivision 7, is amended to read:

Subd. 7. **Expiration.** Subdivisions 1 to 5 expire January 1, 2025 2033, for taxable years beginning after December 31, 2024 2032.

**EFFECTIVE DATE.** This section is effective for allocation certificates issued after December 31, 2022.

Sec. 9. Minnesota Statutes 2022, section 168B.07, subdivision 3, is amended to read:

Subd. 3. Retrieval of contents. (a) For purposes of this subdivision:

(1) "contents" does not include any permanently affixed mechanical or nonmechanical automobile parts; automobile body parts; or automobile accessories, including audio or video players; and

(2) "relief based on need" includes, but is not limited to, receipt of MFIP and Diversionary Work Program, medical assistance, general assistance, emergency general assistance, Minnesota supplemental aid, MSA-emergency assistance, MinnesotaCare, Supplemental Security Income, energy assistance, emergency assistance, Supplemental Nutrition Assistance Program (SNAP) benefits, earned income tax credit, or Minnesota child and working family tax credit.

(b) A unit of government or impound lot operator shall establish reasonable procedures for retrieval of vehicle contents, and may establish reasonable procedures to protect the safety and security of the impound lot and its personnel.

(c) At any time before the expiration of the waiting periods provided in section 168B.051, a registered owner who provides documentation from a government or nonprofit agency or legal aid office that the registered owner is homeless, receives relief based on need, or is eligible for legal aid services, has the unencumbered right to retrieve any and all contents without charge and regardless of whether the registered owner pays incurred charges or fees, transfers title, or reclaims the vehicle.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

## Sec. 10. [181.141] SEXUAL HARASSMENT OR ABUSE SETTLEMENT; PAYMENT AS SEVERANCE OR WAGES PROHIBITED.

In a sexual harassment or abuse settlement between an employer and an employee, when there is a financial settlement provided, the financial settlement cannot be provided as wages or severance pay to the employee regardless of whether the settlement includes a nondisclosure agreement.

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

Sec. 11. Minnesota Statutes 2022, section 256J.45, subdivision 2, is amended to read:

Subd. 2. General information. The MFIP orientation must consist of a presentation that informs caregivers of:

(1) the necessity to obtain immediate employment;

(2) the work incentives under MFIP, including the availability of the federal earned income tax credit and the Minnesota child and working family tax credit;

(3) the requirement to comply with the employment plan and other requirements of the employment and training services component of MFIP, including a description of the range of work and training activities that are allowable under MFIP to meet the individual needs of participants;

(4) the consequences for failing to comply with the employment plan and other program requirements, and that the county agency may not impose a sanction when failure to comply is due to the unavailability of child care or other circumstances where the participant has good cause under subdivision 3;

(5) the rights, responsibilities, and obligations of participants;

(6) the types and locations of child care services available through the county agency;

(7) the availability and the benefits of the early childhood health and developmental screening under sections 121A.16 to 121A.19; 123B.02, subdivision 16; and 123B.10;

(8) the caregiver's eligibility for transition year child care assistance under section 119B.05;

(9) the availability of all health care programs, including transitional medical assistance;

(10) the caregiver's option to choose an employment and training provider and information about each provider, including but not limited to, services offered, program components, job placement rates, job placement wages, and job retention rates;

(11) the caregiver's option to request approval of an education and training plan according to section 256J.53;

(12) the work study programs available under the higher education system;

(13) information about the 60-month time limit exemptions under the family violence waiver and referral information about shelters and programs for victims of family violence; and

(14) information about the income exclusions under section 256P.06, subdivision 2.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 12. Minnesota Statutes 2022, section 256L.15, subdivision 1a, is amended to read:

Subd. 1a. Payment options. The commissioner may offer the following payment options to an enrollee:

(1) payment by check;

(2) payment by credit card;

(3) payment by recurring automatic checking withdrawal;

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(5) payment by wage withholding with the consent of the employer and the employee; or

(6) payment by using state tax refund payments.

At application or reapplication, a MinnesotaCare applicant or enrollee may authorize the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize the commissioner to apply for the state <u>child and</u> working family tax credit on behalf of the applicant or enrollee. The setoff due under this subdivision shall not be subject to the \$10 fee under section 270A.07, subdivision 1.

## EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 13. Minnesota Statutes 2022, section 289A.08, subdivision 7, as amended by Laws 2023, chapter 1, section 2, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership, other electing partnerships, and other qualifying entities electing to file and pay the pass-through entity tax under subdivision 7a. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

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(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, 28, and 31, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction. has the meaning given in section 290.01, subdivision 19, paragraph (h).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 14. Minnesota Statutes 2022, section 289A.08, subdivision 7a, as amended by Laws 2023, chapter 1, section 3, is amended to read:

Subd. 7a. **Pass-through entity tax.** (a) For the purposes of this subdivision, the following terms have the meanings given:

(1) "income" has the meaning given in subdivision 7, paragraph (j), modified by the addition provided in section 290.0131, subdivision 5, and the subtraction provided in section 290.0132, subdivision 3, except that the provisions that apply to a partnership apply to a qualifying entity and the provisions that apply to a partner apply to a qualifying owner. The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20 section 290.01, subdivision 19, paragraph (i);

(2) "qualifying entity" means a partnership, limited liability company <u>taxed as a partnership or S corporation</u>, or S corporation including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code <u>that has at least one qualifying owner</u>. Qualifying entity does not include a <del>partnership</del>, limited liability company, or corporation that has a partnership, limited liability company other than a disregarded entity, or corporation as a partner, member, or shareholder <u>publicly traded partnership</u>, as defined in section 7704 of the <u>Internal Revenue Code</u>; and

- (3) "qualifying owner" means:
- (i) a resident or nonresident individual or estate that is a partner, member, or shareholder of a qualifying entity; or

(ii) a resident or nonresident trust that is a shareholder of a qualifying entity that is an S corporation-; or

(iii) a disregarded entity that has a qualifying owner as its single owner.

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(b) For taxable years beginning after December 31, 2020, in which the taxes of a qualifying owner are limited

under section 164(b)(6)(B) of the Internal Revenue Code, a qualifying entity may elect to file a return and pay the pass-through entity tax imposed under paragraph (c). The election:

(1) must be made on or before the due date or extended due date of the qualifying entity's pass-through entity tax return;

## (2) must exclude partners, members, shareholders, or owners who are not qualifying owners;

(2) (3) may only be made by qualifying owners who collectively hold more than a 50 percent <u>of the</u> ownership <u>interest interests</u> in the qualifying entity <u>held by qualifying owners</u>;

(3) (4) is binding on all qualifying owners who have an ownership interest in the qualifying entity; and

(4) (5) once made is irrevocable for the taxable year.

(c) Subject to the election in paragraph (b), a pass-through entity tax is imposed on a qualifying entity in an amount equal to the sum of the tax liability of each qualifying owner.

(d) The amount of a qualifying owner's tax liability under paragraph (c) is the amount of the qualifying owner's income multiplied by the highest tax rate for individuals under section 290.06, subdivision 2c. When making this determination:

(1) nonbusiness deductions, standard deductions, or personal exemptions are not allowed; and

(2) a credit or deduction is allowed only to the extent allowed to the qualifying owner.

(e) The amount of each credit and deduction used to determine a qualifying owner's tax liability under paragraph (d) must also be used to determine that qualifying owner's income tax liability under chapter 290.

(f) This subdivision does not negate the requirement that a qualifying owner pay estimated tax if the qualifying owner's tax liability would exceed the requirements set forth in section 289A.25. The qualifying owner's liability to pay estimated tax on the qualifying owner's tax liability as determined under paragraph (d) is, however, satisfied when the qualifying entity pays estimated tax in the manner prescribed in section 289A.25 for composite estimated tax.

(g) A qualifying owner's adjusted basis in the interest in the qualifying entity, and the treatment of distributions, is determined as if the election to pay the pass-through entity tax under paragraph (b) is not made.

(h) To the extent not inconsistent with this subdivision, for purposes of this chapter, a pass-through entity tax return must be treated as a composite return and a qualifying entity filing a pass-through entity tax return must be treated as a partnership filing a composite return.

(i) The provisions of subdivision 17 apply to the election to pay the pass-through entity tax under this subdivision.

(j) If a nonresident qualifying owner of a qualifying entity making the election to file and pay the tax under this subdivision has no other Minnesota source income, filing of the pass-through entity tax return is a return for purposes of subdivision 1, provided that the nonresident qualifying owner must not have any Minnesota source income other than the income from the qualifying entity, other electing qualifying entities, and other partnerships electing to file a composite return under subdivision 7. If it is determined that the nonresident qualifying owner has other Minnesota source income, the inclusion of the income and tax liability for that owner under this provision will

not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the qualifying owner as part of the pass-through entity tax return is allowed as a payment of the tax by the qualifying owner on the date on which the pass-through entity tax return payment was made.

(k) Once a credit is claimed by a qualifying owner under section 290.06, subdivision 40, a qualifying entity cannot receive a refund for tax paid under this subdivision for any amounts claimed under that section by the qualifying owners. Once a credit is claimed under section 290.06, subdivision 40, any refund must be claimed in conjunction with a return filed by the qualifying owner.

(1) This section expires at the same time and on the same terms as section 164(b)(6)(B) of the Internal Revenue Code, except that the expiration of this section does not affect the commissioner's authority to audit or power of examination and assessments for credits claimed under this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 15. Minnesota Statutes 2022, section 289A.382, subdivision 2, is amended to read:

Subd. 2. **Reporting and payment requirements for partnerships and tiered partners.** (a) Except for when an audited partnership makes the election in subdivision 3, and except for negative federal adjustments required under federal law taken into account by the partnership in the partnership return for the adjustment or other year, all final federal adjustments of an audited partnership must comply with paragraph (b) and each direct partner of the audited partnership, other than a tiered partner, must comply with paragraph (c).

(b) No later than 90 days after the final determination date, the audited partnership must:

(1) file a completed federal adjustments report, including all partner-level information required under section 289A.12, subdivision 3, with the commissioner;

(2) notify each of its direct partners of their distributive share of the final federal adjustments;

(3) file an amended composite report for all direct partners who were included in a composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required; and

(4) file amended withholding reports for all direct partners who were or should have been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required-; and

(5) file an amended pass-through entity tax report for all direct partners who were included in a pass-through entity tax return under section 289A.08, subdivision 7a, in the reviewed year, and pay the additional amount that would have been due had the federal adjustments been reported properly as required.

(c) No later than 180 days after the final determination date, each direct partner, other than a tiered partner, that is subject to a tax administered under this chapter, other than the sales tax, must:

(1) file a federal adjustments report reporting their distributive share of the adjustments reported to them under paragraph (b), clause (2); and

(2) pay any additional amount of tax due as if the final federal adjustment had been properly reported, plus any penalty and interest due under this chapter, and less any credit for related amounts paid or withheld and remitted on behalf of the direct partner under paragraph (b), clauses (3) and (4).

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2020.

Sec. 16. Minnesota Statutes 2022, section 290.01, subdivision 19, as amended by Laws 2023, chapter 1, section 4, is amended to read:

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

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

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

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

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

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

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

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

(f) The Internal Revenue Code of 1986, as amended through December 15, 2022, applies for taxable years beginning after December 31, 1996.

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

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, income means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, income means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the

subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction.

(j) The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20. The income of a resident qualifying owner of a qualifying entity that is a partnership or limited liability company taxed as a partnership under the Internal Revenue Code is not subject to allocation outside this state as provided for resident individuals under section 290.17, subdivision 1, paragraph (a). The income of a nonresident qualifying owner of a qualifying entity that is an S corporation, including a qualified subchapter S subsidiary organized under section 1361(b)(3)(B) of the Internal Revenue Code, are allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 17. Minnesota Statutes 2022, section 290.0132, subdivision 4, is amended to read:

Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following amounts paid to others for each qualifying child are a subtraction:

(1) education-related expenses; plus

(2) tuition and fees paid to attend a school described in section 290.0674, subdivision 1 subdivision 1a, paragraph (c), clause (4), that are not included in education-related expenses; less

(3) any amount used to claim the credit under section 290.0674.

(b) The maximum subtraction allowed under this subdivision is:

(1) \$1,625 for each qualifying child in kindergarten through grade 6; and

(2) \$2,500 for each qualifying child in grades 7 through 12.

(c) The definitions in section 290.0674, subdivision 1 subdivision 1a, apply to this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 18. Minnesota Statutes 2022, section 290.0132, subdivision 24, is amended to read:

Subd. 24. **Discharge of indebtedness; education loans** <u>Student loan discharges</u>. (a) The amount equal to the discharge of indebtedness of the <u>qualified student loan discharge of a</u> taxpayer is a subtraction <del>if:</del>.

(1) the indebtedness discharged is a qualified education loan; and

(2) the indebtedness was discharged under section 136A.1791, or following the taxpayer's completion of an income driven repayment plan.

(b) For the purposes of this subdivision, "qualified education loan" has the meaning given in section 221 of the Internal Revenue Code.

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(c) For purposes of this subdivision, "income driven repayment plan" means a payment plan established by the United States Department of Education that sets monthly student loan payments based on income and family size under United States Code, title 20, section 1087e, or similar authority and specifically includes, but is not limited to:

(b) For the purposes of this subdivision, "qualified student loan discharge" means a discharge of indebtedness eligible for the exclusion from gross income under section 9675 of Public Law 117-2. A discharge of indebtedness that occurred after December 31, 2025, but otherwise qualifies for the exclusion under that section is a qualified student loan discharge.

(c) "Qualified student loan discharge" includes but is not limited to a discharge of indebtedness under:

(1) the income-based repayment plan under United States Code, title 20, section 1098e;

(2) the income contingent repayment plan established under United States Code, title 20, section 1087e, subsection (e); and

(3) the PAYE program or REPAYE program established by the Department of Education under administrative regulations; and

#### (4) section 136A.1791.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 19. Minnesota Statutes 2022, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) A portion of taxable Social Security benefits is allowed as a subtraction. The taxpayer is allowed a subtraction equals equal to the greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction determined under paragraphs (e) to (h).

(b) A taxpayer's simplified subtraction equals the amount of taxable social security benefits, as reduced under paragraphs (c) and (d).

(c) For a taxpayer other than a married taxpayer filing a separate return with adjusted gross income above the phaseout threshold, the simplified subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold. The phaseout threshold equals:

(1) \$100,000 for a married taxpayer filing a joint return or surviving spouse; or

(2) \$78,000 for a single or head of household taxpayer.

(d) For a married taxpayer filing a separate return, the simplified subtraction is reduced by ten percent for each \$1,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold for a married joint filer under paragraph (c), clause (1), as adjusted for inflation under paragraph (j).

(e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d) (f), (g), and (h).

(b) (f) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction <u>under</u> <u>paragraph (c)</u> equals \$5,150 \$5,840. The maximum subtraction is reduced by 20 percent of provisional income over \$78,180 \$88,630. In no case is the subtraction less than zero.

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(c) (g) For single or head-of-household taxpayers, the maximum subtraction <u>under paragraph (c)</u> equals  $\frac{4,020}{4,560}$ . The maximum subtraction is reduced by 20 percent of provisional income over  $\frac{61,080}{569,250}$ . In no case is the subtraction less than zero.

(d) (h) For married taxpayers filing separate returns, the maximum subtraction <u>under paragraph</u> (c) equals one-half the maximum subtraction for joint returns under paragraph (b) (d). The maximum subtraction is reduced by 20 percent of provisional income over one-half the threshold amount specified in paragraph (b) (d). In no case is the subtraction less than zero.

(e) (i) For purposes of this subdivision, "provisional income" means modified adjusted gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the taxable Social Security benefits received during the taxable year, and "Social Security benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

(f) (j) The commissioner shall adjust the maximum subtraction and phaseout threshold amounts in paragraphs (b) to (c) and (d) as provided in section 270C.22. The statutory year is taxable year  $\frac{2019}{2023}$ . The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 20. Minnesota Statutes 2022, section 290.0132, subdivision 27, is amended to read:

Subd. 27. **Deferred foreign income.** The amount of deferred foreign income recognized because of <u>under</u> section 965 of the Internal Revenue Code is a subtraction.

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

Sec. 21. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 34. Damages for sexual harassment or abuse. The amount of damages received under a sexual harassment or abuse claim that is not excluded from gross income under section 104(a)(2) of the Internal Revenue Code because the damages are not received on account of personal physical injuries or physical sickness is a subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 22. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 35. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

(1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or

(2) \$12,500 for all other filers.

(b) For a taxpayer with adjusted gross income above the phaseout threshold, the subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the threshold. The phaseout threshold equals:

(1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) \$78,000 for a single or head of household taxpayer; or

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(c) For the purposes of this section, "qualified public pension income" means any amount received:

(1) a basic member of any pension plan governed by chapter 353, 354, or 354A, or the basic member's survivor, provided that the annuity or benefit is based on service for which the member or survivor is not also receiving Social Security benefits;

(2) a member of a pension plan governed by chapter 3A or 352B, or the member's survivor, provided that the annuity or benefit is based on service for which the member or survivor is not also receiving Social Security benefits;

(3) from any retirement system administered by the federal government that is based on service for which the recipient or the recipient's survivor is not also receiving Social Security benefits; or

(4) from a public retirement system of or created by another state or any of its political subdivisions, or the District of Columbia, if the income tax laws of the other state or district permit a similar deduction or exemption or a reciprocal deduction or exemption of a retirement or pension benefit received from a public retirement system of or created by this state or any political subdivision of this state.

(d) The commissioner must annually adjust the subtraction limits in paragraph (a) and the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year is taxable year 2023.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 23. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 36. Subpart F income. For a unitary business, as defined in section 290.17, subdivision 4, paragraph (b), the amount of subpart F income included in gross income under section 951 of the Internal Revenue Code is a subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 24. Minnesota Statutes 2022, section 290.0133, subdivision 6, is amended to read:

Subd. 6. Special deductions. The amount of any special deductions under sections 241 to 247, and 250, and 965 of the Internal Revenue Code is an addition.

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

Sec. 25. Minnesota Statutes 2022, section 290.0134, subdivision 18, is amended to read:

Subd. 18. **Deferred foreign income.** The amount of deferred foreign income recognized because of <u>under</u> section 965 of the Internal Revenue Code is a subtraction.

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

Sec. 26. Minnesota Statutes 2022, section 290.0134, is amended by adding a subdivision to read:

Subd. 21. Subpart F income. For a unitary business, as defined in section 290.17, subdivision 4, paragraph (b), the amount of subpart F income included in gross income under section 951 of the Internal Revenue Code is a subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 27. Minnesota Statutes 2022, section 290.06, subdivision 2c, as amended by Laws 2023, chapter 1, section 15, is amended to read:

Subd. 2c. Schedules of rates for individuals, estates, and trusts. (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

(1) On the first \$38,770 \$43,950, 5.35 percent;

(2) On all over \$38,770 \$43,950, but not over \$154,020 \$174,610, 6.8 percent;

(3) On all over \$154,020 \$174,610, but not over \$269,010 \$304,970, 7.85 percent;

(4) On all over \$269,010 \$304,970, but not over \$1,000,000, 9.85 percent-; and

(5) On all over \$1,000,000, 10.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts after the adjustment required in subdivision 2d.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first \$26,520 \$30,070, 5.35 percent;
- (2) On all over \$26,520 \$30,070, but not over \$87,110 \$98,760, 6.8 percent;
- (3) On all over \$87,110 \$98,760, but not over \$161,720 \$183,340, 7.85 percent;

(4) On all over \$161,720 \$183,340, but not over \$600,000, 9.85 percent-; and

(5) On all over \$600,000, 10.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$32,650 \$37,010, 5.35 percent;

(2) On all over \$32,650 \$37,010, but not over \$131,190 \$148,730, 6.8 percent;

(3) On all over \$131,190 \$148,730, but not over \$214,980 \$243,720, 7.85 percent;

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### (4) On all over \$214,980 \$243,720, but not over \$800,000, 9.85 percent-; and

## (5) On all over \$800,000, 10.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and 17, and 290.0137, paragraph (a); and reduced by

(ii) the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132, subdivisions 9, <del>10,</del> 14, 15, <del>17,</del> 18, 27, and 31, and 290.0137, paragraph (c), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and 17, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9,  $\frac{10}{10}$ , 14, 15,  $\frac{17}{17}$ , 18, 27, and 31, and 290.0137, paragraph (c).

(f) If an individual who is not a Minnesota resident for the entire year is a qualifying owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as provided in paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

(1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the addition under section 290.0131, subdivision 5; and

(2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the subtraction under section 290.0132, subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 28. Minnesota Statutes 2022, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** The commissioner shall annually adjust the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c as provided in section 270C.22. The statutory year is taxable year 2019 2023. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket for married filing separate returns after this adjustment is done. The rate bracket for married filing separate must be one-half of the rate bracket for married filing joint.

### **EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023.

Sec. 29. Minnesota Statutes 2022, section 290.06, subdivision 39, is amended to read:

Subd. 39. Film production credit. (a) A taxpayer, including a taxpayer to whom a credit has been assigned under section 116U.27, subdivision 3, may claim a credit against the tax imposed by this chapter equal to the amount certified on a credit certificate under section 116U.27, subject to the limitations in this subdivision.

(b) The credit is limited to the liability for tax, as computed under this chapter, for the taxable year. If the amount of the credit determined under this subdivision for any taxable year exceeds this limitation, the excess is a film production credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year is carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph must not exceed the taxpayer's liability for tax, less any film production credit for the taxable year.

(c) Credits allowed to a partnership, a limited liability company taxed as a partnership, or an S corporation are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each based on the partner's, member's, shareholder's, or owner's share of the entity's assets, or as specially allocated in the organizational documents or any other executed agreement, as of the last day of the taxable year.

(d) Notwithstanding the approval and certification by the commissioner of employment and economic development under section 116U.27, the commissioner may utilize any audit and examination powers under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess the amount of any improperly claimed credit. The commissioner may only assess the original recipient of the credit certificate for the amount of improperly claimed credits. The commissioner may not assess a credit certificate assignee for any amount of improperly claimed credits, and an assignee's claim for credit is not affected by the commissioner's assessment of improperly claimed credits against the assignor.

(e) This subdivision expires January 1, 2025 2033, for taxable years beginning after December 31, 2024 2032, except that the expiration of this section does not affect the commissioner of revenue's authority to audit or power of examination and assessment for credits claimed under this subdivision.

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

Sec. 30. Minnesota Statutes 2022, section 290.067, is amended to read:

#### 290.067 DEPENDENT CARE CREDIT.

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the same age for the same number of hours of care.

### (c) If a married couple taxpayer:

(1) has a child who has not attained the age of one year at the close of the taxable year; and

## (2) files a joint tax return for the taxable year; and

(3) (2) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) the amount of the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

(e) In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.0132, subdivision 10, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

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(f) For residents of Minnesota, the subtractions for military pay under section 290.0132, subdivisions 11 and 12, are not considered "earned income not subject to tax under this chapter."

(g) For residents of Minnesota, 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."

(h) For taxpayers with federal adjusted gross income in excess of \$52,230, the credit is equal to the lesser of the credit otherwise calculated under this subdivision, or the amount equal to \$600 minus five percent of federal adjusted gross income in excess of \$52,230 for taxpayers with one qualified individual, or \$1,200 minus five percent of federal adjusted gross income in excess of \$52,230 for taxpayers with two or more qualified individuals, but in no case is the credit less than zero.

Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar amount of the income threshold at which the maximum credit begins to be reduced under subdivision 1 as provided in section 270C.22. The statutory year is taxable year 2019.

Subd. 3. **Credit to be refundable.** If the amount of credit which a claimant would be eligible to receive pursuant to this subdivision exceeds the claimant's tax liability under chapter 290, the excess amount of the credit shall be refunded to the claimant by the commissioner of revenue. <u>The amount needed to pay the refunds required</u> by this section is appropriated to the commissioner from the general fund.

Subd. 4. **Right to file claim.** The right to file a claim under this section shall be personal to the claimant and shall not survive death, but such right may be exercised on behalf of a claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of revenue. If the claimant was the only member of a household, the claim may be paid to the claimant's personal representative, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 31. Minnesota Statutes 2022, section 290.0671, as amended by Laws 2023, chapter 1, section 16, is amended to read:

## 290.0671 MINNESOTA CHILD AND WORKING FAMILY CREDIT.

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, as provided in this section. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code, except that:

(1) a taxpayer with no qualifying children who has attained the age of 19, but not attained age 65 before the close of the taxable year and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit; and

(2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted gross income exceeds the income limitation under section 32 of the Internal Revenue Code;

## (3) section 32(m) of the Internal Revenue Code does not apply; and

(4) a taxpayer eligible for a child credit under paragraph (c) whose earned income is insufficient to earn a credit under section 32 of the Internal Revenue Code may receive a credit.

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(b) A taxpayer's credit under this section equals the sum of the taxpayer's child credit under paragraph (c) and the taxpayer's working family credit amount under paragraph (d), subject to the reduction under paragraph (e).

(c) A taxpayer's child credit equals \$1,175 for each qualified child of the taxpayer.

(d) A taxpayer's working family credit equals four percent of the first \$12,500 of earned income.

(e) The combined amount under paragraph (b) is reduced by 9 percent of earned income or adjusted gross income, whichever is greater, in excess of:

## (1) \$35,000 for a married taxpayer filing a joint return; or

(2) \$28,000 for all other filers.

(b) For individuals with no qualifying children, the credit equals 3.9 percent of the first \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, 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 \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(d) For individuals with two qualifying children, the credit equals 11 percent of the first \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(e) For individuals with three or more qualifying children, the credit equals 12.5 percent of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(f) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(g) 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 290.0132, subdivision 10, 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 following clauses are not considered "earned income not subject to tax under this chapter":

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

(3) income derived from an Indian reservation by an enrolled member of the reservation while living on the reservation.

## (h) For the purposes of this section, the phaseout threshold equals:

(1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

(2) \$8,730 for all other taxpayers with no qualifying children;

(3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

(4) \$22,770 for all other taxpayers with one qualifying child;

(5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

(6) \$27,000 for all other taxpayers with two qualifying children;

(7) \$33,140 for married taxpayers filing joint returns with three or more qualifying children; and

#### (8) \$27,300 for all other taxpayers with three or more qualifying children.

(i) (h) 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.

Subd. 1a. Definitions. For purposes of this section, the term following terms have the meanings given:

(1) "qualifying child" has the meaning given in section 32(c) of the Internal Revenue Code-, except section 32(m) does not apply; and

(2) "earned income of the lesser-earning spouse" has the meaning given in section 290.0675, subdivision 1, paragraph (d).

Subd. 2. Credit name. The credit allowed by this section shall be known as the "Minnesota child and working family credit."

Subd. 4. **Credit refundable.** If the amount of credit which the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

Subd. 5. **Calculation assistance.** Upon request of the individual and submission of the necessary information, in the form prescribed by the commissioner, the Department of Revenue shall calculate the credit on behalf of the individual.

Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned income amounts used to calculate the <u>working family</u> credit, the child credit amounts, and the phase-out thresholds in subdivision 1 as provided in section 270C.22. The statutory year is taxable year 2019 2023.

Subd. 8. Advance payment of credits. (a) The commissioner of revenue may establish a process to allow taxpayers to elect to receive one or more advance payments of the credit under this section. The amount of advance payments must be based on the taxpayer and commissioner's estimate of the amount of credits for which the taxpayer would be eligible in the taxable year beginning in the calendar year in which the payments were made. The commissioner must not distribute advance payments to a taxpayer who does not elect to receive advance payments.

(b) The amount of a taxpayer's credit under this section for the taxable year is reduced by the amount of advance payments received by the taxpayer in the calendar year during which the taxable year began. If a taxpayer's advance payments exceeded the credit the taxpayer was eligible to receive for the taxable year, the taxpayer's liability for tax is increased by the difference between the amount of advance payments received and the credit amount.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 32. Minnesota Statutes 2022, section 290.0674, is amended to read:

## 290.0674 MINNESOTA EDUCATION CREDIT.

Subdivision 1. Credit allowed; definitions. An individual is allowed a credit against the tax imposed by this chapter in an amount equal to 75 percent of the amount paid for education-related expenses for a qualifying child in kindergarten through grade 12.

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

(b) "Dependent" means a dependent, as defined in sections 151 and 152 of the Internal Revenue Code.

(c) "Education-related expenses" means:

(1) <u>qualifying instructional</u> fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association, and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, and the world languages standards under section 120B.022, subdivision 1, and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of \$200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, and the elective standard under section 120B.022, subdivision 1, clause (2), purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for transportation of a qualifying child attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle.

(d) "Exemption amount" means the dependent exemption amount under section 290.0121, subdivision 1, paragraph (b), as adjusted for inflation under section 290.0121, subdivision 3.

(e) "Qualified instructor" means an individual who is not a lineal ancestor or sibling of the dependent and who is:

(1) an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5); or

(2) a member of the Minnesota Music Teachers Association.

For purposes of this section, (f) "Qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

(g) "Qualifying instructional fees or tuition" means fees or tuition for instruction by a qualified instructor outside the regular school day or school year, and that does not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, including:

(1) driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity; or

(2) tutoring or summer camps that:

(i) are in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year;

(ii) assist a dependent to improve knowledge of core curriculum areas; or

(iii) expand knowledge and skills under:

(A) the required academic standards under section 120B.021, subdivision 1; and

(B) the world languages standards under section 120B.022, subdivision 1.

Subd. 2. **Limitations.** (a) For claimants with <u>adjusted gross</u> income not greater than  $\frac{33,500}{570,000}$ , the maximum credit allowed for a family is  $\frac{1,500}{1,500}$  multiplied by the number of qualifying children in kindergarten through grade 12 in the family. The maximum credit for families with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of household <u>adjusted gross</u> income over  $\frac{33,500}{570,000}$ , and the maximum credit for families with two or more qualifying children in kindergarten through grade 12 is reduced by \$1 for each \$4 of household <u>adjusted gross</u> income over  $\frac{33,500}{570,000}$ , but in no case is the credit less than zero.

(b) For claimants with three or more dependents, the adjusted gross income thresholds under paragraph (a) are increased as follows:

(1) for claimants with three dependents, the thresholds are increased by the exemption amount;

(2) for claimants with four dependents, the thresholds are increased by the exemption amount, multiplied by two; and

(3) for claimants with five or more dependents, the thresholds are increased by the exemption amount times three.

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

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

Subd. 2a. Income. (a) For purposes of this section, "income" means the sum of the following:

(1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and

#### (2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995:

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;

(xii) nontaxable scholarship or fellowship grants;

(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvi) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) surplus food or other relief in kind supplied by a governmental agency;

(4) relief granted under chapter 290A;

(5) child support payments received under a temporary or final decree of dissolution or legal separation; and

(6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107–16.

Subd. 4. **Credit to be refundable.** If the amount of credit that the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

Subd. 5. Appropriation. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 6. Inflation adjustment. The commissioner shall annually adjust the adjusted gross income amounts in subdivision 2, as provided in section 270C.22. The statutory year is taxable year 2023.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 33. Minnesota Statutes 2022, section 290.0677, subdivision 1, is amended to read:

Subdivision 1. Credit allowed; current military service. (a) An individual is allowed a credit against the tax due under this chapter equal to \$59 for each month or portion thereof that the individual was in active military service in a designated area after September 11, 2001, and before January 1, 2009, while a Minnesota domiciliary.

(b) An individual is allowed a credit against the tax due under this chapter equal to \$120 for each month or portion thereof that the individual was in active military service in a designated area after December 31, 2008, while a Minnesota domiciliary.

(c) For active service performed after September 11, 2001, and before December 31, 2006, the individual may claim the credit in the taxable year beginning after December 31, 2005, and before January 1, 2007.

(d) For active service performed after December 31, 2006, the individual may claim the credit for the taxable calendar year in which the active service was performed.

#### **EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 34. Minnesota Statutes 2022, section 290.0682, subdivision 2, is amended to read:

Subd. 2. Credit allowed. (a) An eligible individual is allowed a credit against the tax due under this chapter.

(b) The credit for an eligible individual equals the least of:

(1) eligible loan payments minus ten percent of an amount equal to adjusted gross income in excess of \$10,000, but in no case less than zero;

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(2) the earned income for the taxable year of the eligible individual, if any;

(3) the sum of:

(i) the interest portion of eligible loan payments made during the taxable year; and

(ii) ten percent of the original loan amount of all qualified education loans of the eligible individual; or

(4) \$500 \$1,000.

(c) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(d) In the case of a married couple, each spouse is eligible for the credit in this section. For the purposes of paragraph (b), for married taxpayers filing joint returns, each spouse's adjusted gross income equals the spouse's percentage share of the couple's earned income, multiplied by the couple's combined adjusted gross income.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 35. Minnesota Statutes 2022, section 290.0682, is amended by adding a subdivision to read:

<u>Subd. 3.</u> <u>Credit refundable; appropriation.</u> (a) If the amount of credit which a claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant.

(b) An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 36. Minnesota Statutes 2022, section 290.0685, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An <u>eligible</u> individual is allowed a credit against the tax imposed by this chapter equal to \$2,000 for each birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2151 stillbirth. The credit under this section is allowed only in the taxable year in which the stillbirth occurred and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code.

(b) 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).

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 37. Minnesota Statutes 2022, section 290.0685, is amended by adding a subdivision to read:

Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the meanings given, unless the context clearly indicates otherwise.

(b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued under section 144.2151 or for a birth occurring in another state or country a similar certificate issued under that state's or country's law. (c) "Eligible individual" means an individual who is:

(1)(i) a resident; or

(ii) the nonresident spouse of a resident who is a member of armed forces of the United States or the United Nations; and

(2)(i) the individual who gave birth resulting in stillbirth and is listed as a parent on the certificate of birth;

(ii) if no individual meets the requirements of clause (i) for a stillbirth that occurs in this state, then the first parent listed on the certificate of birth resulting in still birth; or

(iii) the individual who gave birth resulting in stillbirth for a birth outside of this state for which no certificate of birth was issued.

(d) "Stillbirth" means a birth for which a fetal death report would be required under section 144.222, subdivision 1, if the birth occurred in this state.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 38. Minnesota Statutes 2022, section 290.0686, is amended to read:

## 290.0686 CREDIT FOR ATTAINING MASTER'S DEGREE IN TEACHER'S LICENSURE FIELD.

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

(b) "Master's degree program" means a graduate-level program at an accredited university leading to a master of arts or science degree in <u>either</u> a core content area directly related to a qualified teacher's licensure field <u>or in special education</u>. Except for a special education program, the master's degree program may not include pedagogy or a pedagogy component. To be eligible under this credit, a licensed elementary school teacher must pursue and complete a master's degree program in <u>either</u> a core content area in which the teacher provides direct classroom instruction <u>or in special education</u>.

(c) "Qualified teacher" means a person who:

(1) holds a <u>qualifying</u> teaching license issued by the licensing division in the Department of Education on behalf of the Professional Educator Licensing and Standards Board both when the teacher begins the master's degree program and when the teacher completes the master's degree program;

(2) began a master's degree program after June 30, 2017; and

(3) completes the master's degree program during the taxable year.

(d) "Core content area" means the academic subject of reading, English or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, or geography.

(e) "Special education" means a program of study directly related to licensure in developmental disabilities, early childhood special education, deaf and hard of hearing education, blind and visually impaired education, emotional or behavioral disorders, autism spectrum disorders, or learning disabilities.

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(f) "Qualifying teaching license" means a license issued by the licensing division in the Department of Education on behalf of the Professional Educator Licensing and Standards Board.

Subd. 2. **Credit allowed.** (a) An individual who is a qualified teacher is allowed a credit against the tax imposed under this chapter. The credit equals the lesser of \$2,500 or the amount the individual paid for tuition, fees, books, and instructional materials necessary to completing the master's degree program and for which the individual did not receive reimbursement from an employer or scholarship.

(b) For a nonresident or a part-year resident, the credit under this subdivision must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(c) A qualified teacher may claim the credit in this section only one time for each master's degree program completed in a core content area <u>or in special education</u>.

(d) An individual who completed a master's degree program in special education during the taxable year but did not have a qualifying teaching license when the individual completed the program may claim the credit under this section if the individual receives a qualifying license within six months of completing the program. A credit claimed under this paragraph must be claimed in the taxable year in which the individual received the qualifying teaching license.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

# Sec. 39. [290.0694] CREDIT FOR SALES OF MANUFACTURED HOME PARKS TO COOPERATIVES.

Subdivision 1. <u>Definitions.</u> (a) For purposes of this section, the following definitions have the meanings given.

(b) "Qualified property" means a manufactured home park in Minnesota classified as 4c(5)(i) or 4c(5)(iii) under section 273.13, subdivision 25, paragraph (d).

(c) "Qualified seller" means a taxpayer, as defined under section 290.01, subdivision 6, who sells qualified property to: (1) a corporation or association organized under chapter 308A or 308B, where each person who owns a share or shares in the corporation or association would be entitled to occupy a lot within the qualified property after the sale; or (2) a nonprofit or a representative acting on behalf of residents, as defined by section 327C.015, subdivision 13, who purchases the property on behalf of residents who intend to form a corporation or association as described in clause (1).

Subd. 2. Credit allowed; carryforward. (a) A qualified seller is allowed a credit against the tax imposed under this chapter. The credit equals five percent of the amount of the sale price of the qualified property.

(b) If the amount of the credit under this section exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph may not exceed the taxpayer's liability for tax, less any credit for the current taxable year.

(c) For residents and part-year residents, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 3. **Partnerships; multiple owners.** Credits granted to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents or any other executed document, as of the last day of the taxable year.

Subd. 4. Sunset. This section expires January 1, 2031, for taxable years beginning after December 31, 2030.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 40. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws 2023, chapter 1, section 18, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given.

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(1)(D) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

- (ii) the medical expense deduction;
- (iii) the casualty, theft, and disaster loss deduction; and
- (iv) the impairment-related work expenses of a person with a disability;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2;

(6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

(7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent not included in the addition required under clause (6); and

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(8) to the extent not included in federal alternative minimum taxable income, the amount of foreign-derived intangible income deducted under section 250 of the Internal Revenue Code;

less the sum of the amounts determined under the following:

(i) interest income as defined in section 290.0132, subdivision 2;

(ii) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, and 31, 34, and 35;

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); and

(vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code, except alternative minimum taxable income must be increased by the addition in section 290.0131, subdivision 16.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

#### **EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2022.

Sec. 41. Minnesota Statutes 2022, section 290.17, subdivision 4, is amended to read:

Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire <u>worldwide</u> income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to business income subject to subdivision 5, income of an insurance company, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

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(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership does not exist when two or more corporations are involved unless more than 50 percent of the voting stock of each corporation is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities, but excluding a disqualified captive insurance company, which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that are included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on a combined report and which is required to file a return under this chapter shall file on a separate return basis.

(g) (f) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic and foreign corporations or other domestic and foreign entities that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that is included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20. For foreign corporations and other foreign entities not subject to a federal income tax filing requirement under United States Code, title 26, subtitle A, net income must be determined as required under section 290.01, subdivision 19.

(h) (g) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (g) (f) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (g) (f) in the denominators of the apportionment formula. Except as otherwise provided by paragraph (f), all sales of the unitary business made within this state pursuant to section 290.191 or 290.20 must be included on the combined report of a corporation or other entity that is a member of the unitary business and is subject to the jurisdiction of this state to impose tax under this chapter.

(i) (h) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

(j) (i) For purposes of this subdivision, "insurance company" means an insurance company, as defined in section 290.01, subdivision 5b, that is not a disqualified captive insurance company.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023.

Sec. 42. Minnesota Statutes 2022, section 290.17, is amended by adding a subdivision to read:

Subd. 4a. Foreign corporations and other foreign entities. (a) For purposes of imposing a tax under this chapter, the federal taxable income of a foreign corporation or other foreign entity must be computed as follows:

(1) a profit and loss statement must be prepared in the currency in which the books of account of the foreign corporation or other foreign entity are regularly maintained;

(2) except as determined by the commissioner, adjustments must be made to the profit and loss statement to conform the statement to the accounting principles generally accepted in the United States for the preparation of those statements;

(3) adjustments must be made to the profit and loss statement to conform it to the tax accounting standards required by the commissioner;

(4) unless otherwise authorized by the commissioner, the profit and loss statement of each member of the combined group, and the apportionment factors related to the combined group, whether domestic or foreign, must be converted into United States dollars; and

(5) income apportioned to this state must be expressed in United States dollars.

(b) Notwithstanding paragraph (a), if the commissioner determines that the information required in the statements under that paragraph may only be obtained through a burdensome effort and expense, the commissioner may allow reasonable approximations of the information.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 43. Minnesota Statutes 2022, section 290.21, subdivision 9, is amended to read:

Subd. 9. **Controlled foreign corporations.** The net income of a <u>domestic nonunitary</u> corporation that is included pursuant to section 951 of the Internal Revenue Code is dividend income.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023, except the stricken language is effective the day following final enactment.

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Sec. 44. Minnesota Statutes 2022, section 297I.20, subdivision 4, is amended to read:

Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount indicated on the credit certificate statement issued to the company under section 116U.27. If the amount of the credit exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03.

(b) This subdivision expires January 1, 2025 2033, for taxable years beginning after and premiums received after December 31, 2024 2032.

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

Sec. 45. Minnesota Statutes 2022, section 514.972, subdivision 5, is amended to read:

Subd. 5. Access to certain items. (a) Any occupant may remove from the self-storage facility personal papers and health aids upon demand made to any of the persons listed in section 514.976, subdivision 1.

(b) An occupant who provides documentation from a government or nonprofit agency or legal aid office that the occupant is a recipient of relief based on need, is eligible for legal aid services, or is a survivor of domestic violence or sexual assault may remove, in addition to the items provided in paragraph (a), personal clothing of the occupant and the occupant's dependents and tools of the trade that are necessary for the livelihood of the occupant that has a market value not to exceed \$125 per item.

(c) The occupant shall present a list of the items and may remove the items during the facility's ordinary business hours prior to the sale authorized by section 514.973. If the owner unjustifiably denies the occupant access for the purpose of removing the items specified in this subdivision, the occupant is entitled to request relief from the court for an order allowing access to the storage space for removal of the specified items. The self-service storage facility is liable to the occupant for the costs, disbursements, and attorney fees expended by the occupant to obtain this order.

(d) For the purposes of this subdivision, "relief based on need" includes but is not limited to receipt of a benefit from the Minnesota family investment program and diversionary work program, medical assistance, general assistance, emergency general assistance, Minnesota supplemental aid, Minnesota supplemental aid housing assistance, MinnesotaCare, Supplemental Security Income, energy assistance, emergency assistance, Supplemental Nutrition Assistance Program benefits, earned income tax credit, or Minnesota <u>child and</u> working family tax credit. Relief based on need can also be proven by providing documentation from a legal aid organization that the individual is receiving legal aid assistance, or by providing documentation from a government agency, nonprofit, or housing assistance program that the individual is receiving assistance due to domestic violence or sexual assault.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

## Sec. 46. ONE-TIME REFUNDABLE CREDIT PAYMENT.

Subdivision 1. Credit allowed; eligibility. (a) For taxable years beginning after December 31, 2020, and before January 1, 2022, an individual is allowed a credit against the tax imposed under Minnesota Statutes, chapter 290. The credit equals \$550 for a married taxpayer filing a joint return and \$275 for a single filer, head of household, or married taxpayer filing a separate return.

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(b) For an individual, or a married couple filing a joint income tax return, with a dependent, as defined in sections 151 and 152 of the Internal Revenue Code, the credit is increased by \$275 per dependent up to a maximum additional credit of \$825.

(c) The credit is not available to an individual who:

(1) was not a resident of Minnesota, as defined in Minnesota Statutes, section 290.01, subdivision 7, during any part of 2021;

(2) is a dependent, as defined in sections 151 and 152 of the Internal Revenue Code, for 2021; or

(3) had adjusted gross income, as defined in Minnesota Statutes, section 290.01, subdivision 21a, for taxable years beginning in 2021 greater than:

(i) \$150,000 for a married taxpayer filing a joint return; and

(ii) \$75,000 for all other income tax filers.

(d) For an individual who is a Minnesota resident for only part of 2021, or for a married couple filing a joint return where one or both individuals were not Minnesota residents for all of 2021, the credit equals the credit allowed under paragraphs (a) to (c) multiplied by the percentage calculated under Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e).

(e) If the amount of the credit under this subdivision exceeds the individual's or the married couple's liability for tax under Minnesota Statutes, chapter 290, the commissioner shall refund the excess to the taxpayer.

Subd. 2. Internal Revenue Code. The definitions in Minnesota Statutes, section 290.01, apply to this section.

Subd. 3. **Data classification.** Data classified as nonpublic data or private data on individuals, including return information, as defined in Minnesota Statutes, section 270B.01, subdivision 3, may be shared or disclosed between the commissioner of revenue and any third-party vendor contracted with under this section, to the extent necessary to administer this section.

Subd. 4. <u>Credit not subject to recapture.</u> The commissioner of revenue must not apply, and must not certify to another agency to apply, a refund based on a credit under this section, to any unpaid tax or nontax debt.

Subd. 5. Not income. (a) A refund of a credit under this section is not considered income in determining Minnesota income tax, Minnesota income tax credits, the Minnesota property tax refund, or the Minnesota senior citizen property tax deferral.

(b) Notwithstanding any law to the contrary, the credit under this section must not be considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for:

(1) child care assistance programs under Minnesota Statutes, chapter 119B;

(2) general assistance, Minnesota supplemental aid, and food support under Minnesota Statutes, chapter 256D;

(3) housing support under Minnesota Statutes, chapter 256I;

(4) the Minnesota family investment program and diversionary work program under Minnesota Statutes, chapter 256J; and

## (5) economic assistance programs under Minnesota Statutes, chapter 256P.

(c) The commissioner of human services must not consider a credit under this section as income or assets under Minnesota Statutes, section 256B.056, subdivision 1a, paragraph (a); 3; or 3c, or for persons with eligibility determined under Minnesota Statutes, section 256B.057, subdivision 3, 3a, or 3b.

Subd. 6. Simplified filing process. The commissioner of revenue must establish a simplified filing process through which a taxpayer who did not file an individual income tax return due to a lack of a requirement to file may file a return and claim the credit under this section. The filing process and forms may be in the form or manner determined by the commissioner, but must be designed to reduce the complexity of the filing process and the time needed to file for individuals without a filing requirement.

Subd. 7. <u>Appropriation</u>. The amount necessary to make the refunds based on credits payable under this section is appropriated to the commissioner of revenue from the general fund. This appropriation is available until June 30, 2025.

Subd. 8. Distribution of refunds. To the extent feasible, the commissioner of revenue must directly distribute any refunds owed as a result of this section to eligible taxpayers who filed a return for a taxable year beginning after December 31, 2020, or before January 1, 2022. A taxpayer who is eligible for a credit but did not file a return may file a return and claim the credit, subject to the provisions of Minnesota Statutes, section 289A.40.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2020, and before January 1, 2022.

# Sec. 47. SUBTRACTION; CERTAIN UNEMPLOYMENT COMPENSATION.

(a) For the purposes of this section, "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply for this section.

(b) Unemployment compensation received by individuals in taxable years beginning after December 31, 2020, and before January 1, 2022, as a result of the decision issued by the Minnesota Court of Appeals, 956 N. W. 2d 1, filed February 22, 2021, is a subtraction.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2020, and before January 1, 2022.

# Sec. 48. <u>EXTENSION OF STATUTE OF LIMITATIONS; CREDIT FOR PARENTS OF STILLBORN</u> <u>CHILDREN.</u>

Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as a result of the retroactive changes to Minnesota Statutes, section 290.0685 in this act, may file an amended return by December 31, 2023. The commissioner may review and assess the return of a taxpayer covered by this provision for the later of:

(1) the periods under Minnesota Statutes, sections 289A.38, 289A.39, subdivision 3, and 289A.40; or

(2) one year from the time the amended return is filed as a result of a change in tax liability under this section.

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

Sec. 49. **<u>REPEALER.</u>** 

Minnesota Statutes 2022, sections 290.01, subdivision 19i; and 290.0131, subdivision 18, are repealed.

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

# ARTICLE 2 FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2022, section 289A.02, subdivision 7, as amended by Laws 2023, chapter 1, section 1, is amended to read:

Subd. 7. Internal Revenue Code. Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 15, 2022 March 1, 2023.

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

Sec. 2. Minnesota Statutes 2022, section 290.01, subdivision 19, as amended by Laws 2023, chapter 1, section 4, is amended to read:

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

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

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

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

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

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

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

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

(f) The Internal Revenue Code of 1986, as amended through December 15, 2022 March 1, 2023, applies for taxable years beginning after December 31, 1996.

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

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

Sec. 3. Minnesota Statutes 2022, section 290.01, subdivision 31, as amended by Laws 2023, chapter 1, section 5, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through <u>December 15, 2022 March 1, 2023</u>. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

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

Sec. 4. Minnesota Statutes 2022, section 290.06, subdivision 2c, as amended by Laws 2023, chapter 1, section 15, is amended to read:

Subd. 2c. Schedules of rates for individuals, estates, and trusts. (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$38,770, 5.35 percent;
- (2) On all over \$38,770, but not over \$154,020, 6.8 percent;
- (3) On all over \$154,020, but not over \$269,010, 7.85 percent;
- (4) On all over \$269,010, 9.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts after the adjustment required in subdivision 2d.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$26,520, 5.35 percent;

(2) On all over \$26,520, but not over \$87,110, 6.8 percent;

(3) On all over \$87,110, but not over \$161,720, 7.85 percent;

(4) On all over \$161,720, 9.85 percent.

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(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$32,650, 5.35 percent;

(2) On all over \$32,650, but not over \$131,190, 6.8 percent;

(3) On all over \$131,190, but not over \$214,980, 7.85 percent;

(4) On all over \$214,980, 9.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and 17, <u>19</u>, and <u>20</u>, and 290.0137, paragraph (a); and reduced by

(ii) the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132, subdivisions 9, 10, 14, 15, 17, 18, 27, and 31, and 32, and 290.0137, paragraph (c), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and 17, <u>19</u>, and <u>20</u>, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, 27, and 31, and 32, and 290.0137, paragraph (c).

(f) If an individual who is not a Minnesota resident for the entire year is a qualifying owner of a qualifying entity that elects to pay tax as provided in section 289A.08, subdivision 7a, paragraph (b), the individual must compute the individual's Minnesota income tax as provided in paragraph (e), and also must include, to the extent attributed to the electing qualifying entity:

(1) in paragraph (e), clause (1), item (i), and paragraph (e), clause (2), item (i), the addition under section 290.0131, subdivision 5; and

(2) in paragraph (e), clause (1), item (ii), and paragraph (e), clause (2), item (ii), the subtraction under section 290.0132, subdivision 3.

### EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2018.

Sec. 5. Minnesota Statutes 2022, section 290A.03, subdivision 15, as amended by Laws 2023, chapter 1, section 20, is amended to read:

Subd. 15. Internal Revenue Code. "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 15, 2022 March 1, 2023.

**EFFECTIVE DATE.** This section is effective beginning with refunds based on rent paid in 2023 and property taxes payable in 2024.

Sec. 6. Minnesota Statutes 2022, section 291.005, subdivision 1, as amended by Laws 2023, chapter 1, section 21, is amended to read:

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

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

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

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 15, 2022 March 1, 2023.

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

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

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

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

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

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

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

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

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

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

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

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

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

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

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

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

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

Sec. 7. Laws 2023, chapter 1, section 15, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective <u>retroactively</u> for taxable years beginning after December 31, 2022 2019.

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

Sec. 8. REPEALER.

Minnesota Statutes 2022, section 290.0132, subdivision 33, as added by Laws 2023, chapter 1, section 12, is repealed.

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

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## ARTICLE 3 PROPERTY TAXES

Section 1. Minnesota Statutes 2022, section 272.01, subdivision 2, is amended to read:

Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to:

(1) property leased or used as a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 469, municipal auditorium, municipal parking facility, municipal museum, or municipal stadium;

(2) <u>except as provided in paragraph (c)</u>, property of an airport owned by a city, town, county, or group thereof which that is:

(i) leased to or used by any person or entity including a fixed base operator; and

(ii) used as a hangar for the storage or, repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public;

the exception from taxation provided in this clause does not apply to:

(i) property located at an airport owned or operated by the Metropolitan Airports Commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority; or

(ii) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation related business;

(3) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport;

(4) <u>except as provided in paragraph (d)</u>, property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport <del>but not the airports owned or operated by the Metropolitan Airports Commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes is not exempt;</del>

(5) property leased, loaned, or otherwise made available to a private individual, corporation, or association under a cooperative farming agreement made pursuant to section 97A.135; or

(6) property leased, loaned, or otherwise made available to a private individual, corporation, or association under section 272.68, subdivision 4.

(c) The exception from taxation provided in paragraph (b), clause (2), does not apply to:

(1) property located at an airport owned or operated by:

(i) the Metropolitan Airports Commission; or

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(ii) a city of over 50,000 population according to the most recent federal census or such a city's airport authority, except that, when calculating the tax imposed by this subdivision for property taxes payable in 2024 through 2035, the net tax capacity of such property is reduced by 50 percent if it is owned or operated by a city of over 50,000 but under 150,000 in population according to the most recent federal census or by such a city's airport authority; or

(2) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business.

(d) The exception from taxation provided in paragraph (b), clause (4), does not apply to:

(1) the property described in paragraph (b), clause (4), at airports that are owned or operated by:

(i) the Metropolitan Airports Commission; or

(ii) a city of over 50,000 population or an airport authority therein, except that, when calculating the tax imposed by this subdivision for property taxes payable in 2024 through 2035, the net tax capacity of such property is reduced by 50 percent if it is owned or operated by a city of over 50,000 but under 150,000 in population according to the most recent federal census or by such a city's airport authority; or

(2) real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes.

(c) (e) Taxes imposed by this subdivision are payable as in the case of personal property taxes and shall be assessed to the lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

(d) (f) The tax on real property of the federal government, the state or any of its political subdivisions that is leased, loaned, or otherwise made available to a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

## EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2024.

Sec. 2. Minnesota Statutes 2022, section 272.02, subdivision 24, is amended to read:

Subd. 24. **Solar energy generating systems.** Personal property consisting of solar energy generating systems, as defined in section 272.0295, is exempt. If the real property upon which a solar energy generating system is located is used primarily for solar energy production subject to the production tax under section 272.0295, the real property shall be classified as class 3a. If the real property upon which a solar energy generating system is located is not used primarily for solar energy production subject to the production tax under section 272.0295, the real property shall be classified without regard to the system. If real property contains more than one solar energy generating system for the purposes of the production tax under section 272.0295, but is in aggregate over one megawatt, then the real property upon which the systems are located shall be classified as class 3a.

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, section 272.02, subdivision 98, is amended to read:

## Subd. 98. Certain property owned by an Indian tribe. (a) Property is exempt that:

(1) was classified as 3a under section 273.13, subdivision 24, for taxes payable in 2013;

(2) is located in a city of the first class with a population greater than 300,000 as of the 2010 federal census;

(3) was on January 2, 2012, and is for the current assessment owned by a federally recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota; and

(4) is used exclusively for tribal purposes or institutions of purely public charity as defined in subdivision 7.

(b) For purposes of this subdivision, a "tribal purpose" means a public purpose as defined in subdivision 8 and includes noncommercial tribal government activities. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 20,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. The exemption created by This subdivision expires with taxes payable in 2024 2034.

(c) Property exempt under this section is exempt from the requirements of section 272.025. Upon the written request of an assessor, all books and records relating to the ownership or use of the property which are reasonably necessary to verify that the property qualifies for exemption shall be made available to the assessor.

EFFECTIVE DATE. This section is effective for property taxes payable in 2023 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to read:

Subd. 105. Elderly living facility. An elderly living facility is exempt from taxation if it meets all of the following requirements:

(1) the facility is located in a city of the first class with a population of fewer than 110,000;

(2) the facility is owned and operated by a nonprofit organization with tax exempt status under section 501(c)(3) of the Internal Revenue Code;

(3) construction of the facility was completed between January 1, 1963, and January 1, 1964;

(4) the facility is an assisted living facility licensed by the state of Minnesota;

(5) residents of the facility must be (i) at least 55 years of age, or (ii) disabled; and

(6) at least 30 percent of the units in the facility are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area.

For assessment year 2022 only, an exemption application under this section must be filed with the county assessor by June 15, 2023.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2023.

Sec. 5. Minnesota Statutes 2022, section 273.11, subdivision 12, is amended to read:

Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02, subdivision 6, which has received funding from the Minnesota housing finance agency for purposes of the community land trust program. The Minnesota Housing Finance Agency shall set the criteria for community land trusts.

(b) Before the community land trust can rent or sell a unit to an applicant, the community land trust shall verify to the satisfaction of the administering agency or the city that the family income of each person or family applying for a unit in the community land trust building is within the income criteria provided in section 462A.30, subdivision 9. The administering agency or the city shall verify to the satisfaction of the county assessor that the occupant meets the income criteria under section 462A.30, subdivision 9. The property tax benefits under paragraph (c) shall be granted only to property owned or rented by persons or families within the qualifying income limits. The family income criteria and verification is only necessary at the time of initial occupancy in the property.

(c) A unit which is owned by the occupant and used as a homestead by the occupant qualifies for homestead treatment as class 1a under section 273.13, subdivision 22, or class 4d if the requirements of section 273.13, subdivision 25, paragraph (e), clause (2), are met. A unit which is rented by the occupant and used as a homestead by the occupant shall be class 4a or 4b property, under section 273.13, subdivision 25, whichever is applicable. Any remaining portion of the property not used for residential purposes shall be classified by the assessor in the appropriate class based upon the use of that portion of the property owned by the community land trust. The land upon which the building is located shall be assessed at the same classification rate as the units within the building, provided that if the building contains some units assessed as class 1a or class 4d and some units assessed as class 4a or 4b, the market value of the land will be assessed in the same proportions as the value of the building.

## EFFECTIVE DATE. This section is effective beginning with assessment year 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, section 273.124, subdivision 6, is amended to read:

Subd. 6. Leasehold cooperatives. When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers <u>or individual taxpayer identification numbers</u> of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A or 308B and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

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(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937, as amended, or the market rate family graduated payment mortgage program funds administered by the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

# **EFFECTIVE DATE.** This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 7. Minnesota Statutes 2022, section 273.124, subdivision 13, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) The commissioner shall prescribe the content, format, and manner of the homestead application required to be filed under this chapter pursuant to section 270C.30. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

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(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number <u>or individual taxpayer identification number</u> of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number <u>or individual taxpayer identification number</u> of the spouse of each occupying owner. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number <u>or individual taxpayer</u> <u>identification number</u> on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number <u>or individual taxpayer</u> identification number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number <u>or individual taxpayer</u> <u>identification number</u> of each relative occupying the property and the name and Social Security number <u>or individual taxpayer</u> <u>identification number</u> of the spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number <u>or individual taxpayer identification number</u> of a relative occupying the property or the spouse of a relative occupying the property or the spouse of a relative occupying the property or the spouse of a relative occupying the property or the spouse of a relative occupying the property or the spouse of a relative occupying the property or the spouse of a relative occupying the property or the spouse of a relative occupying the property or the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December 31, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

**EFFECTIVE DATE.** This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 273.124, subdivision 13a, is amended to read:

Subd. 13a. **Occupant list.** At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number <u>or individual taxpayer identification number</u> of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

**EFFECTIVE DATE.** This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 273.124, subdivision 13c, is amended to read:

Subd. 13c. **Property lists.** In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers, individual taxpayer identification numbers, and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

**EFFECTIVE DATE.** This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 273.124, subdivision 13d, is amended to read:

Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

(1) the property identification number assigned to the parcel for purposes of taxes payable in the current year;

(2) the name and Social Security number <u>or individual taxpayer identification number</u> of each occupant of homestead property who is the property owner or qualifying relative of a property owner, and the spouse of the property owner who occupies homestead property or spouse of a qualifying relative of a property owner who occupies homestead property;

(3) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;

(4) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;

(5) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;

(6) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

(7) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;

(8) the taxable market value assigned to the property for taxes payable in the current year and the prior year;

(9) whether there are delinquent property taxes owing on the homestead;

(10) the unique taxing district in which the property is located; and

(11) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

**EFFECTIVE DATE.** This section is effective for homestead data provided to the commissioner in 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14 or section 477A.17;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the agricultural property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner or of the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

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(5) neither the owner nor the person actively farming the agricultural property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(iii) As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, Le Sueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(3) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph even if:

(i) the shareholder, member, or partner of that entity is actively farming the agricultural property on the shareholder's, member's, or partner's own behalf; or

(ii) the family farm is operated by a family farm corporation, joint family farm venture, partnership, or limited liability company other than the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land, provided that:

(A) the shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that owns the land who is actively farming the land is a shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that is operating the farm; and

(B) more than half of the shareholders, members, or partners of each family farm corporation, joint family farm venture, partnership, or limited liability company are persons or spouses of persons who are a qualifying relative under section 273.124, subdivision 1, paragraphs (c) and (d).

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Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers <u>or individual taxpayer identification numbers</u>, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(j) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

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(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the March 2009 floods;

(2) the property is located in the county of Marshall;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2008 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

**EFFECTIVE DATE.** This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 273.1245, subdivision 1, is amended to read:

Subdivision 1. **Private or nonpublic data.** The following data are private or nonpublic data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county or local assessor under section 273.124, 273.13, or another section, to support a claim for the property tax homestead classification under section 273.13, or other property tax classification or benefit:

- (1) Social Security numbers;
- (2) individual taxpayer identification numbers;
- (2) (3) copies of state or federal income tax returns; and

(3) (4) state or federal income tax return information, including the federal income tax schedule F.

**EFFECTIVE DATE.** This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 273.13, subdivision 25, is amended to read:

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

(b) Class 4b includes:

(1) residential real estate containing less than four units, including property rented as a short-term rental property for more than 14 days in the preceding year, that does not qualify as class 4bb, other than seasonal residential recreational property;

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

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

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

For the purposes of this paragraph, "short-term rental property" means nonhomestead residential real estate rented for periods of less than 30 consecutive days.

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

(c) Class 4bb includes:

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

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

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

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

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

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration

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to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

For purposes of this clause:

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

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

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

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

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

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

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

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision 2;

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

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

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

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

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

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

(i) the land abuts a public airport; and

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

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

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

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

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

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

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

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under item (ii). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year;

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

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

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property is includes:

(1) qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d(1). The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d(1) also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d(1), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents-; and

(2) a unit that is owned by the occupant and used as a homestead by the occupant, and otherwise meets all the requirements for community land trust property under section 273.11, subdivision 12, provided that by December 31 of each assessment year, the community land trust certifies to the assessor that (i) the community land trust owns the real property on which the unit is located, and (ii) the unit owner is a member in good standing of the community land trust. For all units qualifying as class 4d(2), the market value determined by the assessor must be based on the normal approach to value without regard to any restrictions that apply because the unit is a community land trust property.

(f) The first tier of market value of class  $4d(\underline{1})$  property has a classification rate of 0.75 percent. The remaining value of class  $4d(\underline{1})$  property has a classification rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class  $4d(\underline{1})$  property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment years 2022 and 2023. For subsequent assessment years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year. Class 4d(2) property has a classification rate of 0.75 percent.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024 and thereafter.

Sec. 14. Minnesota Statutes 2022, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

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(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n).

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December 31 of the first assessment year for which the exclusion is sought. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

(1) the spouse files a first-time application within two years of the death of the service member or by June 1, 2019, whichever is later;

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(1) The purpose of this provision of law providing a level of homestead property tax relief for veterans with a disability, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

(o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section for the exclusion under paragraph (c) or (d).

EFFECTIVE DATE. This section is effective beginning with assessment year 2023.

Sec. 15. Minnesota Statutes 2022, section 273.13, subdivision 35, is amended to read:

Subd. 35. Homestead market value exclusion. (a) Prior to determining a property's net tax capacity under this section, property classified as 4d(2) under subdivision 25, paragraph (e), clause (2), class 1a or 1b under subdivision 22, and the portion of property classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion as determined under paragraph (b).

(b) For a homestead valued at  $\frac{576,000}{880,300}$  or less, the exclusion is 40 percent of market value. For a homestead valued between  $\frac{576,000}{880,300}$  and  $\frac{5413,800}{413,800}$  the exclusion is  $\frac{530,400}{437,100}$  minus nine percent of the valuation over  $\frac{576,000}{880,300}$ . For a homestead valued at  $\frac{5413,800}{437,100}$  or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

(c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior to determining the amount of the valuation exclusion under this subdivision.

(d) In the case of a property that is classified as part homestead and part nonhomestead, (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the exclusion amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

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Sec. 16. Minnesota Statutes 2022, section 273.1315, subdivision 2, is amended to read:

Subd. 2. Class 1b homestead declaration 2009 and thereafter. (a) Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the county assessor a class 1b homestead declaration, on a form prescribed by the commissioner of revenue. The declaration must contain the following information:

(1) the information necessary to verify that, on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for class 1b classification; and

(2) any additional information prescribed by the commissioner.

(b) The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The Social Security numbers, individual taxpayer identification numbers, and income and medical information received from the property owner pursuant to this subdivision are private data on individuals as defined in section 13.02. If approved by the assessor, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

**EFFECTIVE DATE.** This section is effective retroactively for homestead applications filed in 2023 and thereafter.

Sec. 17. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

Subd. 3. Notice of proposed property taxes. (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, metropolitan taxing districts as defined in paragraph (i), and fire protection and emergency medical services special taxing districts established under section 144F.01, the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a website address and a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain a website or public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public website or telephone number and the county shall not list a website or telephone number for that taxing authority.

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(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, agricultural homestead credit under section 273.1384, school building bond agricultural credit under section 273.1387, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the captured or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

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(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

### EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2024.

Sec. 18. Minnesota Statutes 2022, section 275.065, subdivision 3b, is amended to read:

Subd. 3b. Notice of proposed property taxes required supplemental information. (a) The county auditor must prepare a separate statement supplemental information to be delivered with the notice of proposed taxes described in subdivision 3. The statement information must fit on one sheet of paper and contain for each parcel:

(1) for the county, city or township, all home rule charter or statutory cities and school district in which the parcel lies districts within the county, the certified levy for the current taxes payable year, the proposed levy for taxes payable in the following year, and the increase or decrease between these two amounts, expressed as a percentage; and each listed separately.

(2) summary budget information listed in paragraph (b).

(b) Summary budget information must contain budget data from the county, city, and school district that proposes a property tax levy on the parcel for taxes payable the following year. For the school district, the summary budget data must include the information provided to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and prior year. For the county and city, the reported summary budget data must contain the same information, in the same categories, and in the same format as provided to the Office of the State Auditor as required by section 6.745. The statement must provide the governmental revenues and current expenditures information in clauses (1) and (2) for the taxing authority's budget for taxes payable the following year and the taxing authority's budget from taxes payable in the current year, as well as the percent change between the two years. The city must provide the county auditor with the summary budget data at the same time as the information required under subdivision 3. Only cities with a population of at least 500 are required to report the data described in this paragraph. If a city with a population over 500 fails to report the required information to the county auditor, the county auditor must list the city as "budget information not reported" on the portion of the statement dedicated to the city's budget information. The statement may take the same format as the annual summary budget report for cities and counties issued by the Office of the State Auditor. The summary budget data must include:

(1) a governmental revenues category, including and separately stating:

(i) "property taxes" defined as property taxes levied on an assessed valuation of real property and personal property, if applicable, by the city and county, including fiscal disparities;

(ii) "special assessments" defined as levies made against certain properties to defray all or part of the costs of a specific improvement, such as new sewer and water mains, deemed to benefit primarily those properties;

(iii) "state general purpose aid" defined as aid received from the state that has no restrictions on its use, including local government aid, county program aid, and market value credits; and

(iv) "state categorical aid" defined as revenues received for a specific purpose, such as streets and highways, fire relief, and flood control, including but not limited to police and fire state aid and out of home placement aid; and

(2) a current expenditures category, including and separately stating:

(i) "general government" defined as administration costs of city or county governments, including salaries of officials and maintenance of buildings;

(ii) "public safety" defined as costs related to the protection of persons and property, such as police, fire, ambulance services, building inspections, animal control, and flood control;

(iii) "streets and highways" defined as costs associated with the maintenance and repair of local highways, streets, bridges, and street equipment, such as patching, seal coating, street lighting, street cleaning, and snow removal;

(iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed and pest control;

(v) "human services" defined as activities designed to provide public assistance and institutional care for individuals economically unable to provide for themselves;

(vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection, communicable disease control, and various health services and clinics;

(vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing, planting, removal of trees, festivals, bands, museums, community centers, cable television, baseball fields, and organized recreation activities;

(viii) "conservation of natural resources" defined as the conservation and development of natural resources, including agricultural and forestry programs and services, weed inspection services, and soil and water conservation services;

(ix) "economic development and housing" defined as costs for development and redevelopment activities in blighted or otherwise economically disadvantaged areas, including low interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and other physical facilities, and other assistance to those wanting to provide housing and economic opportunity within a disadvantaged area; and

(x) "all other current expenditures" defined as costs not classified elsewhere, such as airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs, and public transportation costs.

(c) If a taxing authority reporting this data does not have revenues or expenditures in a category listed in paragraph (b), then the taxing authority must designate the amount as "0" for that specific category.

(d) The supplemental statement information provided under this subdivision must be sent in electronic form or by email if the taxpayer requests an electronic version of the notice of proposed property taxes under subdivision 3, paragraph (a).

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2024.

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Subd. 4. **Costs.** If the reasonable cost of the county auditor's services and the cost of preparing and mailing the notice required in this section exceed the amount distributed to the county by the commissioner of revenue to administer this section, <u>the county may require</u> the taxing authority <del>must to</del> reimburse the county for the excess cost. The excess cost must be apportioned between taxing jurisdictions as follows:

(1) one-third is allocated to the county;

(2) one-third is allocated to cities and towns within the county; and

(3) one-third is allocated to school districts within the county.

The amounts in clause (2) must be further apportioned among the cities and towns in the proportion that the number of parcels in the city and town bears to the number of parcels in all the cities and towns within the county. The amount in clause (3) must be further apportioned among the school districts in the proportion that the number of parcels in the school district bears to the number of parcels in all school districts within the county.

#### EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2024.

Sec. 20. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except or section 273.13, subdivision 25, paragraph (e), clause (2). For agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage and immediately surrounding one acre of land. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2025 and thereafter.

Sec. 21. Minnesota Statutes 2022, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, at least one of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status, and the other spouse must be at least 62 years of age;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed \$60,000 \$96,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least 15 five years prior to the year the initial application is filed;

(4) there are no state or federal tax liens or judgment liens on the homesteaded property;

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(5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (6); and

(6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

**EFFECTIVE DATE.** This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

Sec. 22. Minnesota Statutes 2022, section 290B.04, subdivision 3, is amended to read:

Subd. 3. Excess-income certification by taxpayer. A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded \$60,000 \$96,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

**EFFECTIVE DATE.** This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

Sec. 23. Minnesota Statutes 2022, section 290B.04, subdivision 4, is amended to read:

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is  $\frac{60,000}{996,000}$  or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is  $\frac{60,000}{996,000}$  or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

**EFFECTIVE DATE.** This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

Sec. 24. Minnesota Statutes 2022, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. **Determination by commissioner.** The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds \$60,000 \$96,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest, but not including property taxes payable during the year.

**EFFECTIVE DATE.** This section is effective for applications for deferral of taxes payable in 2024 and thereafter.

## Sec. 25. <u>NORTHWEST MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT</u> <u>AUTHORITY; LEVY AUTHORITY.</u>

Notwithstanding any law to the contrary, Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by Laws 2013, chapter 143, article 4, section 35, and Laws 2019, First Special Session chapter 6, article 4, section 31, is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in 2033, payable in 2034, and thereafter.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the Northwest Minnesota Multi-County Housing and Redevelopment Authority and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## ARTICLE 4 PROPERTY TAX AIDS, CREDITS, AND REFUNDS

Section 1. Minnesota Statutes 2022, section 273.1392, is amended to read:

#### 273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10; and electric generation transition aid under section 477A.25 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

#### EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
<del>\$0 to 1,739</del> <u>\$0 to 2,079</u>	1.0 percent	15 percent 10 percent	\$ <del>2,770</del> <u>3,310</u>
<del>1,740 to 3,459</del> <u>2,080 to</u> <u>4,139</u>	1.1 percent	15 percent 10 percent	\$ <del>2,770</del> <u>3,310</u>
<del>3,460 to 5,239</del> <u>4,140 to</u> <u>6,269</u>	1.2 percent	15 percent 10 percent	\$ <del>2,770</del> <u>3,310</u>
<del>5,240 to 6,989</del> <u>6,270 to</u> <u>8,369</u>	1.3 percent	20 percent 15 percent	\$ <del>2,770</del> <u>3,310</u>
<del>6,990 to 8,719</del> <u>8,370 to</u> <u>10,439</u>	1.4 percent	20 percent 15 percent	\$ <del>2,770</del> <u>3,310</u>
<del>8,720 to 12,219</del> <u>10,440 to</u> 14,619	1.5 percent	<del>20 percent</del> <u>15 percent</u>	\$ <del>2,770</del> <u>3,310</u>
<del>12,220 to 13,949</del> <u>14,620 to</u> 16,689	1.6 percent	20 percent 15 percent	\$ <del>2,770</del> <u>3,310</u>
10,005	re percent	=o percent <u>re percent</u>	\$ <b>2</b> ,770 <u>2,210</u>

<del>13,950 to 15,709</del> <u>16,690 to</u>			
<u>18,799</u>	1.7 percent	20 percent 15 percent	\$ <del>2,770</del> <u>3,310</u>
<del>15,710 to 17,449</del> <u>18,800 to</u>			
20,879	1.8 percent	20 percent 15 percent	\$ <del>2,770</del> <u>3,310</u>
<del>17,450 to 19,179</del> <u>20,880 to</u>			
22,949	1.9 percent	25 percent 20 percent	\$ <del>2,770</del> <u>3,310</u>
<del>19,180 to 24,429</del> <u>22,950 to</u>			
<u>29,239</u>	2.0 percent	25 percent 20 percent	\$ <del>2,770</del> <u>3,310</u>
<del>24,430 to 26,169</del> <u>29,240 to</u>			
<u>31,319</u>	2.0 percent	<del>30 percent</del> <u>25 percent</u>	\$ <del>2,770</del> <u>3,310</u>
<del>26,170 to 29,669</del> <u>31,320 to</u>			
<u>35,509</u>	2.0 percent	30 percent 25 percent	\$ <del>2,770</del> <u>3,310</u>
<del>29,670 to 41,859</del> <u>35,510 to</u>			<b>* • • • •</b> • • • • • • • • • • • • • •
<u>50,099</u>	2.0 percent	<del>35 percent</del> <u>30 percent</u>	\$ <del>2,770</del> <u>3,310</u>
41,860 to 61,049 <u>50,100 to</u>	2.0	25	¢ <b>2 2 10 2</b> 600
<u>73,059</u>	2.0 percent	35 percent 30 percent	\$ <del>2,240</del> <u>2,680</u>
<del>61,050 to 69,769</del> <u>73,060 to</u>	20 managent	10 more and 25 more ant	¢ 1 060 2 250
<u>83,499</u> <del>69,770 to 78,499</del> 83,500 to	2.0 percent	40 percent 35 percent	\$ <del>1,960</del> <u>2,350</u>
<u>93,939</u>	2.1 percent	40 percent 35 percent	\$ <del>1,620</del> <u>1,940</u>
<del>93,939</del> <del>78,500 to 87,219</del> 93,940 to	2.1 percent	40 percent <u>55 percent</u>	\$ <del>1,020</del> <u>1,940</u>
<u>104,379</u>	2.2 percent	40 percent 35 percent	\$ <del>1,450</del> <u>1,740</u>
<del>87,220 to 95,939</del> <u>104,380 to</u>	2.2 percent	+o percent <u>55 percent</u>	ψ 1,150 <u>1,740</u>
114,819	2.3 percent	40 percent 35 percent	\$ <del>1,270</del> <u>1,520</u>
<del>95,940 to 101,179</del> 114,820	2.5 percent	to percent <u>55 percent</u>	φ 1,270 <u>1,520</u>
to 121,089	2.4 percent	45 percent 40 percent	\$ <del>1,070</del> <u>1,280</u>
101,180 to 104,689 121,090	F	··· F	+ -,••• <u>-,=••</u>
to 125,289	2.5 percent	45 percent 40 percent	\$ <del>890</del> <u>1,070</u>
104,690 to 108,919 125,290	1. The second seco	1	· <u></u>
to 130,349	2.5 percent	50 percent 45 percent	\$ <del>730</del> <u>870</u>
<del>108,920 to 113,149</del> <u>130,350</u>	*		
to 135,409	2.5 percent	50 percent 45 percent	\$ <del>540</del> <u>650</u>

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is  $\frac{113,150}{135,410}$  or more.

# **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable in 2024 and following years.

Sec. 3. Minnesota Statutes 2022, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a as provided in section 270C.22. <u>The statutory year for subdivision 2 is 2023</u>. The statutory year <u>for subdivision 2a</u> is 2018.

**EFFECTIVE DATE.** This section is effective for claims based on property taxes payable in 2025 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 3b. **Population age 65 and over.** "Population age 65 and over" means the population age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

#### **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

## Subd. 3c. <u>Transformed population.</u> "Transformed population" means the logarithm to the base 10 of the population.

#### EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 8.572 times the pre-1940 housing percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970 11.494 times the city age index; plus (3) 169.415 times the jobs per capita 5.719 times the commercial industrial utility percentage; plus (4) the sparsity adjustment 9.484 times peak population decline; plus (5) 307.664 293.056.

(b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city revenue need" is 1.15 times the sum of (1) 572.62 497.308; plus (2) 5.026 6.667 times the pre-1940 housing percentage; minus plus (3) 53.768 times household size 9.215 times the commercial industrial utility percentage; plus (4) 14.022 16.081 times peak population decline; plus (5) the sparsity adjustment.

(c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)  $410 \underline{196.487}$ ; plus (2)  $\underline{0.367} \underline{220.877}$  times the city's <u>transformed</u> population <del>over 100; plus (3) the sparsity adjustment</del>. The city revenue need for a city under this paragraph shall not exceed 630 plus the city's sparsity adjustment.

(d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (b); plus (2) 630 the city's revenue need calculated under the formula in paragraph (c) times the difference between one and the transition factor. For a city with a population of at least 10,000 but less than 11,000, the "city revenue need" equals (1) the transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's revenue need calculated under the formula in paragraph (b) times the difference between one and the transition factor. For purposes of the first sentence of this paragraph "transition factor" is 0.2 percent times the amount that the city's population exceeds the minimum threshold. For purposes of the second sentence of this paragraph, "transition factor" is 0.1 percent times the amount that the city's population exceeds the minimum threshold.

(e) The city revenue need cannot be less than zero.

(f) For calendar year  $\frac{2015}{2024}$  and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most recently available year to the  $\frac{2013}{2022}$  implicit price deflator for state and local government purchases.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 7. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 46. <u>City age index.</u> "City age index" means 100 times the ratio of (1) the population age 65 and over within the city, to (2) the population of the city.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 477A.011, is amended by adding a subdivision to read:

Subd. 47. Commercial industrial utility percentage. The "commercial industrial utility percentage" for a city is 100 times the ratio of (1) the sum of the estimated market values of all real and personal property in the city classified as class 3 under section 273.13, subdivision 24, to (2) the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 276A.06 or 473F.08. The market values used for this subdivision are not equalized.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 477A.0124, subdivision 2, is amended to read:

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the meanings given them.

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population age 65 and over within the county divided by the percentage of the population age 65 and over within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population age 65 and over" means the population age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014 has the meaning given in section 477A.011, subdivision 3b.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years available. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

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(g) "Households receiving Supplemental Nutrition Assistance Program (SNAP) benefits" means the average monthly number of households receiving SNAP benefits for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive SNAP benefits, for the three most recent calendar years available.

(h) "County net tax capacity" means the county's adjusted net tax capacity under section 273.1325.

## EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 477A.013, subdivision 8, is amended to read:

Subd. 8. City formula aid. (a) For aids payable in  $\frac{2018}{2024}$  and thereafter, the formula aid for a city is equal to the product of (1) the difference between its unmet need and its certified aid in the previous year and before any aid adjustment under subdivision 13, and (2) the aid gap percentage.

(b) The applicable aid gap percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. The aid gap percentage must be the same for all cities subject to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

#### **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 477A.013, subdivision 9, is amended to read:

Subd. 9. City aid distribution. (a) In calendar year  $\frac{2018}{2024}$  and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year before any aid adjustment under subdivision 13, and (2) the city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

(b) For aids payable in 2020 only, no city's aid amount before any adjustment under subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment under subdivision 13 for that year. For aids payable in 2020 2024 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is equal to or greater than its current unmet need, the total aid for a city is equal to the greater of (1) its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified to receive in the previous year minus the sum of (i) any adjustment under subdivision 13 that was paid in the previous year but has expired, and (ii) the lesser of (i) \$10 multiplied by its population, or (ii) five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and 2019, the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the total aid paid under section 477A.013, subdivision 9, is \$560,398,012. For aids payable in 2021 and thereafter through 2023, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$564,398,012. For aids payable in 2024 and thereafter, the total aid payable under section 477A.013, subdivision 9, is \$664,398,012, multiplied by the inflation adjustment under subdivision 6.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2018 and 2019, the total aid payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020, the total aid payable under section 477A.0124, subdivision 3, is \$116,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2021 through 2024 2023, the total aid payable under section 477A.0124, subdivision 3, is \$118,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$163,679,459, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$163,679,459, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2024, the total aid payable under section 477A.0124, subdivision 3, is \$163,679,459, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$116,679,459, multiplied by the inflation adjustment under subdivision 6. On or before the first installment date provided in section 477A.015, paragraph (a), \$500,000 of this appropriation shall be transferred each year by the commissioner of revenue to the Board of Public Defense for the payment of services under section 611.27. Any transferred amounts not expended or encumbered in a fiscal year shall be certified by the Board of Public Defense to the commissioner of revenue on or before October 1 and shall be included in the next certification of county need aid.

(b) For aids payable in 2018 and 2019, the total aid under section 477A.0124, subdivision 4, is \$130,873,444. For aids payable in 2020, the total aid under section 477A.0124, subdivision 4, is \$143,873,444. For aids payable in 2021 and thereafter through 2023, the total aid under section 477A.0124, subdivision 4, is \$145,873,444. For aids payable in 2024 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$200,988,985, multiplied by the inflation adjustment under subdivision 6. The commissioner of revenue shall transfer to the Legislative Budget Office \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the Legislative Coordinating Commission and the commissioner of education respectively.

#### EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 14. Minnesota Statutes 2022, section 477A.03, is amended by adding a subdivision to read:

Subd. 6. Inflation adjustment. In 2026 and thereafter, the amounts paid under subdivisions 2a and 2b must be increased by an amount equal to one plus the sum of (1) the percentage increase in the implicit price deflator for government expenditures and gross investment for state and local government purchases as prepared by the United States Department of Commerce for the 12-month period ending March 31 of the previous calendar year, and (2) the percentage increase in total city population for the most recently available years as of January 15 of the current year. The percentage increase in this subdivision must not be less than 2.5 percent or greater than five percent.

#### EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 15. Minnesota Statutes 2022, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** The following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

(1) \$5.133 multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

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(2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the county's option, three-fourths of one percent of the appraised value of all transportation wetland in the county, whichever is greater;

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

(4) 50 percent of the dollar amount as determined under clause (1), multiplied by the number of acres of military refuge land in the county;

(5)  $\frac{2}{3}$ , multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7)  $\frac{1}{2}$   $\frac{1}{3}$ , multiplied by the number of acres of commissioner-administered other natural resources land in the county; and

(8) <u>\$0.18</u>, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than 25 percent of the total acreage in the county;

(9) \$0.08, multiplied by the total number of acres in the county eligible for payment under clauses (1) to (7), provided that the total number of acres in the county eligible for payment under clauses (1) to (7) is equal to or greater than ten percent, but less than 25 percent of the total acreage in the county; and

(10) without regard to acreage, and notwithstanding the rules adopted under section 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be divided and distributed to the counties containing state-owned lands within a conservation area in proportion to each county's percentage of the total annual ditch assessments.

#### **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

Sec. 16. Minnesota Statutes 2022, section 477A.12, subdivision 3, is amended to read:

Subd. 3. **Determination of appraised value.** For the purposes of this section, the appraised value of acquired natural resources land is the purchase price until the next six-year appraisal required under this subdivision. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every six years, except that the appraised value shall not be less than the 2022 or subsequent appraised value, if it is higher. All reappraisals shall be done in the same year as county assessors are required to assess exempt land under section 273.18.

**EFFECTIVE DATE.** This section is effective beginning with aids payable in 2024.

Sec. 17. Minnesota Statutes 2022, section 477A.12, is amended by adding a subdivision to read:

Subd. 4. Adjustment. The commissioner of revenue shall annually adjust the amounts in subdivision 1, clauses (1) to (10), as provided in section 270C.22, subdivision 1, except as provided in this subdivision. To determine the dollar amounts for payments in calendar year 2025, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2024, and increase each of the unrounded dollar amounts in section 477A.12, subdivision 1, by that percentage change. For each subsequent year, the commissioner shall

increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year, to August 31 of the year preceding the taxable year. The commissioner shall round the amounts as adjusted to the nearest tenth of a cent.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

#### Sec. 18. [477A.23] SOIL AND WATER CONSERVATION DISTRICT AID.

Subdivision 1. Definitions. For purposes of this section, the following terms have the meanings given:

(1) "adjusted population" means the cube root of the district's population, according to the most recent federal decennial census;

(2) "nonpublic lands" means "real property" as defined by section 272.03 that is not owned by the federal government, the state, or a local government unit; and

(3) "soil and water conservation district" means a district created by chapter 103C, and that is implementing the duties under that chapter as determined by the Board of Water and Soil Resources as of the board's certification to the commissioner of revenue required by subdivision 4.

Subd. 2. Purpose. The purpose of this section is to provide ongoing financial support to soil and water conservation districts to aid in the execution of chapter 103C and other duties and services prescribed by statute.

Subd. 3. Distribution. The Board of Water and Soil Resources must calculate the amount of aid to be distributed to the certified soil and water conservation districts from the appropriation in subdivision 7 as follows:

(1) 70 percent of the appropriation must be distributed equally among the districts;

(2) 20 percent of the appropriation must be distributed proportionally among the districts according to the amount of nonpublic land located in a district as compared to the amount of nonpublic land in the state; and

(3) ten percent of the appropriation must be distributed proportionally among the districts based on the adjusted population of each district, divided by the sum of the adjusted population for all districts.

<u>Subd. 4.</u> <u>Certification to commissioner.</u> <u>On or before June 1 each year, the Board of Water and Soil</u> <u>Resources must certify to the commissioner of revenue the soil and water conservation districts that will receive a</u> <u>payment under this section and the amount of each payment.</u>

Subd. 5. Use of proceeds. (a) Notwithstanding section 103C.401, subdivision 2, a soil and water conservation district that receives a distribution under this section must use the proceeds to implement chapter 103C and other duties and services as prescribed by statute.

(b) The board of each soil and water conservation district must establish, by resolution, annual guidelines for using payments received under this section. Current year guidelines and guidelines from the year immediately prior must be posted on the district's website.

(c) A soil and water conservation district that receives a payment under this section may use the proceeds directly or may appropriate any portion of the payment to a governmental unit with which the district has a cooperative agreement under section 103C.231. Any payment received under this section and appropriated by the district must be used as required under this subdivision.

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Subd. 6. **Payments.** The commissioner of revenue must distribute soil and water conservation district aid in the same manner and at the same times as aid payments provided under section 477A.015.

Subd. 7. <u>Appropriation</u>. For aids payable in 2023 and 2024, \$22,000,000 is appropriated in each year from the general fund to the commissioner of revenue to make the payments required under this section. For aids payable in 2025 and thereafter, \$14,000,000 is annually appropriated from the general fund to the commissioner of revenue to make the payments required under this section.

Subd. 8. <u>Aid amount corrections.</u> If there is a clerical error made in calculating an aid payment under this section, the Board of Water and Soil Resources shall recertify the correct amounts to the commissioner of revenue and communicate the error and the corrected amount to the affected soil and water conservation district as soon as practical after the error is discovered.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2023 and thereafter.

#### Sec. 19. [477A.24] ELECTRIC GENERATION TRANSITION AID.

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

(b) "Electric generating unit" means a single generating unit at an electric generating plant powered by coal, nuclear, or natural gas.

(c) "Electric generation property" means taxable property of an electric generating plant owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

(d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city, town, or school district.

(e) "Unit base year" means the assessment year in which the assessed value of electric generation property is reduced due to the retirement of the electric generating unit.

(f) "Unit differential" means (1) the tax capacity of electric generation property in the assessment year preceding the unit base year, minus (2) the tax capacity of electric generation property in the unit base year. The unit differential may not be less than zero. The unit differential equals zero if the tax capacity of electric generation property in the eligible taxing jurisdiction in the assessment year preceding the unit base year is less than four percent of the total net tax capacity of the eligible taxing jurisdiction in that year, as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable, except that, in an eligible taxing jurisdiction with multiple electric generating units, only the unit differential calculated upon the first retirement of an electric generating unit in that jurisdiction following the effective date of this section is subject to the reduction under this sentence.

Subd. 2. <u>Required notification.</u> Notwithstanding the requirements of Minnesota Rules, chapter 8100, a public utility must notify the commissioner when the public utility expects to retire an electric generating unit and remove that unit from the property tax base. The notification must be in the form and manner determined by the commissioner, include information required by the commissioner to calculate transition aid under this section, and be filed together with the reports required under section 273.371.

Subd. 3. Unit transition amount. (a) The initial unit transition amount equals the product of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit base year.

(b) The unit transition amount for the year following the unit base year, or in the year as provided under subdivision 7, equals the initial unit transition amount. Unit transition amounts in subsequent years must be reduced each year by an amount equal to five percent of the initial unit transition amount. If the unit transition amount attributable to any unit is less than \$5,000 in any year, the unit transition amount for that unit equals zero.

Subd. 4. <u>Electric generation transition aid.</u> <u>Electric generation transition aid for an eligible taxing jurisdiction</u> equals the sum of the unit transition amounts for that jurisdiction.

Subd. 5. <u>Aid elimination.</u> (a) Notwithstanding subdivision 4, beginning for aid in the year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year is greater than the product of:

(1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section; times

(2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year to (ii) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section.

(b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

(c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated under this subdivision, the jurisdiction may qualify for aid under this section for subsequent unit retirements.

Subd. 6. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue shall compute the amount of electric generation transition aid payable to each jurisdiction under this section. The portion of aid to an eligible taxing jurisdiction that consists of the initial unit transition amount under subdivision 3, paragraph (a), must be certified on or before May 1 in the year the aid is payable. The portion of aid to an eligible taxing jurisdiction amount under subdivision 3, paragraph (b), must be certified by August 1 of each year for aids payable in the following calendar year. The commissioner shall pay aid to each jurisdiction other than school districts annually at the times provided in section 477A.015. Aids to school districts must be certified to the commissioner of education and paid under section 273.1392.

(b) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 7. Aid for prior unit retirements. An electric generating unit with a unit base year after 2016 but before 2023 must be counted for the purpose of calculating aid under this section. For a unit eligible to be counted under this subdivision and for the purpose of the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2023.

Subd. 8. <u>Appropriation.</u> An amount sufficient to make the aid payments required by this section to eligible taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make the aid payments required by this section for school districts is annually appropriated from the general fund to the commissioner of education.

**EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

Sec. 20. Minnesota Statutes 2022, section 477A.30, is amended to read:

#### 477A.30 LOCAL HOMELESS PREVENTION AID.

Subdivision 1. Definitions. For purposes of this section, the following terms have the meanings given:

(1) "city" means a statutory or home rule charter city;

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(2) "distribution factor" means the total number of students experiencing homelessness in a county in the current school year and the previous two school years divided by the total number of students experiencing homelessness in all counties in the current school year and the previous two school years; and

(3) "families" means families and persons 24 years of age or younger.

Subd. 2. **Purpose.** The purpose of this section is to help local governments <u>and Tribal governments</u> ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing.

Subd. 3. <u>County</u> distribution. (a) A county's initial local homeless prevention aid amount equals the greater of: (1) \$5,000; or (2)(i) five percent of the money appropriated to local homeless prevention aid under this section subdivision 6, paragraph (a), times (ii) the ratio of the population of the county to the population of all counties. For the purpose of this paragraph, "population" means the population estimate used to calculate aid under section 477A.0124 for the same aid payable year.

(b) The amount of the appropriation in subdivision 6, paragraph (a), remaining after the allocation under paragraph (a) must be allocated to counties by multiplying each county's distribution factor by the total distribution available under this paragraph. Distribution factors must be based on the most recent counts of students experiencing homelessness in each county, as certified by the commissioner of education to the commissioner of revenue by July 1 of the year the aid is certified to the counties under subdivision 5.

(c) A county's total local homeless prevention aid equals the sum of the amounts under paragraphs (a) and (b).

Subd. 3a. Tribal governments distribution. The total local homeless prevention aid distributed to Tribal governments equals the amount appropriated under subdivision 6, paragraph (b).

Subd. 4. Use of proceeds. (a) Counties and Tribal governments that receive a distribution under this section must use the proceeds to fund new or existing family homeless prevention and assistance projects or programs. These projects or programs may be administered by a county, a group of contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting together, a Tribe Tribal government, a group of Tribes Tribal governments, or a community-based nonprofit organization. Each project or program must include plans for:

(1) targeting families with children who are eligible for a prekindergarten through grade 12 academic program and are:

(i) living in overcrowded conditions in their current housing;

(ii) paying more than 50 percent of their income for rent; or

(iii) lacking a fixed, regular, and adequate nighttime residence;

(2) targeting unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their homes, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

(i) providing rental assistance for a specified period of time which may exceed 24 months; or

(ii) providing support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(b) Counties may choose not to spend all or a portion of the distribution under this section. Any unspent funds must be returned to the commissioner of revenue by December 31 of the year following the year that the aid was received. Any funds returned to the commissioner under this paragraph must be added to the overall distribution of aids certified under this section in the following year. Any unspent funds returned to the commissioner after the expiration under subdivision 8 are canceled to the general fund By December 31 of the calendar year following the calendar year that the aid was received, any funds unspent by a county under this section must be sent to the Continuum of Care of which the county is a member.

Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local homeless prevention aid payable to each county <u>and Tribal government</u> under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county <u>and Tribal government</u> in the following year. The commissioner shall pay local homeless prevention aid annually at the times provided in section 477A.015. For aids payable in 2023 only, the commissioner must recalculate and recertify the aid under this section by July 15, 2023.

Subd. 6. Appropriation.  $\frac{20,000,000}{(a)}$  (a)  $\frac{35,200,000}{(a)}$  is annually appropriated from the general fund to the commissioner of revenue to make payments to counties required under this section.

(b) \$4,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to Tribal governments required under this section.

Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must produce a report on projects and programs funded by counties <u>and Tribal governments</u> under this section. The report must include a list of the projects and programs, the number of people served by each, and an assessment of how each project and program impacts people who are currently experiencing homelessness or who are at risk of experiencing homelessness, as reported by the counties <u>and Tribal governments</u> to the commissioner by December 31 each year on a form prescribed by the commissioner. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness.

(b) The report in paragraph (a) must be updated every two years and the commissioner of revenue must provide copies of the updated reports to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness by January 15 of the year the report is due. Report requirements under this subdivision expire following the report which includes the final distribution preceding the expiration in subdivision 8.

Subd. 8. Expiration. Distributions under this section expire after aids payable in  $\frac{2028}{2031}$  have been distributed.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2023 and thereafter.

## Sec. 21. [477A.31] MAHNOMEN PROPERTY TAX REIMBURSEMENT AID.

Subdivision 1. Aid appropriation. (a) The commissioner of revenue shall make reimbursement aid payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen, \$900,000; the city of Mahnomen, \$320,000; and Independent School District No. 432, Mahnomen, \$140,000.

(b) The payments shall be made annually on July 20.

Subd. 2. <u>Appropriation.</u> An amount sufficient to pay reimbursement aid under this section is annually appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

## Sec. 22. [477A.35] LOCAL AFFORDABLE HOUSING AID.

<u>Subdivision 1.</u> <u>Purpose.</u> The purpose of this section is to help eligible Tribal Nations and local governments to develop and preserve affordable housing within their jurisdictions in order to keep families from losing housing and to help those experiencing homelessness find housing.

Subd. 2. Definitions. For the purposes of this section, the following terms have the meanings given:

(1) "city distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in Minnesota tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(2) "cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income;

(3) "county distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(4) "population" has the meaning given in section 477A.011, subdivision 3;

(5) "tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class; and

(6) "tier II city" means a statutory or home rule charter city that is a city of the fourth class.

Subd. 3. Distribution. (a) Each county shall receive the sum of:

(1) \$6,000; plus

(2) the product of:

(i) the county distribution factor; multiplied by

(ii) the total amount available to counties under this section minus the product of clause (1) multiplied by the number of Minnesota counties.

(b) The commissioner of revenue shall determine the amount of funding available to a tier I city under this section by multiplying the city's city distribution factor and the amount of funding available to tier I cities under this section.

Subd. 4. Grants to tier II cities. (a) The commissioner of the Minnesota Housing Finance Agency shall establish a program to award grants of at least \$25,000 to tier II cities. The agency shall develop program guidelines and criteria in consultation with the League of Minnesota Cities.

(b) The agency shall attempt to award grants in approximately equal amounts to tier II cities outside and within the metropolitan area. Among comparable proposals, the agency shall prioritize grants to tier II cities that have a higher proportion of cost-burdened households.

(c) A grantee must use its grant on a qualifying project.

(d) In making grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required. Any repaid funds shall be returned to the account or accounts established pursuant to paragraph (e).

(e) The agency shall establish a bookkeeping account or accounts in the housing development fund for money distributed to the agency for grants under this subdivision. By May 1 of each year, the Minnesota Housing Finance Agency shall report to the Department of Revenue on the amount in the account or accounts.

Subd. 5. **Qualifying projects.** (a) Qualifying projects shall include projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force.

## (b) Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(c) If money distributed under this section is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of paragraph (a).

(d) For a nonmetropolitan county or for a city that is not located in a metropolitan county, as defined by section 473.121, subdivision 4, a qualifying project shall include a rental housing project exceeding the income limits established in paragraph (a) if the applicable unit of local government submits, with the annual report required under subdivision 7, the following:

(1) a letter of support from at least one employer of at least 20 full-time employees that is located either inside or within 25 miles of the applicable local government. The letter must indicate that the lack of available housing has impeded the employer's ability to recruit and hire employees, the number of full-time employees, the median wage of full-time employees, and the distance from the applicable local government; and

(2) a signed resolution from the applicable local government identifying the project being developed and certifying that the project will be affordable to employees earning median wages from the employer or employers who provided letters of support.

(e) For a Tribal Nation, a qualifying project includes emergency rental assistance for a household earning less than 80 percent of statewide median household income, as determined by the United States Department of Housing and Urban Development, as adjusted for household size.

Subd. 6. Use of proceeds. (a) Any funds distributed under this section must be spent on a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the tier I city or county, funds shall be considered spent on a qualifying project if the funds are transferred to a local housing trust fund. Funds transferred to a local housing trust fund must be spent on a project or household that meets the affordability requirements of subdivision 5, paragraph (a).

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(b) Any funds must be returned to the commissioner of revenue if the funds are not spent by December 31 in the third year following the year after the aid was received.

Subd. 7. Administration. (a) The commissioner of revenue must compute the amount of aid payable to each aid recipient under this section. Beginning with aids payable in calendar year 2024, before computing the amount of aid for counties and after receiving the report required by subdivision 4, paragraph (e), the commissioner shall compute the amount necessary to increase the amount in the account or accounts established under that paragraph to \$3,400,000. The amount calculated under the preceding sentence shall be deducted from the amount available to counties for the purposes of certifying the amount of aid to be paid to counties in the following year. By August 1 of each year, the commissioner must certify the amount to be paid to each aid recipient in the following year. The commissioner must pay local affordable housing aid annually at the times provided in section 477A.015. Before paying the first installment of aid annually, the commissioner of revenue shall transfer to the Minnesota Housing Finance Agency from the funds available for counties, for deposit in the account or accounts established under subdivision 4, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under subdivision 4, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under that paragraph to \$3,400,000.

(b) Beginning in 2025, aid recipients shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report shall include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If an aid recipient fails to submit a report, fails to spend funds within the timeline imposed under subdivision 6, paragraph (b), or uses funds for a project that does not qualify under this section, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the aid recipient must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an aid recipient must repay to the commissioner of revenue funds the aid recipient received under this section if the aid recipient:

(1) fails to spend the funds within the time allowed under subdivision 6, paragraph (b);

(2) spends the funds on anything other than a qualifying project; or

(3) fails to submit a report documenting use of the funds.

(d) The commissioner of revenue must stop distributing funds to an aid recipient that the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed to use funds, misused funds, or failed to report on its use of funds.

(e) The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments once the Minnesota Housing Finance Agency certifies that the aid recipient has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds repaid to the commissioner of revenue by tier I cities under paragraph (c) must be added to the overall distribution of aids certified under this section for tier I cities in the following year. By June 1, any funds repaid to the commissioner of revenue by counties under paragraph (c) must be added to the overall distribution of aids certified under this section for counties in the following year. By June 1, any funds repaid to the commissioner of revenue by Tribal Nations under paragraph (c) must be added to the overall distribution of aids certified under this section for Tribal Nations in the following year.

(g) In order to receive a distribution under this section, a Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue.

<u>Subd. 8.</u> <u>County consultation with cities.</u> <u>A county that receives funding under this section shall regularly</u> consult with the cities in the jurisdictions of which its qualifying projects are planned or located.

Subd. 9. <u>Appropriations.</u> (a) \$24,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section.

(b) \$6,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section.

(c) \$4,200,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section.

(d) In fiscal years 2024 and 2025 only, an additional \$10,200,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties as required under this section. In fiscal years 2024 and 2025 only, an additional \$3,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section. In fiscal years 2024 and 2025 only, an additional \$1,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to tier I cities as required under this section. In fiscal years 2024 and 2025 only, an additional \$1,800,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to eligible Tribal Nations as required under this section. In fiscal years 2024 and 2025 only, the commissioner shall transfer from the funds available to counties to the Minnesota Housing Finance Agency a sum sufficient to increase the amount in the account or accounts established under subdivision 4, paragraph (e), to \$4,900,000. For aids payable in 2023 only, the commissioner may compute the amount of aid to be paid to aid recipients as late as August 1, 2023, and may make payments of aid under this section in one installment on December 26.

#### EFFECTIVE DATE. This section is effective beginning with aids payable in calendar year 2023.

Sec. 23. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008, chapter 154, article 1, section 4, and Laws 2013, chapter 143, article 2, section 33, is amended to read:

## Sec. 3. MAHNOMEN COUNTY; COUNTY, CITY, SCHOOL DISTRICT, PROPERTY TAX REIMBURSEMENT.

Subdivision 1. Aid appropriation. (a) \$1,200,000 is appropriated annually from the general fund to the commissioner of revenue to be used to make payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. The commissioner shall pay the county of Mahnomen, \$900,000; the city of Mahnomen, \$160,000; and Independent School District No. 432, Mahnomen, \$140,000. The payments shall be made on July 20, of 2013 and each subsequent year.

(b) This section expires after aids payable year 2023.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

## Sec. 24. STUDY OF STATE-OWNED LAKESHORE.

No later than January 31, 2025, the commissioner of revenue, in consultation with the Department of Natural Resources and counties, must produce a report on valuation methods used to value the acreage and shoreline areas within all commissioner-administered and county-administered other natural resources land, as defined in Minnesota Statutes, section 477A.11, subdivision 4. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197. The report must include, by county, the most recent assessed value and acreage, as required under Minnesota Statutes, section 273.18, paragraph (b), aggregated by parcels abutting lakes identified by a Department of Natural Resources Division of Waters Lake Number and by parcels not abutting lakes identified by

a Department of Natural Resources Division of Waters Lake Number. Counties must report to the commissioner of revenue any necessary data by December 30, 2023. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and property taxation by January 31, 2025.

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

## Sec. 25. ONETIME INCREASE IN THE RENTER'S CREDIT AND HOMESTEAD CREDIT STATE REFUND.

Subdivision 1. Homestead credit refund. For claims filed based on taxes payable in 2023, the commissioner shall increase by 13.8 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2.

Subd. 2. <u>Renter's credit increase.</u> For claims filed based on rent paid in 2022, the commissioner shall increase by 13.8 percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2a.

Subd. 3. No notification of appeal rights. In adjusting homestead credit refunds and renter property tax refunds under this section, the commissioner is not required to provide information concerning appeal rights that ordinarily must be provided whenever the commissioner adjusts refunds payable under Minnesota Statutes, chapter 290. Taxpayers retain all rights to appeal adjustments under this section.

<u>Subd. 4.</u> <u>Appropriation.</u> <u>The amount necessary to make the payments required under this section is</u> appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective only for refunds based on rent paid in 2022 and property taxes payable in 2023.

## Sec. 26. <u>TARGETING PROPERTY TAX REFUND; TEMPORARY INCREASE FOR PROPERTY</u> <u>TAXES PAYABLE IN 2023.</u>

Notwithstanding any law to the contrary, for refunds based on property taxes payable in 2023, the refund calculated under Minnesota Statutes, section 290A.04, subdivision 2h, must be calculated by substituting:

(1) six percent for 12 percent; and

(2) \$2,500 for \$1,000.

**EFFECTIVE DATE.** This section is effective for refunds based on property taxes payable in 2023 only.

#### Sec. 27. 2021 AID PENALTY FORGIVENESS; CITY OF ECHO.

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Echo must receive its aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city by June 1, 2023. The commissioner of revenue must make a payment of \$46,060 to the city by June 30, 2023.

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

#### Sec. 28. 2021 AID PENALTY FORGIVENESS; CITY OF MORTON.

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Morton must receive its aid payment for calendar year 2021 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2021 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city by June 1, 2023. The commissioner of revenue must make a payment of \$79,476 to the city by June 30, 2023.

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

## Sec. 29. REPEALER.

Minnesota Statutes 2022, sections 477A.011, subdivisions 30a, 38, 42, and 45; 477A.013, subdivision 13; and 477A.16, subdivisions 1, 2, and 3, are repealed.

## **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

## ARTICLE 5 SALES AND USE TAXES

Section 1. Minnesota Statutes 2022, section 297A.61, is amended by adding a subdivision to read:

Subd. 59. <u>Cannabis.</u> "Cannabis" means any species of the genus cannabis plant, or any mixture or preparation of any species of the genus cannabis plant, including whole plant extracts and resins.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 2. Minnesota Statutes 2022, section 297A.61, is amended by adding a subdivision to read:

Subd. 60. <u>Adult-use cannabis.</u> "Adult-use cannabis" means cannabis, including cannabis extracts and resins, that produces or is advertised as producing intoxicating or mood-altering effects when consumed by any route of administration. Adult-use cannabis does not include a product dispensed by a registered medical cannabis manufacturer under sections 152.22 to 152.37.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 3. Minnesota Statutes 2022, section 297A.61, is amended by adding a subdivision to read:

Subd. 61. Adult-use cannabis product. "Adult-use cannabis product" means a cannabis product that produces or is advertised as producing intoxicating or mood-altering effects when consumed by any route of administration. Adult-use cannabis product does not include a product dispensed by a registered medical cannabis manufacturer under sections 152.22 to 152.37.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 4. Minnesota Statutes 2022, section 297A.67, subdivision 2, is amended to read:

Subd. 2. Food and food ingredients. Except as otherwise provided in this subdivision, food and food ingredients are exempt. For purposes of this subdivision, "food" and "food ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients exempt under this subdivision do not include candy, soft drinks, dietary supplements, and prepared foods. Food and food ingredients do not include alcoholic beverages and tobacco. Food and food ingredients do not include adult-use cannabis and adult-use cannabis products. For purposes of this subdivision, "alcoholic beverages" means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume. For purposes of this subdivision, "tobacco" means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco. For purposes of this subdivision, "dietary supplements" means any product, other than tobacco, intended to supplement the diet that:

(1) contains one or more of the following dietary ingredients:

(i) a vitamin;

(ii) a mineral;

(iii) an herb or other botanical;

(iv) an amino acid;

(v) a dietary substance for use by humans to supplement the diet by increasing the total dietary intake; and

(vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient described in items (i) to (v);

(2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and

(3) is required to be labeled as a dietary supplement, identifiable by the supplement facts box found on the label and as required pursuant to Code of Federal Regulations, title 21, section 101.36.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 5. Minnesota Statutes 2022, section 297A.67, subdivision 7, is amended to read:

Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices for human use are exempt:

(1) drugs, including over-the-counter drugs;

(2) single-use finger-pricking devices for the extraction of blood and other single-use devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

(3) insulin and medical oxygen for human use, regardless of whether prescribed or sold over the counter;

(4) prosthetic devices;

(5) durable medical equipment for home use only;

(6) mobility enhancing equipment;

(7) prescription corrective eyeglasses; and

(8) kidney dialysis equipment, including repair and replacement parts.

(b) Items purchased in transactions covered by:

(1) Medicare as defined under title XVIII of the Social Security Act, United States Code, title 42, section 1395, et seq.; or

(2) Medicaid as defined under title XIX of the Social Security Act, United States Code, title 42, section 1396, et seq.

(c) For purposes of this subdivision:

(1) "Drug" means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, <u>adult-use cannabis</u>, <u></u>

(i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

(ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or

(iii) intended to affect the structure or any function of the body.

(2) "Durable medical equipment" means equipment, including repair and replacement parts, including single-patient use items, but not including mobility enhancing equipment, that:

(i) can withstand repeated use;

(ii) is primarily and customarily used to serve a medical purpose;

(iii) generally is not useful to a person in the absence of illness or injury; and

(iv) is not worn in or on the body.

For purposes of this clause, "repair and replacement parts" includes all components or attachments used in conjunction with the durable medical equipment, including repair and replacement parts which are for single patient use only.

(3) "Mobility enhancing equipment" means equipment, including repair and replacement parts, but not including durable medical equipment, that:

(i) is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;

(ii) is not generally used by persons with normal mobility; and

(iii) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

(4) "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label must include a "drug facts" panel or a statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation. Over-the-counter drugs do not include grooming and hygiene products, regardless of whether they otherwise meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

(5) "Prescribed" and "prescription" means a direction in the form of an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed health care professional.

(6) "Prosthetic device" means a replacement, corrective, or supportive device, including repair and replacement parts, worn on or in the body to:

(i) artificially replace a missing portion of the body;

(ii) prevent or correct physical deformity or malfunction; or

(iii) support a weak or deformed portion of the body.

Prosthetic device does not include corrective eyeglasses.

(7) "Kidney dialysis equipment" means equipment that:

(i) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and

(ii) can withstand repeated use, including multiple use by a single patient, notwithstanding the provisions of clause (2).

(8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the item purchased in the transaction is paid for or reimbursed by the federal government or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance company administering the Medicare or Medicaid program on behalf of the federal government or the state of Minnesota, or by a managed care organization for the benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional Medicare or Medicaid coverage pursuant to agreement with the federal government or the state of Minnesota.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 6. Minnesota Statutes 2022, section 297A.68, subdivision 25, is amended to read:

Subd. 25. Sale of property used in a trade or business. (a) The sale of tangible personal property primarily used in a trade or business is exempt if the sale is not made in the normal course of business of selling that kind of property and if one of the following conditions is satisfied:

(1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended through December 16, 2016;

(2) the sale is between members of a controlled group as defined in section 1563(a) of the Internal Revenue Code;

(3) the sale is between a sole member of a disregarded limited liability company and the disregarded limited liability company;

(3) (4) the sale is a sale of farm machinery;

(4) (5) the sale is a farm auction sale;

(5) (6) the sale is a sale of substantially all of the assets of a trade or business; or

(6) (7) the total amount of gross receipts from the sale of trade or business property made during the calendar month of the sale and the preceding 11 calendar months does not exceed \$1,000.

The use, storage, distribution, or consumption of tangible personal property acquired as a result of a sale exempt under this subdivision is also exempt.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Disregarded limited liability company" means a limited liability company that is disregarded as an entity separate from its owner under the Internal Revenue Code.

(1) (2) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially all of the property sold consists of property used in the trade or business of farming and property not used primarily in a trade or business.

(2) (3) "Trade or business" includes the assets of a separate division, branch, or identifiable segment of a trade or business if, before the sale, the income and expenses attributable to the separate division, branch, or identifiable segment could be separately ascertained from the books of account or record (the lease or rental of an identifiable segment does not qualify for the exemption).

(3) (4) A "sale of substantially all of the assets of a trade or business" must occur as a single transaction or a series of related transactions within the 12-month period beginning on the date of the first sale of assets intended to qualify for the exemption provided in paragraph (a), clause (5).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023.

Sec. 7. Minnesota Statutes 2022, 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;

(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, <u>adult-use cannabis</u>, and <u>adult-use cannabis</u>, 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) 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, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 8. Minnesota Statutes 2022, section 297A.70, subdivision 4, is amended to read:

Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b), to the following "nonprofit organizations" are exempt:

(1) a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the item purchased is used in the performance of charitable, religious, or educational functions;

(2) any senior citizen group or association of groups that:

(i) in general limits membership to persons who are either age 55 or older, or persons with a physical disability;

(ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, not including housing, no part of the net earnings of which inures to the benefit of any private shareholders; and

(iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

(3) an organization that qualifies for an exemption for memberships under subdivision 12 if the item is purchased and used in the performance of the organization's mission.

For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization.

(b) This exemption does not apply to the following sales:

(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 that will not be used principally by the tax-exempt entities;

(3) 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 wine purchased by an established religious organization for sacramental purposes or as allowed under subdivision 9a, adult-use cannabis, and adult-use cannabis products; and

(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as provided in paragraph (c).

(c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, only if the vehicle is:

(1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(2) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose.

(d) A limited liability company also qualifies for exemption under this subdivision if (1) it consists of a sole member that would qualify for the exemption, and (2) the items purchased qualify for the exemption.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 9. Minnesota Statutes 2022, section 297A.70, subdivision 18, is amended to read:

Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding care home certified as a nursing facility under title 19 of the Social Security Act are exempt if the facility:

(1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code; and

(2) is certified to participate in the medical assistance program under title 19 of the Social Security Act, or certifies to the commissioner that it does not discharge residents due to the inability to pay.

(b) This exemption does not apply to the following sales:

(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 that will not be used principally by the tax-exempt entities;

(3) 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, adult-use cannabis, and adult-use cannabis products; and

(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as provided in paragraph (c).

(c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, only if the vehicle is:

(1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(2) intended to be used primarily to transport tangible personal property or residents of the nursing home or boarding care home.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except if a bill styled as H. F. No. 100 is finally enacted at the 2023 regular session then this section does not take effect.

Sec. 10. Minnesota Statutes 2022, section 297A.70, subdivision 19, is amended to read:

Subd. 19. Nonprofit snowmobile clubs; machinery and equipment. (a) The following sales to an eligible nonprofit snowmobile club are exempt:

(1) sales of tangible personal property, including grooming machines, attachments, other associated accessories, and repair parts, to a nonprofit snowmobile club that is used primarily and directly for the grooming of state or grant-in-aid snowmobile trails are exempt. The exemption applies to grooming machines, attachments, other associated accessories, and repair parts; and

(2) sales of materials and supplies used or consumed in, and equipment incorporated into, the construction, reconstruction, maintenance, or improvement of state or grant-in-aid snowmobile trails, completed by the nonprofit snowmobile club.

(b) A nonprofit snowmobile club is eligible for the exemption under this subdivision if it received, in the current year or in the previous three-year period, a state grant-in-aid maintenance and grooming grant administered by the Department of Natural Resources by applying for the grant with a local unit of government sponsor.

(c) The exemption under paragraph (a), clause (2), expires July 1, 2027, for sales and purchases made after June 30, 2027.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2023.

## Sec. 11. SALES AND USE TAX EXEMPTION; CERTAIN NATURAL GAS FEES.

Subdivision 1. Exemption. Notwithstanding Minnesota Statutes, section 297A.67, subdivision 15, clause (2), fees related to natural gas sold for residential use to customers who were metered and billed as residential users and who used natural gas for their primary source of residential heat are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A for purposes of the billing periods May to October, provided that:

(1) the fee for the natural gas is subject to a cost recovery plan for the price increase in natural gas during the period February 13, 2021, to February 17, 2021, identified in docket G-999/CI-21-135 before the Minnesota Public Utilities Commission; and

(2) the fee is separately stated and labeled as a fee pursuant to a cost recovery plan under clause (1).

Subd. 2. <u>Application; refund.</u> (a) By October 1, 2023, each utility must apply to the commissioner of revenue for a refund of sales taxes collected and remitted pursuant to Minnesota Statutes, section 297A.77, on fees for sales and purchases of natural gas subject to a cost recovery plan under subdivision 1, clause (1), that were added to residential customers' bills for the period beginning September 1, 2021, and ending June 30, 2023.

(b) The provisions of Minnesota Statutes, section 289A.50, subdivision 2, except for paragraph (c), apply to refunds issued under this subdivision. For purposes of this subdivision, "utility" means a utility subject to the cost recovery plan under subdivision 1, clause (1). Within 90 days after the date the commissioner issues the refund under Minnesota Statutes, section 289A.50, subdivision 2, paragraph (a), to the utility, the utility must provide a plan to the Minnesota Public Utilities Commission for crediting taxes exempt under subdivision 1 to residential customers.

(c) The plan must be approved by the Minnesota Public Utilities Commission. Any amount not refunded or credited to a residential customer by a utility within 60 days of approval of the plan must be returned to the commissioner by the utility.

**EFFECTIVE DATE.** This section is effective retroactively for fees applied to sales and purchases of natural gas that are billed from September 1, 2021, to December 31, 2026.

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ENTITIES.

<u>Subdivision 1.</u> <u>Exemption: refund.</u> (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of buildings or facilities used principally by the following entities are exempt if purchased after June 30, 2021, and before January 1, 2025:

(1) school districts, as defined under Minnesota Statutes, section 297A.70, subdivision 2, paragraph (c);

(2) local governments, as defined under Minnesota Statutes, section 297A.70, subdivision 2, paragraph (d);

(3) hospitals and nursing homes owned and operated by political subdivisions of the state, as described under Minnesota Statutes, section 297A.70, subdivision 2, paragraph (a), clause (3);

(4) county law libraries under Minnesota Statutes, chapter 134A, and public libraries, regional public library systems, and multicounty, multitype library systems, as defined in Minnesota Statutes, section 134.001;

(5) nonprofit groups, as defined under Minnesota Statutes, section 297A.70, subdivision 4;

(6) hospitals, outpatient surgical centers, and critical access dental providers, as defined under Minnesota Statutes, section 297A.70, subdivision 7; and

(7) nursing homes and boarding care homes, as defined under Minnesota Statutes, section 297A.70, subdivision 18.

(b) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of public infrastructure of any kind, including but not limited to roads, bridges, culverts, drinking water facilities, and wastewater facilities, purchased by a contractor, subcontractor, or builder as part of a contract with the following entities are exempt if purchased after June 30, 2021, and before January 1, 2025:

(1) school districts, as defined under Minnesota Statutes, section 297A.70, subdivision 2, paragraph (c); or

(2) local governments, as defined under Minnesota Statutes, section 297A.70, subdivision 2, paragraph (d).

(c) The tax on purchases exempt under this section must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the manner provided in Minnesota Statutes, section 297A.75. Claims for refund for sales tax paid on eligible purchases must be filed by February 28, 2025. Refunds for eligible purchases must not be issued before June 30, 2023, or after June 30, 2025.

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2021, and applies to sales and purchases made after June 30, 2021, and before January 1, 2025.

#### Sec. 13. CITY OF CHANHASSEN; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new city hall and senior center, council chambers, and park amenities in the city of Chanhassen are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2024, and before February 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before February 1, 2027.

## Sec. 14. CITY OF EDINA; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a community health and safety center in the city of Edina are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2024, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2026.

## Sec. 15. ELY PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the following projects in Independent School District No. 696, Ely Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before July 1, 2021:

(1) renovations to the elementary school building and high school building; and

(2) construction of a building that connects the elementary school and high school buildings containing classrooms, a common area, a gymnasium, and administrative offices.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before July 1, 2021.

## Sec. 16. <u>HIBBING PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION</u> <u>MATERIALS.</u>

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects in the city of Hibbing are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before July 1, 2021:

(1) the addition of an Early Childhood Family Education Center to an existing elementary school; and

(2) improvements to an existing athletic facility in Independent School District No. 701, Hibbing Public Schools.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before July 1, 2021.

## Sec. 17. <u>MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT; SALES TAX EXEMPTION FOR</u> <u>CONSTRUCTION MATERIALS.</u>

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul International Airport purchased by a contractor or subcontractor are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2024, and before January 1, 2028.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to purchases made after December 31, 2024, and before January 1, 2028.

#### Sec. 18. CITY OF MOORHEAD; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a regional library and community center in the city of Moorhead are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2024, and before April 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before April 1, 2027.

## Sec. 19. CITY OF OAKDALE; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction of a new public works facility in the city of Oakdale are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2024, and before January 1, 2027.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2027.

## Sec. 20. CITY OF RAMSEY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new water treatment plant in the city of Ramsey are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2024, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation</u>. The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2026.

## Sec. 21. <u>RED LAKE COUNTY SCHOOL DISTRICT; SALES TAX EXEMPTION FOR</u> <u>CONSTRUCTION MATERIALS.</u>

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the construction of a new school in Independent School District No. 2906, Red Lake County School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2020, and before July 1, 2021, and after December 31, 2024, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactively from January 1, 2021, and applies to sales and purchases made after December 31, 2020, and before July 1, 2021, and after December 31, 2024, and before January 1, 2026.

## Sec. 22. <u>**RED ROCK CENTRAL SCHOOL DISTRICT; SALES TAX EXEMPTION FOR**</u> <u>**CONSTRUCTION MATERIALS.**</u>

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the construction of a new prekindergarten through grade 12 learning facility in Independent School District No. 2884, Red Rock Central School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2024, and before July 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before July 1, 2025.

## Sec. 23. <u>ROCK RIDGE PUBLIC SCHOOLS; SALES TAX EXEMPTION FOR CONSTRUCTION</u> <u>MATERIALS.</u>

Subdivision 1. Exemption; refund. (a) Materials and supplies used in and equipment incorporated into the construction of two new elementary school buildings and a new high school building in Independent School District No. 2909, Rock Ridge Public Schools, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after May 1, 2019, and before July 1, 2021.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactively from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before July 1, 2021.

## Sec. 24. <u>CITY OF SPRING GROVE; SALES TAX EXEMPTION FOR CONSTRUCTION</u> <u>MATERIALS AND CAPITAL EQUIPMENT.</u>

Subdivision 1. Exemption; refund. (a) The sale and purchase of the following items are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace, or otherwise recover from real and personal property damage that occurred during the fire on December 22, 2022, in the city of Spring Grove:

(1) building materials and supplies used or consumed in, and equipment incorporated into, the construction, replacement, or repair of real property; and

(2) capital equipment to replace equipment destroyed in the fire.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). The exemption under paragraph (a) applies to sales and purchases made after December 22, 2022, and before January 1, 2028. Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. <u>Appropriation</u>. The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactively from December 23, 2022, and applies to sales and purchases made after December 22, 2022, and before January 1, 2028.

## Sec. 25. <u>SPRINGFIELD SCHOOL DISTRICT; SALES TAX EXEMPTION FOR CONSTRUCTION</u> <u>MATERIALS.</u>

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used in and equipment incorporated into the following projects for Independent School District No. 85, Springfield School District, are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if materials, supplies, and equipment are purchased after December 31, 2024, and before July 1, 2025:

(1) construction of a main secure entrance;

(2) construction of a required tornado storm shelter and related safety, security, and accessibility improvements;

(3) installation of HVAC improvements;

(4) renovation and interior modifications necessary to convert the existing elementary school gymnasium for use for career and technical education trades and an auto shop; and

(5) addition of a new school gymnasium, including the construction and improvement of new locker rooms, and the renovation and repurposing of existing locker rooms for use for cafeteria improvements and school programming needs.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

<u>Subd. 2.</u> <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before July 1, 2025.

## Sec. 26. CITY OF WAYZATA; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption: refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the following projects in the city of Wayzata are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after March 31, 2020, and before July 1, 2021:

(1) expansion and remodeling of Depot Park;

(2) construction of community docks for purposes of access from Lake Minnetonka;

(3) construction of a lakeside boardwalk of approximately 1,500 lineal feet;

(4) shoreline restoration, including installation of native plants, trees, and natural habitat;

(5) restoration of Section Foreman House, including installation of a learning center to provide indoor and outdoor classroom and community space;

(6) construction of Eco Park, including shoreline restoration and marsh and water quality improvement, a pier extension of the lakeside boardwalk, and creation of eco-living classrooms;

(7) construction of a public plaza with a restroom, 9/11 memorial, interactive water display, and gathering space;

(8) construction of a regional multiuse trail; and

(9) construction of railroad crossings.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided in Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2023.

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective retroactively from April 1, 2020, and applies to sales and purchases made after March 31, 2020, and before July 1, 2021.

#### Sec. 27. CITY OF WOODBURY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the Central Park project in the city of Woodbury are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after December 31, 2024, and before January 1, 2026.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17).

Subd. 2. <u>Appropriation.</u> The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2026.

#### ARTICLE 6 MINERALS TAXES

Section 1. Minnesota Statutes 2022, section 272.02, subdivision 73, is amended to read:

Subd. 73. **Property subject to taconite production tax or net gross proceeds tax.** (a) Real and personal property described in section 298.25 is exempt to the extent the tax on taconite and iron sulphides under section 298.24 is described in section 298.25 as being in lieu of other taxes on such property. This exemption applies for taxes payable in each year that the tax under section 298.24 is payable with respect to such property.

(b) Deposits of mineral, metal, or energy resources the mining of which is subject to taxation <u>or the minimum</u> <u>payment</u> under section 298.015 are exempt.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2023.

Sec. 2. Minnesota Statutes 2022, section 273.1341, is amended to read:

#### 273.1341 TACONITE ASSISTANCE AREA.

A "taconite assistance area" means the geographic area that falls within the boundaries of a school district that contains:

(1) a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property; or

(2) a municipality in which on January 1, 1977, or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility-; or

(3) a municipality:

(i) that is located in a county that contains a school district described in clause (1) or (2); and

(ii) where active mining of materials subject to the tax under section 298.015, subdivision 1, is occurring, or where a mine subject to the minimum payment under section 298.015, subdivision 3, is located.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2022, section 297A.68, subdivision 4, is amended to read:

Subd. 4. **Taconite, other ores, metals, or minerals; production materials.** Mill liners, grinding rods, and grinding balls that are substantially consumed in the production of taconite or other ores, metals, or minerals are exempt when sold to or stored, used, or consumed by persons taxed under the in-lieu or net gross proceeds provisions of chapter 298.

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

Sec. 4. Minnesota Statutes 2022, section 298.015, is amended to read:

#### 298.015 NET GROSS PROCEEDS TAX ON MINING.

Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a net gross proceeds tax equal to two 0.4 percent of the net gross proceeds from mining in Minnesota. The tax applies to all ores, metals, and minerals mined, extracted, produced, or

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refined within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

Subd. 2. **Net <u>Gross</u> proceeds.** For purposes of this section, the term <u>"net proceeds"</u> <u>"gross proceeds"</u> means the gross proceeds from mining, as defined in section 298.016<del>, less the deductions for purposes of determining taxable income under section 298.01, subdivision 3b, applied to the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products. No other credits or deductions shall apply to this tax.</del>

Subd. 3. Minimum payment. (a) A person who has obtained all required permits to mine all ores and metals, except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and iron concentrates, is annually subject to the minimum payment under this subdivision, unless:

(1) the tax imposed on the individual under subdivision 1 in a given year is greater than zero; or

(2) the person demonstrates to the commissioner of revenue that it is legally prohibited from engaging in the business of mining under a permit it has obtained.

(b) The annual minimum payment under this subdivision is (1) \$2,000,000, multiplied by (2) the number of months in a calendar year the individual is subject to the minimum payment under this subdivision, as determined under paragraph (a), divided by 12.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 5. Minnesota Statutes 2022, section 298.018, subdivision 1, is amended to read:

Subdivision 1. Within taconite assistance area. (a) The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) except as provided under paragraph (b), five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282, subdivisions 1 and 2, on the dates provided under this section;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted

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net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) 20 ten percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) 20 five percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) five <u>20</u> percent to the commissioner of Iron Range resources and rehabilitation for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund; and

(9) seven percent to the taconite environmental protection fund-; and

(10) ten percent to the commissioner of Iron Range resources and rehabilitation for capital improvements to Giants Ridge Recreation Area.

(b) If the materials or energy resources are mined, extracted, or concentrated in School District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township must each receive ten percent of the amount.

(c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is distributed under this subdivision, ten percent of the total proceeds distributed in each year must first be distributed pursuant to this paragraph. The remaining 90 percent of the total proceeds distributed in each of those years must be distributed as outlined in paragraph (a). Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent. Of the amount available under this paragraph, the city of Biwabik and Embarrass Township must each receive ten percent.

## EFFECTIVE DATE. This section is effective for distributions beginning after December 31, 2022.

Sec. 6. Minnesota Statutes 2022, section 298.018, subdivision 1a, is amended to read:

Subd. 1a. **Distribution date.** The proceeds of the tax allocated under subdivision 1 shall be distributed on December 15 each year. Any payment of proceeds received after December 15 shall be distributed on the next net gross proceeds tax distribution date.

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

Sec. 7. Minnesota Statutes 2022, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through 2023, and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).

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(b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b) shall be paid to a county that received a distribution under this section in 2000 because there was located in the county an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite in a different county.

(d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents per taxable ton for distributions beginning in 2024, shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

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

Sec. 8. Minnesota Statutes 2022, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions beginning in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; and

(ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3); and

(3) any other amount as provided by law.

(b) Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

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

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Sec. 9. Minnesota Statutes 2022, section 298.28, is amended by adding a subdivision to read:

Subd. 16. **Transfer.** Of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund under this section, \$3,500,000 shall be transferred to the Iron Range school consolidation and cooperatively operated school account under subdivision 7a. Any remaining amount of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund shall be transferred to the Iron Range resources and rehabilitation account under subdivision 7. The transfers under this subdivision must be made within ten days of the August payment.

**EFFECTIVE DATE.** This section is effective beginning with production year 2023.

Sec. 10. Minnesota Statutes 2022, section 298.296, subdivision 4, is amended to read:

Subd. 4. **Temporary loan authority.** (a) After consultation with the advisory board, the commissioner may use up to \$7,500,000 from the corpus of the trust for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net gross proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, the commissioner, after consultation with the advisory board, may use up to \$5,500,000 from the corpus of the trust for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

(c) The commissioner, after consultation with the advisory board, may require that the fund receive an equity percentage in any project to which it contributes under this section.

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

# Sec. 11. TRANSFER 2023 DISTRIBUTION ONLY; DOUGLAS J. JOHNSON ECONOMIC PROTECTION TRUST FUND.

Of the funds distributed to the Douglas J. Johnson Economic Protection Trust Fund under Minnesota Statutes, section 298.28, for the 2023 distribution only, an amount equal to \$3,500,000 shall be transferred from the Douglas J. Johnson Economic Protection Trust Fund to the Iron Range school consolidation and cooperatively operated school account under Minnesota Statutes, section 298.28, subdivision 7a. The transfer must be made within ten days of the August 2023 payment.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies only to the 2023 distribution.

# Sec. 12. TRANSFER 2023 DISTRIBUTION ONLY; PROPERTY TAX RELIEF ACCOUNT.

(a) The fund established under Minnesota Statutes, section 298.28, subdivision 7, shall receive the excess balance remaining in the fund established under Minnesota Statutes, section 298.28, subdivision 6, after the distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6, for the 2023 distribution. The transfer amount under this section must not exceed \$6,000,000 and must be made within ten days of the August

2023 payment. The commissioner of Iron Range resources and rehabilitation must distribute these transferred funds as outlined in this section. The uses listed are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board. The commissioner must distribute the funds for the following uses:

(1) \$250,000 to St. Louis County for a grant to the St. Louis County Agricultural Society for construction and furnishing of a facility to house a food booth and equipment for the St. Louis County 4-H Club;

(2) \$100,000 to Alborn Snow Devils, Inc., for trail grooming costs and equipment;

(3) \$300,000 to School District No. 2142, St. Louis County Schools, for the purchase and installation of lights at the Cherry School baseball and softball fields;

(4) \$150,000 to the Seitaniemi Housebarn and Sisu Heritage Site for facility upgrades;

(5) \$600,000 to the city of Aurora for downtown beautification projects, as outlined in paragraph (c);

(6) \$500,000 to School District No. 2142, St. Louis County Schools, for wastewater upgrades at the South Ridge School;

(7) \$500,000 to the city of Mountain Iron for the Outdoor Recreation Center;

(8) \$100,000 to the city of Buhl for capital improvements to city hall;

(9) \$150,000 to School District No. 712, Mountain Iron-Buhl Public School, for fitness equipment and capital upgrades to the fitness center;

(10) \$100,000 to the Mesabi Sno Voyageurs Snowmobile Club for trail grooming costs and equipment;

(11) \$100,000 to the PathBlazers Snowmobile Club for trail grooming costs and equipment;

(12) \$100,000 to the Ely Igloo Snowmobile Club for trail grooming costs and equipment;

(13) \$100,000 to the Voyageur Trail Society, Inc. for trail grooming costs and equipment;

(14) \$200,000 to Veterans On The Lake Resort for cabin accessibility upgrades, a handicap dock, tennis court repaving, and replacement of an underground power cable;

(15) \$650,000 to School District No. 2142, St. Louis County Schools, for wastewater upgrades at the North Woods School;

(16) \$200,000 to the City of Babbitt for capital improvements to city owned buildings;

(17) \$750,000 to the Boundary Waters Care Center for capital equipment purchases;

(18) \$800,000 to the Cook County Historical Society to predesign, design, construct, furnish, and equip the renovation of the following historic Cook County sites: (i) the Cook County History Museum; (ii) the Johnson Heritage Post Art Gallery; (iii) the Bally Blacksmith Shop; (iv) the St. Francis Xavier Church, also known as the Chippewa City Church; and (v) 1930s Nee-Gee Fishing Tug and Fish House; and to complete design for and to construct, furnish, and equip a new collections storage facility in Cook County;

(19) \$100,000 to the Virginia Community Foundation for the Mesabi Fit Coalition to rehabilitate the former Mesabi Family YMCA building;

(20) \$50,000 to the United States Hockey Hall of Fame Museum, Inc., for capital improvements;

(21) \$100,000 to the Ranger Snowmobile & ATV Club for trail grooming costs and equipment; and

(22) \$100,000 to the Crane Lake Voyageurs Snowmobile Club for trail grooming costs and equipment.

(b) If the amount of the transfer under paragraph (a) is less than \$6,000,000, each of the uses in paragraph (a), clauses (1) to (19), must be proportionally reduced so that the total amount distributed under those clauses does not exceed the amount of the transfer.

(c) The city of Aurora must use the funds received under this section for improvements to city-owned property in the downtown area and to establish a grant program to businesses for front entrance enhancements and exterior storefront improvements. The grants may award no more than \$25,000 to a business. All improvements under this paragraph must be made along St. Louis County State-Aid Highway 100 (3rd Avenue North and Main Street), from marked Trunk Highway 135 to St. Louis County State-Aid Highway 110.

(d) The funds under paragraph (a), clause (19), must only be distributed if the Virginia Community Foundation purchases the former Mesabi Family YMCA building.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies only to the 2023 distribution.

# ARTICLE 7 RENTER'S CREDIT

Section 1. Minnesota Statutes 2022, section 10A.31, subdivision 1, is amended to read:

Subdivision 1. **Designation.** An individual resident of this state who files an income tax return or a renter and, homeowner property tax refund return, or simplified return under section 289A.08, subdivision 13a, with the commissioner of revenue may designate on their original return that \$5 be paid from the general fund of the state into the state elections campaign account. If a husband and wife spouses file a joint return, each spouse may designate that \$5 be paid. No individual is allowed to designate \$5 more than once in any year. The taxpayer may designate that the amount be paid into the account of a political party or into the general account.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023.

Sec. 2. Minnesota Statutes 2022, section 10A.31, subdivision 3, is amended to read:

Subd. 3. Form. The commissioner of revenue must provide on the first page of the income tax form and the renter and, homeowner property tax refund return, and simplified return under section 289A.08, subdivision 13a, a space for the individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election campaigns. The form must also contain language prepared by the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing a joint return) to: (1) one of the major political parties; (2) any minor political party that qualifies under subdivision 3a; or (3) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return must include instructions that the individual filing the return may designate \$5 on the return only if the individual has not designated \$5 on the income tax return or simplified return under section 289A.08, subdivision 13a.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

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Sec. 3. Minnesota Statutes 2022, 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 Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D; 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"

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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 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 a SNAP 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 and Nutrition 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 SNAP benefits 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, or SNAP benefits 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 SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(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;

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(29) counties and the Department of Human Services operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(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;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(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 7, clause (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.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023.

Sec. 4. Minnesota Statutes 2022, section 270B.12, subdivision 8, is amended to read:

Subd. 8. **County assessors; homestead classification and <u>renter renter's</u> credit.** The commissioner may disclose names and Social Security numbers of individuals who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under chapter 290A renter's credit under section 290.0693 for the purpose of and to the extent necessary to administer section 290A.25.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 5. Minnesota Statutes 2022, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers <u>under chapter 290A or renter's credit filers under section 290.0693</u>, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services as necessary for income verification for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical assistance program under chapter 256B.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, the Supplemental Nutrition Assistance Program (SNAP), Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 6. Minnesota Statutes 2022, section 270C.445, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section and sections 270C.4451 to 270C.447, the following terms have the meanings given.

(b) "Advertise" means to solicit business through any means or medium.

(c) "Client" means a person for whom a tax preparer performs or agrees to perform tax preparation services.

(d) "Facilitate" means to individually or in conjunction or cooperation with another person:

(1) accept an application for a refund anticipation loan;

(2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any other means, of a refund anticipation loan; or

(3) offer, arrange, process, provide, or in any other manner act to allow the making of, a refund anticipation loan.

(e) "Refund anticipation check" means a negotiable instrument provided to a client by the tax preparer or another person, which is issued from the proceeds of a taxpayer's federal or state income tax refund or both and represents the net of the refund minus the tax preparation fee and any other fees. A refund anticipation check includes a refund transfer.

(f) "Refund anticipation loan" means a loan or any other extension of credit, whether provided by the tax preparer or another entity such as a financial institution, in anticipation of, and whose payment is secured by, a client's federal or state income tax refund or both.

(g) "Tax preparation services" means services provided for compensation to a client to:

(1) assist with preparing or filing a return;

(2) assume final responsibility for completed work on a return on which preliminary work has been done by another;

(3) sign or include on a return the preparer tax identification number required under section 6109(a)(4) of the Internal Revenue Code; or

(4) facilitate the provision of a refund anticipation loan or a refund anticipation check.

(h) "Tax preparer" or "preparer" means a person providing tax preparation services except:

(1) an employee who prepares their employer's return;

(2) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the fiduciary estate, testator, trustor, grantor, or beneficiaries of them;

(3) nonprofit organizations providing tax preparation services under the Internal Revenue Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly Program;

(4) a person who merely furnishes typing, reproducing, or other mechanical assistance;

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(5) a third-party bulk filer as defined in section 290.92, subdivision 30, that is currently registered with the commissioner; and

(6) a certified service provider as defined in section 297A.995, subdivision 2, paragraph (c), that provides all of the sales tax functions for a retailer not maintaining a place of business in this state as described in section 297A.66.

(i) Except as otherwise provided, "return" means:

(1) a return as defined in section 270C.01, subdivision 8;

(2) a claim for refund of an overpayment;

(3) a claim filed pursuant to chapter 290A; and

(4) a claim for a credit filed under section 290.0677, subdivision 1-: and

(5) a simplified return under section 289A.08, subdivision 13a.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023.

Sec. 7. Minnesota Statutes 2022, section 270C.445, subdivision 3, is amended to read:

Subd. 3. Standards of conduct. No tax preparer shall:

(1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;

(2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;

(3) fail to sign a client's return when compensation for services rendered has been made;

(4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

(5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(6) fail to retain for at least four years a copy of a client's returns;

(7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

(12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;

(13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;

(14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

(15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;

(20) fail to act in the best interests of the client;

(21) fail to safeguard and account for any money handled for the client;

(22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

(23) violate any provision of section 332.37;

(24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

(25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client-; or

(26) report a household income on a claim for a credit under section 289A.08, subdivision 13a, that the tax preparer knows or reasonably should know is not accurate.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2023.

Sec. 8. Minnesota Statutes 2022, section 289A.08, is amended by adding a subdivision to read:

Subd. 13a. Simplified filing process for taxpayers without a filing requirement. The commissioner must establish a simplified individual income tax return through which a taxpayer without a requirement to file an individual income tax return may file a return to claim refundable income tax credits. The form must include any credits the commissioner determines that taxpayers without a requirement to file are likely to claim. The credits on the form may include but are not limited to the dependent care credit under section 290.067, the child and working family credit under section 290.0671, the education credit under section 290.0674, the student loan credit under section 290.0682, and the renter's credit under section 290.0693.

(b) The filing process and forms may be in the form or manner determined by the commissioner, but must be designed to reduce the complexity of the filing process and the time needed to file for individuals without an income tax liability.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 9. Minnesota Statutes 2022, section 289A.18, subdivision 5, is amended to read:

Subd. 5. **Property tax refund claims.** A claim for a refund based on property taxes payable must be filed with the commissioner on or before August 15 of the year in which the property taxes are due and payable. <del>Any claim for refund based on rent paid must be filed on or before August 15 of the year following the year in which the rent was paid.</del>

EFFECTIVE DATE. This section is effective for property taxes payable in 2025 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 289A.38, subdivision 4, is amended to read:

Subd. 4. **Property tax refund.** For purposes of computing the limitation under this section, the due date of the property tax refund return as provided for in chapter 290A is the due date for an income tax return covering the year in which the rent was paid or the year preceding the year in which the property taxes are payable.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 11. Minnesota Statutes 2022, section 289A.56, subdivision 6, is amended to read:

Subd. 6. **Property tax refunds under chapter 290A.** (a) When a renter is owed a property tax refund, an unpaid refund bears interest after August 14, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

(b) When any other <u>a</u> claimant is owed a property tax refund <u>under chapter 290A</u>, the unpaid refund bears interest after September 29, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

#### EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 12. Minnesota Statutes 2022, section 289A.60, subdivision 12, is amended to read:

Subd. 12. **Penalties relating to property tax refunds.** (a) If it is determined that a property tax refund claim is excessive and was negligently prepared, a claimant is liable for a penalty of ten percent of the disallowed claim. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(b) An owner who without reasonable cause fails to give a certificate of rent constituting property tax <u>paid</u> to a renter, as required by <u>section sections 290.0693</u>, subdivision 4, and 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(c) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 13. Minnesota Statutes 2022, section 289A.60, subdivision 13, is amended to read:

Subd. 13. **Penalties for tax preparers.** (a) If an understatement of liability with respect to a return or claim for refund is due to a reckless disregard of laws and rules or willful attempt in any manner to understate the liability for a tax by a person who is a tax preparer with respect to the return or claim, the person shall pay to the commissioner a penalty of \$500. If a part of a claim filed under section 290.0677, subdivision  $1\frac{1}{52}$  290.0693; or chapter 290A is excessive due to a reckless disregard or willful attempt in any manner to overstate the claim allowed by a person who is a tax preparer shall pay to the commissioner a penalty of \$500 with respect to the claim. These penalties may not be assessed against the employer of a tax preparer unless the employer was actively involved in the reckless disregard or willful attempt to understate the liability for a tax or to overstate the claim for refund. These penalties are income tax liabilities and may be assessed at any time as provided in section 289A.38, subdivision 5.

(b) A civil action in the name of the state of Minnesota may be commenced to enjoin any person who is a tax preparer doing business in this state as provided in section 270C.447.

(c) The commissioner may terminate or suspend a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines that the tax preparer has engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision or has been convicted under section 289A.63.

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(d) For purposes of this subdivision, the term "understatement of liability" means an understatement of the net amount payable with respect to a tax imposed by state tax law, or an overstatement of the net amount creditable or refundable with respect to a tax. The determination of whether or not there is an understatement of liability must be made without regard to any administrative or judicial action involving the taxpayer. For purposes of this subdivision, the amount determined for underpayment of estimated tax under either section 289A.25 or 289A.26 is not considered an understatement of liability.

(e) For purposes of this subdivision, the term "overstatement of claim" means an overstatement of the net amount refundable with respect to a claim filed under section 290.0677, subdivision 1, or 289A.08, subdivision 13a, or chapter 290A. The determination of whether or not there is an overstatement of a claim must be made without regard to administrative or judicial action involving the claimant.

(f) For purposes of this section, the term "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 14. Minnesota Statutes 2022, section 289A.60, subdivision 28, is amended to read:

Subd. 28. **Preparer identification number.** (a) Each of the following that is prepared by a tax preparer must include the tax preparer's tax identification number:

(1) a tax return required to be filed under this chapter;

(2) a claim filed under section 290.0677, subdivision 1, or 289A.08, subdivision 13a, or chapter 290A; and

(3) a claim for refund of an overpayment.

(b) A tax preparer is not required to include their preparer tax identification number on a filing if the number is not required in the forms or filing requirements provided by the commissioner.

(c) A tax preparer who fails to include the preparer tax identification number as required by this section is subject to a penalty of \$50 for each failure.

(d) A tax preparer who fails to include the preparer tax identification number as required by this section, and who is required to have a valid preparer tax identification number issued under section 6109(a)(4) of the Internal Revenue Code, but does not have one, is subject to a \$500 penalty for each failure. A tax preparer subject to the penalty in this paragraph is not subject to the penalty in paragraph (c).

(e) For the purposes of this subdivision, "tax preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h), and "preparer tax identification number" means the number the tax preparer is required to use federally under section 6109(a)(4) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

## Sec. 15. [290.0693] RENTER'S CREDIT.

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

(b) "Dependent" means any individual who is considered a dependent under sections 151 and 152 of the Internal Revenue Code.

(c) "Disability" has the meaning given in section 290A.03, subdivision 10.

(d) "Exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b).

(e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. The gross rent of a resident of a nursing home or intermediate care facility is \$600 per month. The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

(f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

(g) "Household" has the meaning given in section 290A.03, subdivision 4.

(h) "Household income" means all income received by all persons of a household in a taxable year while members of the household, other than income of a dependent.

(i) "Income" means adjusted gross income, minus:

(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

(3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

(4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the taxpayer's fifth dependent, the exemption amount; and

(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or before the close of the taxable year, the exemption amount.

(j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

Subd. 2. Credit allowed; refundable. (a) An individual is allowed a credit against the tax due under this chapter equal to the amount that rent constituting property taxes exceeds the percentage of the household income of the claimant specified in subdivision 3 in the taxable year in which the rent was paid as specified in that subdivision.

(b) If the amount of credit which a taxpayer is eligible to receive under this section exceeds the taxpayer's liability for tax under this chapter, the commissioner shall refund the excess to the taxpayer.

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Subd. 3. **Renters.** (a) A taxpayer whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent paid by claimant of the remaining amount of rent constituting property taxes. The credit under subdivision 2 equals the amount of rent constituting property taxes that remain, up to the maximum credit amount shown below.

Household Income	Percent of Income	Percent paid by claimant	Maximum Credit
<u>\$0 to 6,479</u>	1.0 percent	<u>5 percent</u>	<u>\$2,640</u>
6,480 to 8,609	1.0 percent	<u>10 percent</u>	\$2,640
8,610 to 10,759	1.1 percent	10 percent	\$2,570
10,760 to 15,089	1.2 percent	10 percent	\$2,510
15,090 to 19,399	1.3 percent	15 percent	\$2,430
19,400 to 21,539	<u>1.4 percent</u>	<u>15 percent</u>	\$2,370
21,540 to 23,679	1.4 percent	20 percent	\$2,310
23,680 to 28,009	1.5 percent	20 percent	\$2,240
28,010 to 30,159	1.6 percent	20 percent	\$2,180
30,160 to 32,309	1.7 percent	25 percent	\$2,180
32,310 to 36,629	1.8 percent	25 percent	\$2,180
36,630 to 38,769	1.9 percent	<u>30 percent</u>	\$2,180
38,770 to 45,229	2.0 percent	<u>30 percent</u>	\$2,180
45,230 to 51,689	2.0 percent	<u>35 percent</u>	\$2,180
51,690 to 60,319	2.0 percent	40 percent	\$2,180
60,320 to 62,459	2.0 percent	45 percent	\$1,980
62,460 to 64,619	2.0 percent	45 percent	<u>\$1,780</u>
64,620 to 66,789	2.0 percent	45 percent	<u>\$1,510</u>
66,790 to 68,929	2.0 percent	50 percent	\$1,320
68,930 to 71,089	2.0 percent	50 percent	\$1,190
71,090 to 73,239	2.0 percent	50 percent	<u>\$660</u>
73,240 to 75,389	2.0 percent	50 percent	<u>\$260</u>

The credit is the amount calculated under this subdivision. No credit is allowed if the taxpayer's household income is \$75,389 or more.

(b) The commissioner must annually adjust the dollar amounts of the income thresholds and the maximum refunds in paragraph (a), as provided in section 270C.22. The statutory year is 2024.

(c) The commissioner shall construct and make available to taxpayers a comprehensive table showing the rent constituting property taxes to be paid and refund allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums, and other provisions specified in paragraph (a), except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner.

Subd. 4. **Owner or managing agent to furnish rent certificate.** (a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the

renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of four years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before January 31 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Before implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

Subd. 5. Eligibility; residency. (a) A taxpayer is eligible for the credit under this section if the taxpayer is an individual, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code, disregarding section 152(b)(3) of the Internal Revenue Code, who filed for a credit and who was a resident of this state during the taxable year for which the credit was claimed.

(b) In the case of a credit for rent constituting property taxes of a part-year Minnesota resident, the household income and rent constituting property taxes reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid that may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation.

(c) When two individuals of a household are able to meet the qualifications to claim a credit under this section, the individuals may determine among them as to which individual may claim the credit. If the individuals are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final.

(d) To claim a credit under this section, the taxpayer must have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the taxable year for which the taxpayer claimed the credit.

Subd. 6. Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments. (a) A taxpayer must not claim a credit under this section if the taxpayer is a resident of a nursing home, intermediate care facility, long-term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256L.

(b) If only a portion of the rent constituting property taxes is paid by these programs, the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction, the numerator of which is adjusted gross income, reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program and the denominator of which is adjusted gross income, plus vendor payments under the medical assistance program, to determine the allowable credit.

(c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing home, intermediate care facility, long-term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the taxable year covered by the claim, the taxpayer may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and may use

only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the taxpayer was not in the facility. The taxpayer's household income is the income for the entire taxable year covered by the claim.

Subd. 7. Credit for unmarried taxpayers residing in the same household. If a homestead is occupied by two or more renters who are not married to each other, the rent shall be deemed to be paid equally by each renter, and separate claims shall be filed by each renter. The income of each renter shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Subd. 8. One claimant per household. Only one taxpayer per household per year is entitled to claim a credit under this section. In the case of a married taxpayer filing a separate return, only one spouse may claim the credit under this section. The credit amount for the spouse that claims the credit must be calculated based on household income and not solely on the income of the spouse.

Subd. 9. Proof of claim. (a) Every taxpayer claiming a credit under this section shall supply to the commissioner of revenue, in support of the claim, proof of eligibility under this section, including but not limited to amount of rent paid, name and address of owner or managing agent of property rented, changes in household membership, and household income.

(b) Taxpayers with a disability shall submit proof of disability in the form and manner as the commissioner prescribes. The department may require examination and certification by the taxpayer's physician or by a physician designated by the commissioner. The cost of any examination shall be borne by the taxpayer, unless the examination proves the disability, in which case the cost of the examination shall be borne by the commissioner.

(c) A determination of disability of a taxpayer by the Social Security Administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

Subd. 10. No relief allowed in certain cases. No claim for a credit under this section shall be allowed if the commissioner determines that the claimant received tenancy to the homestead primarily for the purpose of receiving a credit under this section and not for bona fide residence purposes.

Subd. 11. <u>Appropriation.</u> The amount necessary to pay the refunds under this section is appropriated from the general fund to the commissioner.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 16. Minnesota Statutes 2022, section 290A.02, is amended to read:

#### 290A.02 PURPOSE.

The purpose of this chapter is to provide property tax relief to certain persons who own or rent their homesteads.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 17. Minnesota Statutes 2022, section 290A.03, subdivision 3, is amended to read:

Subd. 3. Income. (a) "Income" means the sum of the following:

(1) federal adjusted gross income as defined in the Internal Revenue Code; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

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(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for the claimant and spouse;

(xii) to the extent not included in federal adjusted gross income, distributions received by the claimant or spouse from a traditional or Roth style retirement account or plan;

(xiii) nontaxable scholarship or fellowship grants;

(xiv) alimony received to the extent not included in the recipient's income;

(xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvii) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

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(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) to the extent included in federal adjusted gross income, amounts contributed by the claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed the retirement base amount reduced by the amount of contributions excluded from federal adjusted gross income, but not less than zero;

(4) surplus food or other relief in kind supplied by a governmental agency;

(5) relief granted under this chapter;

(6) child support payments received under a temporary or final decree of dissolution or legal separation;

(7) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16;

(8) alimony paid; or

(9) veterans disability compensation paid under title 38 of the United States Code.

(c) The sum of the following amounts may be subtracted from income:

(1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the claimant's fifth dependent, the exemption amount; and

(6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b), for the taxable year for which the income is reported;

(2) "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and

(3) "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

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Sec. 18. Minnesota Statutes 2022, section 290A.03, subdivision 6, is amended to read:

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage and immediately surrounding one acre of land. The homestead may be owned <del>or rented and may be</del> <u>as</u> a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

#### EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 19. Minnesota Statutes 2022, section 290A.03, subdivision 8, is amended to read:

Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3) of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, long term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.

If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b), plus vendor payments under the medical assistance program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility, long term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part year Minnesota resident, the income and rent reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as

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to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not married to each other, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

#### EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 20. Minnesota Statutes 2022, section 290A.03, subdivision 12, is amended to read:

Subd. 12. **Gross rent.** (a) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a <u>site on</u> <u>which a</u> homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not which is a manufactured home is located.

(b) The gross rent of a resident of a nursing home or intermediate care facility is \$500 per month. The gross rent of a resident of an adult foster care home is \$780 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2018.

(c) (b) If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

(d) (c) Any amount paid by a claimant residing in property assessed pursuant to section 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the term "property taxes payable" as defined in subdivision 13, to the extent allowed, notwithstanding the fact that ownership is not in the name of the claimant.

# EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 21. Minnesota Statutes 2022, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the claimant's homestead. For homesteads which are manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in

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common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

## EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 22. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision to read:

Subd. 16. Manufactured home. "Manufactured home" means homesteads that are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9.

## EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 23. Minnesota Statutes 2022, section 290A.04, subdivision 1, is amended to read:

Subdivision 1. **Refund.** A refund shall be allowed each claimant in the amount that property taxes payable or rent constituting property taxes exceed the percentage of the household income of the claimant specified in subdivision 2 or 2a in the year for which the taxes were levied or in the year in which the rent was paid as specified in subdivision 2 or 2a. If the amount of property taxes payable or rent constituting property taxes is equal to or less than the percentage of the household income of the claimant specified in subdivision 2 or 2a in the year for which the rent was paid, the claimant shall not be eligible for a state refund pursuant to this section.

# EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 24. Minnesota Statutes 2022, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. Additional refund. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes. This subdivision shall not apply to any increase in the gross property taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

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(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk electronically. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

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

Sec. 25. Minnesota Statutes 2022, section 290A.04, subdivision 5, is amended to read:

Subd. 5. Combined renter and homeowner refund <u>Homeowner refund and renter's credit</u>. In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable. <u>A claimant is allowed to make a claim for refund under this chapter in addition to any credit the claimant is eligible for under section 290.0693</u>.

# EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 26. Minnesota Statutes 2022, section 290A.05, is amended to read:

# 290A.05 COMBINED HOUSEHOLD INCOME; RENTAL AGREEMENTS AND REDUCTION OF PROPERTY TAXES PAYABLE.

(a) If a person occupies a homestead with another person not related to the person as the person's spouse, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. For purposes of this section, "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead and does not have an ownership interest in the homestead.

(b) If a person occupies a homestead with another person or persons not related to the person as the person's spouse or as dependents, the property tax payable or rent constituting property tax shall be reduced as follows.

If and the other person or persons are residing at the homestead under <u>a</u> rental or lease agreement <u>with the</u> <u>homeowner</u>, the amount of property tax payable or rent constituting property tax shall be <u>equals</u> that portion not covered by the rental agreement.

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024 and property taxes payable in 2024, and following years.

Sec. 27. Minnesota Statutes 2022, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. **Time of payment to renter or manufactured home homeowner.** A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

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Sec. 28. Minnesota Statutes 2022, section 290A.08, is amended to read:

# 290A.08 ONE CLAIMANT PER HOUSEHOLD.

Only one claimant per household per year is entitled to relief under this chapter. Payment of the claim for relief may be made payable to the spouses as one claimant. The commissioner, upon written request, may issue separate checks, to the spouses for one-half of the relief provided the original check has not been issued or has been returned. Individuals related as spouses who were married during the year may elect to file a joint claim which shall include each spouse's income, rent constituting property taxes, and property taxes payable. Spouses who were married for the entire year and were domiciled in the same household for the entire year must file a joint claim. The maximum dollar amount allowable for a joint claim shall not exceed the amount that one person could receive.

## EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 29. Minnesota Statutes 2022, section 290A.09, is amended to read:

# 290A.09 PROOF OF CLAIM.

(a) Every claimant shall supply to the commissioner of revenue, in support of the claim, proof of eligibility under this chapter, including but not limited to amount of rent paid or property taxes accrued, name and address of owner or managing agent of property rented, changes in homestead, household membership, household income, size and nature of property claimed as a homestead.

(b) For manufactured homes, every claimant shall supply to the commissioner of revenue the name and address of the owner or managing agent of the property rented.

(c) Persons with a disability filing claims shall submit proof of disability in the form and manner as the commissioner may prescribe. The department may require examination and certification by the claimant's physician or by a physician designated by the commissioner. The cost of any examination shall be borne by the claimant, unless the examination proves the disability, in which case the cost of the examination shall be borne by the commissioner.

(d) A determination of disability of a claimant by the Social Security Administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

#### EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 30. Minnesota Statutes 2022, section 290A.091, is amended to read:

# 290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.

The cooperative manager of a leasehold cooperative shall furnish a statement to each tenant by March 31 of the year in which the property tax is payable showing each unit's share of the gross property tax and each unit's share of any property tax credits. Each tenant may apply for a property tax refund under this chapter as a homeowner based on each tenant's share of property taxes. The tenant may not include any rent constituting property taxes paid on that unit claim the renter's credit under section 290.0693. For the purposes of this section, a leasehold cooperative is formed on the day that leasehold cooperative status is granted by the appropriate county official.

**EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2024 and following years.

Sec. 31. Minnesota Statutes 2022, section 290A.13, is amended to read:

#### 290A.13 NO RELIEF ALLOWED IN CERTAIN CASES.

No claim for relief under this chapter shall be allowed if the commissioner determines that the claimant received title or tenancy to the homestead primarily for the purpose of receiving benefits under this chapter and not for bona fide residence purposes.

## EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 32. Minnesota Statutes 2022, section 290A.19, is amended to read:

# 290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.

(a) The <u>park</u> owner or managing agent of any of a property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the <u>park</u> owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The <u>park</u> owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the <u>park</u> owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the park owner who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of <u>park</u> owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of <u>park</u> owners and managing agents.

(c) For the purposes of this section, "owner" includes "park owner" means a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

## EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 33. Minnesota Statutes 2022, section 290A.25, is amended to read:

# 290A.25 VERIFICATION OF SOCIAL SECURITY <u>OR INDIVIDUAL TAXPAYER IDENTIFICATION</u> NUMBERS.

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the names and Social Security <u>or individual taxpayer identification</u> numbers of persons who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under this chapter renter's credit under section 290.0693.

Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that has been improperly allowed. For the

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purpose of this section, "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county auditor shall send a notice to persons who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination with the Minnesota Tax Court within 60 days of the date of the notice from the county as provided in section 273.124, subdivision 13b.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property for taxes payable in the following year to the extent that the current owner agrees in writing.

Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

## EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

Sec. 34. Minnesota Statutes 2022, section 327C.02, subdivision 5, is amended to read:

Subd. 5. Written notice required. A prospective resident, before being asked to sign a rental agreement, must be given the following notice printed verbatim in boldface type of a minimum size of ten points. The notice must be provided with the park residency application. The notice must be posted in a conspicuous and public location in the park:

#### "IMPORTANT NOTICE

State law provides special rules for the owners, residents, and prospective residents of manufactured home parks.

You may keep your home in the park as long as the park is in operation and you meet your financial obligations, obey state and local laws which apply to the park, obey reasonable park rules, do not substantially annoy or endanger the other residents or substantially endanger park personnel and do not substantially damage the park premises. You may not be evicted or have your rent increased or your services cut for complaining to the park owner or to a governmental official.

If you receive an eviction notice and do not leave the park, the park owner may take you to court. If you lose in court, a sheriff may remove you and your home from the park within seven days. Or, the court may require you to leave the park within seven days but give you 60 days to sell the home within the park.

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If you receive an eviction notice for a new or amended rule and the court finds the rule to be reasonable and not a substantial modification of your original agreement, the court will not order you to leave but will order you to comply with the rule within ten days. If you do not comply within the time given or if you violate the rule at a later time, you will be subject to eviction.

All park rules and policies must be reasonable. Your rent may not be increased more than twice a year. Changes made in park rules after you become a park resident will not apply to you if they substantially change your original agreement.

The park may not charge you an entrance fee.

The park may require a security deposit, but the deposit must not amount to more than two months rent.

You have a right to sell the home in the park. But the sale is not final until the park owner approves the buyer as a new resident, and you must advise in writing anyone who wants to buy your home that the sale is subject to final approval by the park owner.

The park must provide to you, in writing, the procedures and criteria used to evaluate a prospective resident. If your application is denied, you can request, in writing, the reason why.

You must also disclose in writing certain safety information about your home to anyone who wants to buy it in the park. You must give this information to the buyer before the sale, in writing, on the form that is attached to this notice. You must completely and accurately fill out the form and you and the buyer should each keep a copy.

Your rental agreement and the park rules contain important information about your rights and duties. Read them carefully and keep a copy.

You must be given a copy of the shelter or evacuation plan for the park. This document contains information on where to seek shelter in times of severe weather conditions. You should carefully review the plan and keep a copy.

By February 1 of each year, the park must give you a certificate of rent constituting property taxes paid as required by Minnesota Statutes, section sections 290.0693, subdivision 4, and 290A.19.

For further information concerning your rights, consult a private attorney. The state law governing the rental of lots in manufactured home parks may also be enforced by the Minnesota Attorney General."

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

Sec. 35. Minnesota Statutes 2022, section 462A.05, subdivision 24, is amended to read:

Subd. 24. Housing for elderly, persons with physical or developmental disabilities, and single parent families. (a) It may engage in housing programs for low- and moderate-income elderly, persons with physical or developmental disabilities, or single parent families in the case of home sharing programs, as defined by the agency, to provide grants or loans, with or without interest, for:

(1) accessibility improvements to residences occupied by elderly persons;

(2) housing sponsors, as defined by the agency, of home sharing programs to match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, a person with physical or developmental disabilities, or the head of a single parent family;

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(3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

(b) In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

(c) Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead classification under chapter 273, the renter's credit under section 290.0693, and the property tax refund act under chapter 290A.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

# Sec. 36. TAX CREDIT OUTREACH; APPROPRIATION.

(a) \$1,394,000 in fiscal year 2024 and \$1,393,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of revenue to make grants to one or more eligible organizations. An eligible organization receiving a grant must use the funds to:

(1) publicize and promote the availability of eligible credits to taxpayers likely to be eligible for those credits; or

(2) provide taxpayer assistance services.

(b) For the purposes of this section the following terms have the meanings given:

(1) "eligible credit" means a credit targeting low-income taxpayers, including but not limited to the credits under sections 290.0693 and 290.0671 and chapter 290A;

(2) "eligible organization" means a nonprofit organization or federally recognized Indian Tribe with experience serving demographic groups or geographic regions that have historically had low rates of participation in eligible credits. Eligible organization includes but is not limited to organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code; and

(3) "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

(c) The base for this appropriation is \$1,871,000 in fiscal years 2026 and thereafter.

# Sec. 37. REPEALER.

Minnesota Statutes 2022, sections 290A.03, subdivisions 9 and 11; 290A.04, subdivision 2a; and 290A.23, subdivision 1, are repealed.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2024 and following years.

#### THURSDAY, APRIL 20, 2023

# ARTICLE 8 TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2022, section 469.174, subdivision 14, is amended to read:

Subd. 14. Administrative expenses. (a) "Administrative expenses" or "administrative costs" means all documented expenditures of an authority other than or municipality, including but not limited to:

(1) amounts paid for services provided by bond counsel, fiscal consultants, and economic development consultants;

(2) allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with sections 469.174 to 469.1794;

(3) amounts paid to publish annual disclosures and provide notices under section 469.175;

(4) amounts to provide for the usual and customary maintenance and operation of properties purchased with tax increments, including necessary reserves for repairs and the cost of any insurance;

(5) amounts allocated or paid to prepare a development action response plan for a soils condition district or hazardous substance subdistrict; and

(6) amounts used to pay bonds, interfund loans, or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (5).

(b) Administrative expenses and administrative costs do not include:

(1) amounts paid for the purchase of land <u>and buildings;</u>

(2) amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the project, including architectural and engineering services and materials and services for demolition, soil correction, and the construction or installation of public improvements;

(3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or

(5) (4) amounts paid for property taxes or payments in lieu of taxes; and

(5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178 or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3) (4).

For districts for which the requests for certifications were made before August 1, 1979, or after June 30, 1982, "administrative expenses" includes amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants.

This definition does not apply to administrative expenses or administrative costs referenced under section 469.176, subdivision 4h.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 2. Minnesota Statutes 2022, section 469.174, is amended by adding a subdivision to read:

Subd. 30. Pay-as-you-go contract and note. "Pay-as-you-go contract and note" means a written note or contractual obligation under which all of the following apply:

(1) the note or contractual obligation evidences an authority's commitment to reimburse a developer, property owner, or note holder for the payment of costs of activities, including any interest on unreimbursed costs;

(2) the reimbursement is made from tax increment revenues identified in the note or contractual obligation as received by a municipality or authority as taxes are paid; and

(3) the risk that available tax increments may be insufficient to fully reimburse the costs is borne by the developer, property owner, or note holder.

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

Sec. 3. Minnesota Statutes 2022, section 469.175, subdivision 6, is amended to read:

Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of tax increments of the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;

(2) the net tax capacity for the reporting period of the district and any subdistrict;

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(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;

(5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (b), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (b), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (b), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond proceeds; and

(vi) the agricultural homestead market value credit paid to the authority under section 273.1384;

(14) for the reporting period and for the prior years of the district, the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority; and

(v) for housing districts, construction of affordable housing;

(15) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(16) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(17) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(18) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;

(19) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of total increased property taxes to be paid from outside the tax increment financing district; and

(20) any additional information the state auditor may require.

(d) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

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

Sec. 4. Minnesota Statutes 2022, section 469.176, subdivision 3, is amended to read:

Subd. 3. Limitation on administrative expenses. (a) For districts for which certification was requested before August 1, 2001, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or ten percent of the total tax increment expenditures for the project net of any amounts returned to the county auditor as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

(b) For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for a project which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or <u>ten percent of</u> the total tax increments, as defined in section

469.174, subdivision 25, clause (1), from received for the district net of any amounts returned to the county auditor as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

(c) Increments used to pay the county's administrative expenses under subdivision 4h are not subject to the percentage limits in this subdivision.

(d) Increments defined under section 469.174, subdivision 25, clause (2), used for administrative expenses described under section 469.174, subdivision 14, paragraph (a), clause (4), are not subject to the percentage limits in this subdivision.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 5. Minnesota Statutes 2022, section 469.176, subdivision 4, is amended to read:

Subd. 4. Limitation on use of tax increment; general rule. All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section  $469.142_{\frac{1}{2}}$  by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068; by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108; by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047; by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.133; by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve; and (3) to pay administrative expenses.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 6. Minnesota Statutes 2022, section 469.1761, subdivision 1, is amended to read:

Subdivision 1. **Requirement imposed.** (a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied <u>if the district is located either in a</u> metropolitan county as defined by section 473.121, subdivision 4, or in a city with a population greater than 50,000; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located in a targeted area as defined in section 462C.02, subdivision 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:

(1) construction of the addition begins more than three years after construction of the existing structure was completed; and

(2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

Sec. 7. Minnesota Statutes 2022, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues derived from tax increments paid by properties in the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are <u>considered to be expenditures</u> for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

- (4) be used to develop housing:
- (i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired; or

(5) to assist owner-occupied housing that meets the requirements of section 469.1761, subdivision 2.

(e) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

(f) For purposes of determining whether the minimum percentage of expenditures for activities in the district and maximum percentages of expenditures allowed on activities outside the district have been met under this subdivision, any amounts returned to the county auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total revenues derived from tax increments paid by properties in the district. Any other amounts returned to the county auditor for purposes other than a remedy under section 469.1771, subdivision 3, are considered to be expenditures for activities in the district.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990, except that paragraph (f) shall apply to districts decertifying after December 31, 2023.

Sec. 8. Minnesota Statutes 2022, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district <u>that</u> are <del>considered to have been</del> expended on an activity within the district <u>under will instead be considered to have been</u> expended on an activity outside the district for purposes of subdivision 2 only if one of the following occurs <u>unless</u>:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification <u>of the district</u>, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

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(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made revenues are spent for housing purposes as permitted described by subdivision 2, paragraphs paragraph (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

(d) For a redevelopment district that was certified after December 31, 2017, and before June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years after certification of the district.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990.

Sec. 9. Minnesota Statutes 2022, section 469.1763, subdivision 4, is amended to read:

Subd. 4. Use of revenues for decertification. (a) In each year beginning with the sixth year following certification of the district, or beginning with the ninth year following certification of the district for districts whose five-year rule is extended to eight years under subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived from tax increments paid by properties in the district exceeds the amount of expenditures that have been made for costs permitted under subdivision 3, an amount equal to the difference between the in-district percent of the revenues derived from tax increments paid by properties in the district and the amount of expenditures that have been made for costs permitted under subdivision 3 must be used and only used to pay or defease the following or be set aside to pay the following:

(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);

(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);

(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are insufficient to pay the bonds and to the extent that the increments from the applicable pooling percent share for the district are insufficient; or

(4) the amount provided by the tax increment financing plan to be paid under subdivision 2, paragraphs (b), (d), and (e).

(b) The (a) Beginning with the sixth year following certification of the district, or beginning with the year following the extended period for districts whose five-year period is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and the pledge of tax increment discharged when the outstanding bonds have been defeased and when sufficient money has been set aside to pay, based on the product of the applicable in-district

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percentage multiplied by the increment to be <u>cumulative revenues derived from tax increments paid by properties in</u> the district that have been collected through the end of the calendar year, <u>equals or exceeds an amount sufficient to</u> <u>pay</u> the following <del>amounts</del>:

(1) contractual <u>any costs and</u> obligations <del>as defined</del> <u>described</u> in subdivision 3, <del>paragraph</del> <u>paragraphs</u> (a)<del>, clauses</del> (3) and (4); and (b), excluding those under a qualifying pay-as-you-go contract and note;</del>

(2) the amount specified in the tax increment financing plan for activities qualifying under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1); and

(3) the additional expenditures permitted by the tax increment financing plan for housing activities under an election under subdivision 2, paragraph (d), that have not been funded with the proceeds of bonds qualifying under paragraph (a), clause (1).

(2) any accrued interest on the costs and obligations in clause (1), payable in accordance with the terms thereof; and

(3) any administrative expenses falling within the exception in subdivision 2, paragraph (c).

(b) For districts with an outstanding qualifying pay-as-you-go contract and note, the required decertification under paragraph (a) is deferred until the end of the remaining term of the last outstanding qualifying pay-as-you-go contract and note, and the applicable in-district percentage of cumulative revenues derived from tax increments paid by properties in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs (a) and (b), provided that the deferral shall not exceed the district's duration limit under section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise require decertification, the authority must annually either:

(1) remove from the district, by the end of the year, all parcels that will no longer have their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after the end of the year; or

(2) use the applicable in-district percentage of revenues derived from tax increments paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note of the district or other costs and obligations described in subdivision 3, paragraphs (a) and (b), or to accumulate and use revenues derived from tax increments paid by those parcels as permitted under paragraph (i).

The authority must remove any parcels as required by this paragraph by modification of the tax increment financing plan and notify the county auditor of the removed parcels by the end of the same calendar year. Notwithstanding section 469.175, subdivision 4, paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings required for approval of the original plan are not required for such a modification.

(c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August 1, 2023, to a bond other than a pay-as-you-go contract and note or interfund loan, and the proceeds of the bond were used solely or in part to pay authorized costs for activities outside the district, the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to the bond being fully paid or defeased.

(d) For purposes of this subdivision, "applicable in-district percentage" means the percentage of tax increment revenue that is restricted for expenditures within the district, as determined under subdivision 2, paragraphs (a) and (d), for the district.

(e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means a pay-as-you-go contract and note that is considered to be for activities within the district under subdivision 3, paragraph (a).

(f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues derived from tax increments paid by properties in the district through the end of the calendar year shall include any final settlement distributions made in the following January. For purposes of the calculation in paragraph (a), any amounts returned to the county auditor as excess increment or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the cumulative revenues derived from tax increments paid by properties in the district.

(g) The timing and implementation of a decertification pursuant to paragraphs (a) and (b) shall be subject to the following:

(1) when a decertification is required under paragraph (a) and not deferred under paragraph (b), the authority must, as soon as practical and no later than the final settlement distribution date of January 25 as identified in section 276.111 for the property taxes payable in the calendar year identified in paragraph (a), make the decertification by resolution effective for the end of the calendar year identified in paragraph (a), and communicate the decertification to the county auditor;

(2) when a decertification is deferred under paragraph (b), the authority must, by December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches termination, make the decertification by resolution effective for the end of that calendar year and communicate the decertification to the county auditor;

(3) if the county auditor is unable to prevent tax increments from being calculated for taxes payable in the year following the year for which the decertification is made effective, the county auditor may redistribute the tax increments in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first distributing them to the authority; and

(4) if tax increments are distributed to an authority for a taxes payable year after the year for which the decertification was required to be effective, the authority must return the amount of the distributions to the county auditor for redistribution in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

(h) The provisions of this subdivision do not apply to a housing district.

(i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has made the election in the tax increment financing plan for the district under subdivision 2, paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to such time that the accumulated revenues derived from tax increments paid by properties in the district that are eligible to be expended for housing purposes described under subdivision 2, paragraph (d), or the amount the authority is permitted to expend for housing purposes described under subdivision 2, paragraph (d), or the amount authorized for such purposes in the tax increment financing plan. Increment revenues collected after the district would have decertified under paragraph (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent the exception of this paragraph, shall be used solely for housing purposes as described in subdivision 2, paragraph (d).

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all districts with a request for certification after April 30, 1990, except that the requirements under paragraph (b) to remove parcels or use revenues from such parcels as prescribed in paragraph (b) apply only to districts for which the request for certification was made after the day following final enactment.

Sec. 10. Minnesota Statutes 2022, section 469.1763, subdivision 6, is amended to read:

Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

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(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. The municipality may transfer increments as provided by this subdivision without regard to whether the transfer or expenditure is authorized by the tax increment financing plan for the district from which the transfer is made. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)(i) the amount due during the calendar year to pay preexisting obligations of the district; minus the sum of

(ii) (i) the total increments collected or to be collected from properties located within the district that are available for the calendar year including amounts collected in prior years that are currently available; plus

(iii) (ii) total increments from properties located in other districts in the municipality including amounts collected in prior years that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law; or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in classification rates in Laws 1997, chapter 231, article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001, First Special Session chapter 5, or the elimination of the general education tax levy under Laws 2001, First Special Session chapter 5.

The authority may compute the deficit amount under clause (1) only (without regard to the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution, to use increments from the district to which increments are to be transferred and any transferred increments are only used to pay preexisting obligations and administrative expenses for the district that are required to be paid under section 469.176, subdivision 4h, paragraph (a).

(c) A preexisting obligation means:

(1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before August 1, 2001, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district; and

(2) binding contracts entered into before August 1, 2001, to the extent that the contracts require payments secured by a pledge of increments from the tax increment financing district.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments including amounts collected in prior years that are currently available for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality. The municipality may use this authority only after it has first used all available increments of the receiving development authority to eliminate the insufficiency and exercised any permitted action under section 469.1792, subdivision 3, for preexisting districts of the receiving development authority to eliminate the insufficiency.

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(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

(1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e, 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other provisions of this section; and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and

(2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect for districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.

(f) If a preexisting obligation requires the development authority to pay an amount that is limited to the increment from the district or a specific development within the district and if the obligation requires paying a higher amount to the extent that increments are available, the municipality may determine that the amount due under the preexisting obligation equals the higher amount and may authorize the transfer of increments under this subdivision to pay up to the higher amount. The existence of a guarantee of obligations by the individual or entity that would receive the payment under this paragraph is disregarded in the determination of eligibility to pool under this subdivision. The authority to transfer increments under this paragraph may only be used to the extent that the payment of all other preexisting obligations in the municipality due during the calendar year have been satisfied.

(g) For transfers of increments made in calendar year 2005 and later, the reduction in increments as a result of the elimination of the general education tax levy for purposes of paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes payable in 2001, multiplied by the captured tax capacity of the district for the current taxes payable year.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

Sec. 11. Minnesota Statutes 2022, section 469.1771, subdivision 2, is amended to read:

Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year. This subdivision does not apply to a failure to decertify a district at the end of the duration limit specified in the tax increment financing plan.

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

Sec. 12. Minnesota Statutes 2022, section 469.1771, subdivision 2a, is amended to read:

Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make a disclosure or to submit a report containing the information required by section 469.175, subdivisions 5 and 6, regarding a tax increment financing district within the time provided in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written notice that it or the municipality has failed to make the required disclosure or to submit a required report with respect to a particular district. The state auditor shall mail the notice on or before the third Tuesday of August of the year in which the disclosure or report was required to be made or submitted. The notice must describe the consequences of failing to disclose or submit a report as provided in paragraph (b). If the state auditor has not received a copy of a disclosure or a report described in this paragraph on or before the first day of October of the year in which the disclosure or report was required to be made or submitted, the state auditor shall mail a written notice to the county auditor to hold the distribution of tax increment from a particular district.

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(b) Upon receiving written notice from the state auditor to hold the distribution of tax increment, the county auditor shall hold: <u>all tax increment that otherwise would be distributed after receipt of the notice</u>, <u>until further notified under paragraph (c)</u>.

(1) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after the first day of October but during the year in which the disclosure or report was required to be made or submitted; or

(2) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after December 31 of the year in which the disclosure or report was required to be made or submitted.

(c) Upon receiving the copy of the disclosure and all of the reports described in paragraph (a) with respect to a district regarding which the state auditor has mailed to the county auditor a written notice to hold distribution of tax increment, the state auditor shall mail to the county auditor a written notice lifting the hold and authorizing the county auditor to distribute to the authority or municipality any tax increment that the county auditor had held pursuant to paragraph (b). The state auditor shall mail the written notice required by this paragraph within five working days after receiving the last outstanding item. The county auditor shall distribute the tax increment to the authority or municipality within 15 working days after receiving the written notice required by this paragraph.

(d) Notwithstanding any law to the contrary, any interest that accrues on tax increment while it is being held by the county auditor pursuant to paragraph (b) is not tax increment and may be retained by the county.

(e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered distributed to or received by the authority or municipality as of the time that it would have been distributed or received but for paragraph (b).

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

Sec. 13. Minnesota Statutes 2022, section 469.1771, subdivision 3, is amended to read:

Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a permitted project under section 469.176 sections 469.174 to 469.1794, (2) for a purpose that is not permitted under section 469.176 sections 469.174 to 469.1794 for the district from which the increment was received, or (3) on activities outside of the geographic area in which the revenues may be expended under this chapter, the authority must pay to the county auditor an amount equal to the expenditures made in violation of the law.

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

Sec. 14. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter 143, article 9, section 11, and Laws 2019, First Special Session chapter 6, article 7, section 2, is amended to read:

# Sec. 26. BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR RULE.

(a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, are increased to a 21 year 26-year period for the Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington Central Station. The requirements of Minnesota Statutes, section 469.1763, subdivision 4, apply to the district in each year beginning with the 27th year following certification of the district.

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(b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of the district for a period through December 31, 2039.

(c) Notwithstanding the provisions of Minnesota Statutes, section 469.176, or any other law to the contrary, the city of Bloomington and its port authority may extend the duration limits of undeveloped parcels within District No. 1-I for a period through December 31, 2049. For the purposes of this paragraph, "undeveloped parcels" means any parcel that does not have a building on it as of the effective date of this section.

(c) (d) Effective for taxes payable in 2014, tax increment for the district must be computed using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

**EFFECTIVE DATE.** This section is effective upon compliance by the city of Bloomington, Hennepin County, and Independent School District No. 271 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 15. Laws 2008, chapter 366, article 5, section 36, subdivision 1, is amended to read:

Subdivision 1. Authorization. Notwithstanding the provisions of any other law, upon approval of the governing body of the city of St. Paul, the Housing and Redevelopment Authority of the city of St. Paul may establish a redevelopment tax increment financing district comprised of the properties included in the existing downtown and Seventh Place tax increment district (County #82). Notwithstanding Minnesota Statutes, section 469.177, subdivision 6, if certification of the district is requested by July 31, 2008, the certification will be recognized by the county auditor in determining local tax rates for taxes payable in 2009 and subsequent years. The district created under this section terminates December 31, 2023 2033. The city may create the district under this section only if it enters into an agreement with Ramsey County to pay the county annually out of the increment from this district an amount equal to the tax that would have been payable to the county on the captured tax capacity of the district had the district not been created.

**EFFECTIVE DATE.** This section is effective the day after the governing bodies of St. Paul, Ramsey County, and Independent School District No. 625 comply with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

Sec. 16. Laws 2008, chapter 366, article 5, section 36, subdivision 3, as amended by Laws 2014, chapter 150, article 5, section 5, is amended to read:

Subd. 3. **Authorized expenditures.** Tax increment from the district may be expended only to pay principal and interest on bond obligations issued by the city of St. Paul in 2009 for the RiverCentre Arena, including payment of principal and interest on any bonds issued to repay the bonds or loans, as amended in 2014, but only through taxes payable year 2023. Commencing with taxes payable year 2024, tax increments from the district may be expended to facilitate capital improvements within the city's RiverCentre complex, including but not limited to the St. Paul RiverCentre, Xcel Energy Center, Roy Wilkins Auditorium, and St. Paul RiverCentre Parking Ramp and adjacent areas controlled by the city. All such expenditures are deemed to be activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to eight <u>12</u> years for any district; the five-year rule under Minnesota Statutes, section 469.175, subdivision 4, paragraph (f), is extended to nine years for any district; and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

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(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Savage and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

# Sec. 18. <u>CITY OF CHATFIELD; TAX INCREMENT FINANCING AUTHORITY; ECONOMIC</u> <u>DEVELOPMENT AUTHORIZATION.</u>

Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, paragraph (b), or any other law to the contrary, the city of Chatfield, or its economic development authority, may establish an economic development district to construct a multilevel hotel on Mill Creek Road and Division Street NW, south of Trunk Highway 30, in the city of Chatfield, Olmsted County, provided that the first floor of the hotel not exceed 15,000 square feet. For purposes of this section, "first floor" means the floor at street level where the public is permitted to enter and exit.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Chatfield and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

### Sec. 19. CITY OF DULUTH; TAX INCREMENT FINANCING AUTHORITY.

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the city of Duluth or its economic development authority may establish one or more redevelopment districts located wholly within the city of Duluth, St. Louis County, Minnesota, limited to the area bordered on the northeast by Slip 3 and the Pier B Resort property line extended northwest to Interstate Highway 35, on the southeast by the Duluth Harbor, on the southwest by the Compass Minerals property line extended northwest to Interstate Highway 35, and on the northwest by Interstate Highway 35, together with adjacent roads and rights-of-way.

Subd. 2. Special rules. For any tax increment financing district established under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) eligible expenditures include without limitation seawalls and pier facings adjacent to the boundaries of such district.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

### Sec. 20. CITY OF DULUTH; TAX INCREMENT FINANCING DURATION EXTENSION.

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Duluth or its economic development authority may extend the duration limit of a district established under section 19 by ten years.

**EFFECTIVE DATE.** This section is effective upon compliance by the city of Duluth, St. Louis County, and Independent School District No. 709 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

# Sec. 21. CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the economic development authority of the city of Duluth or the city of Duluth may establish one or more redevelopment districts located wholly within the area of the city of Duluth, St. Louis County, Minnesota, limited to the area classified as the Medical Regional Exchange District and East 1st Street Corridor as bounded by: East 6th Street from North 3rd Avenue East to North 7th Avenue East; North 7th Avenue East; North 12th Avenue East from East 3rd Street; East 3rd Street straight through the Duluth Rose Garden to the Lake Superior Waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East to Superior Street; East 3rd Street; East 2nd Street from North 3rd Avenue East to North Lake Avenue; North Lake Avenue from East Superior Street to East 2nd Street; East 2nd Street from North Lake Avenue to North 3rd Avenue East; North 3rd Avenue East from East 2nd Street to East 6th Street to East 6th Street to East 6th Street from North 3rd Avenue East 6th Street from North 3rd Avenue East 6th 3rd Street from North 3rd Avenue East 6th Street from North 3rd Avenue East 6th 3rd Avenue East 6th 3rd Street from North 3rd Avenue East 6th 3rd Avenue East 6th 3rd Street from North 3rd Avenue 6th 3rd Avenue East 6th 3rd Street 6th 5treet 6th 5

Subd. 2. Special rules. If the city or authority establishes a redevelopment tax increment financing district under this section, the requirements, definitions, limitations, or restrictions in the following statutes do not apply: Minnesota Statutes, sections 469.174, subdivision 10; and 469.176, subdivisions 4j, 4l, and 5; 469.1763, subdivisions 2, 3, and 4.

Subd. 3. Expiration. The provisions of subdivision 2 expire for increment expended after December 31, 2051. After that date, the provisions of Minnesota Statutes, section 469.1763, subdivision 4, apply to any remaining unspent or unobligated increment.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## Sec. 22. CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

Subdivision 1. **Transfer of increment.** Notwithstanding Minnesota Statutes, section 469.176, subdivision 4j, the city of Fridley, or its economic development authority, may transfer tax increment accumulated from Fridley Tax Increment Financing District No. 20 to the Fridley Housing and Redevelopment Authority for the purposes authorized in subdivision 2. Only increment allowed to be expended outside of the district pursuant to Minnesota Statutes, section 469.1763, subdivision 2, may be transferred under this section.

Subd. 2. Allowable use. Tax increment transferred under subdivision 1 must be used only to:

(1) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing; or

(2) match other funds from federal, state, or private resources for housing projects.

Subd. 3. <u>Annual financial reporting.</u> Tax increment transferred under this section is subject to the annual reporting requirements under Minnesota Statutes, section 469.175, subdivision 6.

Subd. 4. Legislative reports. By February 1, 2024, and February 1, 2026, the city of Fridley must issue a report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and property taxes. Each report must include detailed information relating to each program financed with increment transferred under this section.

Subd. 5. Expiration. The authority to make transfers under subdivision 1 expires December 31, 2026.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Fridley and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

# Sec. 23. CITY OF LAFAYETTE; SMALL CITY DESIGNATION.

For the purposes of Minnesota Statutes, section 469.176, subdivision 4c, the city of Lafayette is a small city.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Lafayette and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

### Sec. 24. CITY OF NICOLLET; SMALL CITY DESIGNATION.

For the purposes of Minnesota Statutes, section 469.176, subdivision 4c, the city of Nicollet is a small city.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Nicollet and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

### Sec. 25. CITY OF PLYMOUTH; TAX INCREMENT FINANCING AUTHORITY.

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the city of Plymouth may establish one or more redevelopment districts located wholly within the city of Plymouth, Hennepin County, Minnesota, limited to the following parcels identified by tax identification numbers: 34-119-22-44-0002, 03-118-22-12-0002, 03-118-22-11-0007, 02-118-22-22-0005, and 03-118-22-14-0032, together with adjacent roads and rights of way.

Subd. 2. Special rules. If the city establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) the five-year rule period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the six-year rule under Minnesota Statutes, section 469.1763, subdivision 4, applies to the district in each year beginning with the 11th year following certification of the district;

(3) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(4) not more than 75 percent of increments generated from the district may be expended on improvements to Chankahda Trail, formerly known as Hennepin County Road 47, outside the project area, and all such expenditures are deemed expended on activities within the district for the purposes of Minnesota Statutes, section 469.1763.

Subd. 3. Expiration. The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

#### Sec. 26. CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.

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

(b) "City" means the city of Shakopee.

(c) "Project area" means the following parcels, identified by parcel identification number: 279160102, 279160110, 279170020, and 279160120.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other than clauses (8) to (10), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area. The city, or a development authority acting on its behalf, may establish one or more soil deficiency districts within the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 70 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of residential or commercial buildings or infrastructure;

(2) soils or terrain that requires substantial filling in order to permit the development of residential or commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodways; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

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(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 60 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district, and the period under Minnesota Statutes, section 469.1763, subdivision 4, is extended to 11 years.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through 20 years after the receipt by the authority of the first increment from the district; and

(2) except as otherwise provided in this subdivision, increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district.

(g) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires December 31, 2026.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Shakopee and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

### Sec. 27. CITY OF SPICER; SMALL CITY DESIGNATION.

For the purposes of Minnesota Statutes, section 469.176, subdivision 4c, the city of Spicer is a small city.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Spicer and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

# Sec. 28. CITY OF WEST SAINT PAUL; TAX INCREMENT FINANCING AUTHORITY.

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of West Saint Paul or the city of West Saint Paul may establish one or more redevelopment tax increment financing districts consisting of the parcels in the city of West Saint Paul, Dakota County, Minnesota, currently identified with the following parcel identification numbers: 42-83680-01-011, 42-11561-00-010, 42-11561-01-010, 42-11560-01-021, 42-11561-00-020, 42-11560-01-022, as the same may be replated or reconfigured, together with adjacent roads and rights-of-way.

Subd. 2. Special rules. If the city or authority establishes one or more tax increment financing districts under this section, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of West Saint Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

# Sec. 29. <u>CITY OF WOODBURY; TAX INCREMENT FINANCING DISTRICT NO. 13;</u> EXPENDITURES ALLOWED; DURATION EXTENSION.

(a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other law to the contrary, the city of Woodbury may expend increments generated from Tax Increment Financing District No. 13 for the maintenance, and facility and infrastructure upgrades to Central Park. All such expenditures are deemed expended on activities within the district.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by five years.

**EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the city of Woodbury and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the city of Woodbury, Washington County, and Independent School District No. 833 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

### ARTICLE 9 LOCAL TAXES

Section 1. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5, section 2, Laws 2014, chapter 308, article 3, section 21, and Laws 2017, First Special Session chapter 1, article 5, section 1, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000 \$54,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway, and capital improvements to parks-based public athletic facilities to support sports tourism.

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(c) The city of Duluth may sell and issue up to \$18,000,000 §54,000,000 in general obligation bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of issuance and any premiums. The proceeds may be used to finance capital improvements to public facilities that support tourism and recreational activities in the portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway and capital improvements to parks-based public athletic facilities to support sports tourism, as described in paragraph (b). The issuance of the bonds is subject to the provisions of Minnesota Statutes, chapter 475, except no election shall be required unless required by the city charter. The bonds shall not be included in computing net debt. The revenues from the taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 2. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, Laws 2014, chapter 308, article 3, section 22, and Laws 2017, First Special Session chapter 1, article 5, section 2, is amended to read:

#### Sec. 2. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000 \$54,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 14th Avenue West and the area south of and including Skyline Parkway, and capital improvements to parks-based public athletic facilities to support sports tourism.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 2008, chapter 366, article 7, section 17, is amended to read:

### Sec. 17. COOK COUNTY; LODGING AND ADMISSIONS TAXES TAX.

Subdivision 1. Lodging tax. Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed under that section and this provision must not exceed four percent.

Subd. 2. Admissions and recreation tax. Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on admissions to entertainment and recreational facilities and rental of recreation equipment.

Subd. 3. Use of taxes. The taxes tax imposed in subdivisions subdivision 1 and 2 must be used to fund a new Cook County Event and Visitors Bureau as established by the Board of Commissioners of Cook County. The Board of Commissioners of Cook County must annually review the budget of the Cook County Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised from the taxes tax imposed in subdivisions subdivision 1 and 2 until the board of commissioners approves the annual budget.

Subd. 4. **Termination.** The taxes tax imposed in subdivisions subdivision 1 and 2 terminate 15 terminates 30 years after they are it is first imposed.

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

# Sec. 4. LOCAL TAXES ADVISORY TASK FORCE.

Subdivision 1. Establishment. The Local Taxes Advisory Task Force is established. The purpose of the task force is to examine the use of local taxes as a funding mechanism for cities and counties to fund capital projects and other improvement projects.

Subd. 2. Membership. (a) The task force consists of the following members:

(1) three members of the house of representatives, two appointed by the speaker of the house and one appointed by the minority leader of the house of representatives;

(2) three members of the senate, two appointed by the majority leader of the senate and one appointed by the minority leader of the senate;

(3) the commissioner of revenue or the commissioner's designee;

(4) one member from the League of Minnesota Cities; and

(5) one member from the Association of Minnesota Counties.

(b) Appointments to the task force must be made no later than July 1, 2023.

Subd. 3. <u>Meetings.</u> (a) The commissioner of revenue shall convene the first meeting to be held no later than July 15, 2023. The commissioner of revenue must convene all subsequent meetings in a manner and frequency as prescribed by this subdivision.

(b) The task force shall meet twice monthly, at a time and space designated by the commissioner of revenue. All meetings of the task force must be open to the public.

(c) After September 15, 2023, the commissioner of revenue may increase or decrease the frequency of the meetings as necessary for the task force to accomplish the duties specified in subdivision 4.

Subd. 4. **Duties.** (a) The task force shall examine the role of local taxes as a funding mechanism for local governments and must determine:

(1) objective evaluation criteria for general local sales tax proposals, food and beverage tax proposals, and lodging tax proposals seeking accommodations beyond the requirements of Minnesota Statutes, section 469.190;

(2) the appropriate entity or entities to evaluate local tax proposals based on the established criteria in an objective manner prior to legislation on these taxes being heard in the legislative committees with jurisdiction over local sales taxes;

(3) the appropriate process for enacting special laws authorizing new or modifying existing local taxes; and

(4) the necessary changes to current law to accommodate the determinations made regarding clauses (1) to (3).

(b) The task force must make recommendations to the legislature regarding its determinations from paragraph (a) in a report pursuant to subdivision 5.

Subd. 5. **Report; expiration.** (a) The task force shall make recommendations regarding the objectives specified in subdivision 4 in a report to the legislature. The commissioner of revenue must draft and compile the report and send it to the legislative committees with jurisdiction over local taxes no later than January 15, 2024. In the event that the members of the task force do not agree on a final recommendation, the report shall indicate the differing opinions and preferred recommendations of the members. The report may include any additional information the task force deems relevant.

(b) The task force expires upon submission of its report.

(c) The legislative committees with jurisdiction over local taxes must hold a public hearing on the report during the regular legislative session in the year in which the report is submitted.

Subd. 6. Officer; support. The commissioner of revenue or the commissioner's designee must act as the chair of the task force. The commissioner of revenue must provide professional, technical, and administrative support to the task force.

Subd. 7. Expenses. The members of the task force shall be reimbursed for all travel expenses actually and necessarily incurred in the performance of the members' duties in accordance with policies adopted by the Legislative Coordinating Commission.

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

# ARTICLE 10 PUBLIC FINANCE

Section 1. Minnesota Statutes 2022, section 118A.04, subdivision 5, is amended to read:

Subd. 5. **Time deposits.** Funds may be invested in time deposits that are fully insured by the Federal Deposit Insurance Corporation, the National Association of Credit Unions, or bankers acceptances of United States banks.

Sec. 2. Minnesota Statutes 2022, section 123B.61, is amended to read:

# 123B.61 PURCHASE OF CERTAIN EQUIPMENT.

The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to: (a) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes; (b) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; and (c) prepay special assessments. The

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certificates or notes must be payable in not more than ten 20 years and must be issued on the terms and in the manner determined by the board, except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the lesser of the amount of the district's total operating capital revenue or the sum of the district's levy in the general and community service funds excluding the adjustments under this section for the year preceding the year the initial debt service levies are certified. The district's general fund levy for each year must be reduced by the sum of (1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes issued under this section as required by section 475.61, (2) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on bonds issued under section 123B.62, and (3) any excess amount in the debt redemption fund used to retire bonds, certificates, or notes issued under this section or section 123B.62 after April 1, 1997, other than amounts used to pay capitalized interest. If the district's general fund levy is less than the amount of the reduction, the balance shall be deducted first from the district's community service fund levy, and next from the district's general fund or community service fund levies for the following year. A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

Sec. 3. Minnesota Statutes 2022, section 366.095, subdivision 1, is amended to read:

Subdivision 1. Certificates of indebtedness. The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law, including projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2). The certificates shall be payable in not more than ten 20 years and be issued on the terms and in the manner as determined by the board may determine, provided that notes issued for projects that eliminate R 22, as defined in section 240A.09, paragraph (b), clause (2). The certificates shall be payable in not more than ten 20 years and be issued on the terms and in the manner as determined by the board may determine, provided that notes issued for than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the estimated market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 4. Minnesota Statutes 2022, section 373.01, subdivision 3, is amended to read:

Subd. 3. **Capital notes.** (a) A county board may, by resolution and without referendum, issue capital notes subject to the county debt limit to purchase capital equipment useful for county purposes that has an expected useful life at least equal to the term of the notes. The notes shall be payable in not more than ten 20 years and shall be issued on the terms and in a the manner determined by the board determines. A tax levy shall be made for payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(b) For purposes of this subdivision, "capital equipment" means:

(1) public safety, ambulance, road construction or maintenance, and medical equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software; and

(3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

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Sec. 5. Minnesota Statutes 2022, section 383B.117, subdivision 2, is amended to read:

Subd. 2. Equipment acquisition; capital notes. The board may, by resolution and without public referendum, issue capital notes within existing debt limits for the purpose of purchasing ambulance and other medical equipment, road construction or maintenance equipment, public safety equipment, including projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2), and other capital equipment having an expected useful life at least equal to the term of the notes issued. The notes shall be payable in not more than ten 20 years and shall be issued on the terms and in a the manner as determined by the board determines, provided that notes issued for projects that eliminate R 22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years. The total principal amount of the notes issued for any fiscal year shall not exceed one percent of the total annual budget for that year and shall be issued solely for the purchases authorized in this subdivision. A tax levy shall be made for the payment of the principal and interest on such notes as in the case of bonds. For purposes of this subdivision, "equipment" includes computer hardware and software, whether bundled with machinery or equipment or unbundled. For purposes of this subdivision, the term "medical equipment" includes computer hardware and software and other intellectual property for use in medical diagnosis, medical procedures, research, record keeping, billing, and other hospital applications, together with application development services and training related to the use of the computer hardware and software and other intellectual property, all without regard to their useful life. For purposes of determining the amount of capital notes which the county may issue in any year, the budget of the county and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this subdivision shall be in addition to obligations issuable under section 373.01, subdivision 3.

Sec. 6. Minnesota Statutes 2022, section 410.32, is amended to read:

# 410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware and software: and

(3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

(c) The equipment or software must have an expected useful life at least as long as the term of the notes.

(d) The notes shall be payable in not more than ten  $\underline{20}$  years and be issued on the terms and in the manner determined by the city determines, provided that notes issued for projects that eliminate R 22, as defined in section  $\underline{240A.09}$ , paragraph (b), clause (2), must be payable in not more than  $\underline{20}$  years. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

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(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 7. Minnesota Statutes 2022, section 412.301, is amended to read:

# 412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer hardware or software; and

(3) projects that eliminate R-22, as defined in section 240A.09, paragraph (b), clause (2).

(c) The equipment or software must have an expected useful life at least as long as the terms of the certificates or notes.

(d) Such certificates or notes shall be payable in not more than ten <u>20</u> years and shall be issued on <u>such the</u> terms and in <u>such the</u> manner as <u>determined by</u> the council may determine, provided, however, that notes issued for projects that eliminate R 22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than 20 years.

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 8. Minnesota Statutes 2022, section 469.033, subdivision 6, is amended to read:

Subd. 6. **Operation area as taxing district, special tax.** All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the

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"housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of estimated market value. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget. The requirements of section 275.067 apply to a housing and redevelopment authority that has not previously certified a levy.

Sec. 9. Minnesota Statutes 2022, section 469.053, subdivision 4, is amended to read:

Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813 percent of estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the port authority, to be spent by the authority. <u>The requirements of section 275.067 apply to a port authority that has not previously certified a levy.</u>

Sec. 10. Minnesota Statutes 2022, section 469.053, subdivision 6, is amended to read:

Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port authority's city may levy a tax to be spent by and for its port authority. The tax must enable the port authority to carry out efficiently and in the public interest sections 469.048 to 469.068 to create and develop industrial development districts. The levy must not be more than 0.00282 percent of estimated market value. The county treasurer shall pay the proceeds of the tax to the port authority treasurer. The money may be spent by the authority in performance of its duties to create and develop industrial development districts. In spending the money the authority must judge what best serves the public interest. The levy in this subdivision is in addition to the levy in subdivision 4. <u>The requirements of section 275.067 apply to a port authority that has not previously certified a levy.</u>

Sec. 11. Minnesota Statutes 2022, section 469.107, subdivision 1, is amended to read:

Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be not more than 0.01813 percent of estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority. <u>The requirements of section 275.067 apply to an economic development authority that has not previously certified a levy.</u>

Sec. 12. Minnesota Statutes 2022, section 474A.02, subdivision 22b, is amended to read:

Subd. 22b. **Public facilities project.** "Public facilities project" means any publicly owned facility, or a facility that is used for district heating or cooling, whether publicly or privately owned, that is eligible to be financed with the proceeds of public facilities bonds as defined under section 474A.02, subdivision 23a.

Sec. 13. Minnesota Statutes 2022, section 474A.02, subdivision 23a, is amended to read:

Subd. 23a. **Qualified bonds.** "Qualified bonds" means the specific type or types of obligations that are subject to the annual volume cap. Qualified bonds include the following types of obligations as defined in federal tax law:

(a) "public facility bonds" means "exempt facility bonds" as defined in federal tax law, except for residential rental project bonds, which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local

furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities. New bonds and other obligations are ineligible to receive state allocations or entitlement authority for public facility projects under this section if they have been issued:

(1) for the purpose of refinancing, refunding, or otherwise defeasing existing debt; and

(2) more than one calendar year prior to the date of application;

(b) "residential rental project bonds" which are those obligations issued to finance qualified residential rental projects;

(c) "mortgage bonds";

(d) "small issue bonds" issued to finance manufacturing projects and the acquisition or improvement of agricultural real or personal property under sections 41C.01 to 41C.13;

(e) "student loan bonds" issued by or on behalf of the Minnesota Office of Higher Education;

(f) "redevelopment bonds";

(g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as set forth in section 141(b)5 of federal tax law; and

(h) "enterprise zone facility bonds" issued to finance facilities located within empowerment zones or enterprise communities, as authorized under Public Law 103-66, section 13301.

Sec. 14. Minnesota Statutes 2022, section 475.54, subdivision 1, is amended to read:

Subdivision 1. In installments; exception; annual limit. Except as provided in subdivision 3, 5a, 15, or 17, or as expressly authorized in another law, all obligations of each issue shall mature or be subject to mandatory sinking fund redemption in installments, the first not later than three years and the last not later than 30 years from the date of the issue; or 40 years or the useful life of the asset, whichever is less, for municipal water and wastewater treatment systems and essential community facilities financed or guaranteed by the United States Department of Agriculture and municipal water and wastewater treatment systems. No amount of principal of the issue payable in any calendar year shall exceed an amount equal to the smallest amount payable in any preceding calendar year ending three years or more after the issue date multiplied:

(1) by five, in the case of obligations maturing not later than 25 years from the date of issue; and

(2) by six, in the case of obligations maturing 25 years or later from the date of issue.

### ARTICLE 11 PURPOSE STATEMENTS

# Section 1. STATEMENT OF INTENT; TAX EXPENDITURE PURPOSE STATEMENTS.

The intent of this article is to identify purpose statements for the tax expenditures identified, in accordance with Minnesota Statutes, section 3.192. The purpose statements in this article include purpose statements for tax expenditures in this act, as well as purpose statements that were included in proposed legislation, but were omitted from the legislation that enacted the expenditures. The provisions of this article are intended to provide context for evaluating the effectiveness of the tax expenditures referenced and are not intended to have a substantive effect on the meaning or administration of the laws referenced.

## Sec. 2. TAX EXPENDITURE PURPOSE STATEMENTS.

Subdivision 1. In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose and goals for the tax expenditures in this act are listed in this section.

Subd. 2. Individual income and corporate franchise tax expenditures. (a) The purpose of the credit in article 1, sections 2 to 5, is to continue to encourage the rental and sales of agricultural assets to beginning farmers. The standard against which effectiveness is to be measured is the increase in the number of beginning farmers in the state or an increase in the amount of agricultural products produced by those farmers.

(b) The purpose of the credit in article 1, sections 6 to 8, 29, and 44, is to continue to encourage investment in Minnesota film productions. The standard against which effectiveness is to be measured is the increase in the number of these productions and people employed in the state's film industry.

(c) The purpose of the subtraction in article 1, sections 10 and 21, is to ensure that settlements for sexual harassment and abuse are not taxed in Minnesota. The standard against which effectiveness is to be measured is an increase in the number of individuals claiming this subtraction.

(d) The purpose of the tax expenditure in article 1, section 22, providing a subtraction for a portion of public pension benefits, is to provide additional income to retirees receiving the pension benefits covered by the subtraction and equalize the tax treatment of Social Security income and public pension income based on service for which an employee did not earn Social Security. The standards of effectiveness against which the expenditure is to be measured are the increase in after-tax income of taxpayers who claimed the subtraction, and the average tax rate applied to the pension benefits of those claiming the subtraction and comparable individuals with Social Security income.

(e) The purpose of the subtraction in article 1, section 39, is to encourage sales of manufactured home parks to manufactured home park cooperatives. The standard against which effectiveness is to be measured is an increase in the number of parks owned by cooperatives.

(f) The purpose of the subtraction in article 1, section 47, is to provide a retroactive subtraction for certain unemployment compensation to individuals who were denied compensation in 2021. The standard against which effectiveness is to be measured is an increase in the amount of this subtraction claimed retroactively.

Subd. 3. Property tax purpose statements. (a) The purpose of the exemption in article 3, section 1, for certain airport hangars used in the manufacture of aircraft and the net tax capacity reduction for certain airport property is to promote the development of aircraft manufacturing operations in cities with a population under 150,000. The standard against which effectiveness is to be measured is the number of aircraft manufacturing operations in the state in cities with a population under 150,000.

(b) The purpose of extending the exemption in article 3, section 3, is to continue to reduce the tax burden on property that is owned by the Minnesota Chippewa Tribe and used for public purposes or for institutions of purely public charity. The standard against which effectiveness is to be measured is the amount of property tax paid by this property compared to the amount of tax that would be paid by the property if it did not receive the exemption.

(c) The purpose of the exemption established in article 3, section 4, is to reduce the tax burden on an elderly living facility that is owned and operated by an nonprofit organization which provides care for persons whose annual income is less than 50 percent of the median income for the area. The standard against which effectiveness is to be measured is the amount of property tax paid by this property compared to the amount of tax that would be paid by the property if it did not receive the exemption.

(d) The purpose of the creation of the 4d(2) property tax classification in article 3, section 13, is to reduce the tax burden on community land trust property that is owned and used as a homestead by the occupant. The standard against which effectiveness is to be measured is the amount of property tax paid by community land trust units that qualify for homestead compared to the amount of tax that would be paid by the properties if they were classified as 1a residential homesteads.

Subd. 4. Sales tax purpose statements. (a) The purpose of the exemption in article 5, section 6, is to create parity between disregarded limited liability companies and other companies that receive an exemption for isolated and occasional sales of tangible personal property not made in the normal course of business of selling that kind of property. The standard against which effectiveness is to be measured is the number of sales between a sole member of a disregarded limited liability company and the disregarded limited liability company.

(b) The purpose of the exemption in article 5, section 10, to reduce the cost to nonprofit organizations for materials and equipment used to maintain state or grant-in-aid snowmobile trails. The standard against which effectiveness is to be measured is the increase in available funds that can be used by the nonprofit organizations for snowmobile trail grooming and maintenance.

(c) The purpose of the exemption in article 5, section 11, is to hold harmless the taxpayers who used natural gas for their primary source of residential heat whose fees are subject to a cost recovery plan for the price increase in natural gas during the period February 13, 2021, to February 17, 2021. The standard against which effectiveness is to be measured is the credit in the amount of exempt taxes provided by the utilities to residential customer accounts.

(d) The purpose of the exemptions in article 5, sections 12 to 27, is to reduce the cost of local government construction projects. The standard against which effectiveness is to be measured is the decrease in the growth in local property taxes in these communities.

Subd. 5. **Renter's credit purpose statement.** The purpose of the tax expenditure in article 7, establishing an income tax credit for renters, is to reduce the property taxes paid by renters who have high property taxes relative to their incomes. The standard or goal against which its effectiveness may be measured is the reduction in the effective tax rate paid by credit recipients, as measured by the amount of property taxes paid, net of refunds, as a share of income.

### Sec. 3. PURPOSE STATEMENTS; 2019 OMNIBUS TAX BILL.

Subdivision 1. Source of purpose statements. The purpose statements in this section were originally included in the 2019 bill styled as House File 2125, the third engrossment, in the 91st Legislature. The tax expenditures referenced were enacted in Laws 2019, First Special Session chapter 6.

Subd. 2. Sales tax purpose statements. (a) The purpose of the exemption in Minnesota Statutes, section 297A.67, subdivision 37, is to level the playing field for costs between local governments and private entities of managing invasive species in lakes. The goal is an increase in the number of lakes where invasive species are being controlled.

(b) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision 10, paragraph (c), is to reduce the cost of providing education on the state's farming history. The goal is to decrease the public cost of access to this facility.

(c) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision 20, is to decrease maintenance costs for the ice arena. The goal is to increase local recreation opportunities and reduce local participation costs.

(d) The purpose of the exemption in Minnesota Statutes, section 297A.70, subdivision 21, is to help county agricultural societies maintain county fairgrounds. The goal is to increase spending on fairground maintenance and capital improvements.

(e) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision 50, is to encourage rebuilding in the damaged area of each city. The goal is to have these properties returned to the tax rolls at the same or greater value.

(f) The purpose of the exemptions in Minnesota Statutes, section 297A.71, subdivision 51, is to encourage rebuilding in the damaged area of each city. The goal is to have these properties returned to the tax rolls at the same or greater value.

(g) The purpose of the exemption in Minnesota Statutes, section 297A.71, subdivision 52, is to reduce the cost of providing local public services in these communities. The goal is to decrease the growth in local property taxes and service fees in these communities.

Subd. 3. Income and corporate franchise tax purpose statements. (a) The purpose and goal of the tax expenditure under Minnesota Statutes, sections 290.0132, subdivision 29; 290.0134, subdivision 18; 290.0921, subdivisions 2 and 3; relating to disallowed expenses under section 280E of the Internal Revenue Code, is to provide equitable state tax treatment between medical cannabis manufacturers that are not allowed to deduct their business expenses under the Internal Revenue Code and manufacturers of other goods who may deduct these expenses.

(b) The purpose of the tax expenditures under Minnesota Statutes, section 116J.8737, subdivision 1, relating to the minimum qualified investment threshold for minority-, veteran-, or women-owned businesses; subdivision 5, relating to the \$10,000,000 allocation for taxable years beginning after December 31, 2018, and before January 1, 2020, and beginning after December 31, 2020, and before January 1, 2022; and subdivision 12, relating to the extension of the sunset date; is to encourage investment in innovative small businesses in Minnesota and the goal of the these expenditures is to increase the number of these businesses in the state, the number of people employed by these businesses in the state, the productivity of these businesses, or the sales of these businesses.

### Sec. 4. PURPOSE STATEMENTS; 2017 OMNIBUS TAX BILL.

Subdivision 1. Source of purpose statements. The purpose statements in this section were originally included in the 2015 bill styled as House File 848, the third engrossment, in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2017, First Special Session chapter 1.

Subd. 2. Sales tax purpose statements. (a) The provision of Minnesota Statutes, section 297A.67, subdivision 34, is intended to provide equitable tax treatment for different types of investments. The standard against which effectiveness is to be measured is the increase in precious metal bullion sold in the state and in number of coin and precious metal trade shows held in the state.

(b) The provisions of Minnesota Statutes, section 297A.70, subdivision 14, are intended to increase the ability of the nonprofit to provide opportunities for educating the public on the history of farming. The standard against which effectiveness is to be measured is an increase in the percent of the organization's budget being used for direct spending for its mission.

Subd. 3. Income and corporate franchise tax purpose statements. (a) The provisions of Minnesota Statutes, section 290.0132, subdivision 26, are intended to attract to Minnesota recipients of Social Security benefits and to retain those already present, by providing a phased-in subtraction of Social Security benefits. The standard against which effectiveness is to be measured is the change over time in the number of Social Security recipients in Minnesota, after adjusting for demographic changes.

(b) The provisions of Minnesota Statutes, section 290.0132, subdivision 23, and Minnesota Statutes, section 290.0684, are intended to increase saving for higher education expenses. The standard against which effectiveness is to be measured is the change over time, as tracked by the Minnesota Office of Higher Education, in: (1) the estimated number of Minnesota residents making contributions to the Minnesota College Savings Plan; and (2) the amount contributed.

(c) The modifications to Minnesota Dependent Care Credit amending Minnesota Statutes, section 290.067, subdivision 1, and repealing Minnesota Statutes, section 290.067, subdivision 2, modifying the limitations for claiming the credit, are intended to simplify the dependent care credit by tying it more closely to the federal credit and to recognize an increased burden in dependent care expenses as a cost of workforce participation for parents. The standard against which effectiveness is to be measured is the change in the error rate on claims for dependent care credits and the change in the average credit amount claimed by parents in the income range eligible for the credit under present law.

(d) The provisions of Minnesota Statutes, section 290.0686, are intended to improve the quality of teaching in Minnesota kindergarten through grade 12 schools by encouraging teachers to obtain master's degrees in the subject areas they teach. The standard against which effectiveness is to be measured is the change over time in the number of kindergarten through grade 12 classroom teachers with master's degrees in the subject area that they teach.

(e) The provisions of Minnesota Statutes, section 290.0682, are intended to reduce the debt burden of recent graduates of higher education programs and to reduce and potentially reverse the current net demographic loss of young adults in Minnesota. The standard against which effectiveness is to be measured is the change over time in the number of young adults choosing to move to or remain in Minnesota, as measured by the state demographer.

(f) The purpose of the tax expenditures under Minnesota Statutes, sections 290.01, subdivision 19; 289A.02, subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision 15; conforming Minnesota individual income, corporate franchise, and estate taxes to changes in federal law through December 16, 2016, are intended to simplify compliance with and administration of those taxes. The standard against which effectiveness is to be measured is the reduction in the number of income tax forms and text in the instructions for taxpayers resulting from this provision.

Subd. 4. Other purpose statements. (a) The provisions in Minnesota Statutes, section 290.06, subdivision 38, are intended to reduce the effect of school bond referenda on owners of agricultural property. The standard against which the effectiveness of the credit is to be measured is the amount of property tax reductions provided to owners of agricultural land.

(b) The provisions in Minnesota Statutes, section 298.24, subdivision 1, are intended to encourage the production of direct reduced ore and the establishment of more direct reduced ore production facilities in Minnesota. The standard against which this effectiveness is to be measured is the amount of direct reduced ore produced and the number of producers of direct reduced ore before and after enactment.

## Sec. 5. PURPOSE STATEMENTS; 2017 TAX CONFORMITY BILL.

Subdivision 1. Source of purpose statements. The purpose statements in this section were originally included in the 2015 bill styled as House File 848, the third engrossment, in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2017, chapter 1.

Subd. 2. Income and corporate franchise tax purpose statements. The purpose of the tax expenditures under Minnesota Statutes, sections 290.01, subdivision 19; 289A.02, subdivision 7; 290.01, subdivision 31; and 290A.03, subdivision 15; conforming Minnesota individual income, corporate franchise, and estate taxes to changes in federal law through December 16, 2016, are intended to simplify compliance with and administration of those taxes. The standard against which effectiveness is to be measured is the reduction in the number of income tax forms and text in the instructions for taxpayers resulting from this provision.

# Sec. 6. PURPOSE STATEMENTS; 2016 OMNIBUS SUPPLEMENTAL SPENDING BILL.

Subdivision 1. Source of purpose statements. The purpose statements in this section were originally included in the 2015 bill styled as House File 848, the third engrossment, in the 89th Legislature. The tax expenditure referenced was enacted in Laws 2016, chapter 189.

Subd. 2. Income and corporate franchise tax purpose statements. The provisions of Minnesota Statutes, section 290.0132, subdivision 21, are intended to attract to Minnesota military retirees, and to retain those already present, by allowing a subtraction from income tied to the number of years of military service provided. The standard against which effectiveness is to be measured is the change over time in the number of military retirees in Minnesota.

# Sec. 7. PURPOSE STATEMENTS; 2014 OMNIBUS TAX BILL.

Subdivision 1. Source of purpose statements. The purpose statements in this section were originally included in the 2014 bill styled as House File 3167, the third engrossment, in the 89th Legislature. The tax expenditures referenced were enacted in Laws 2014, chapter 308.

Subd. 2. Sales tax purpose statements. (a) The provision of Minnesota Statutes, section 297A.68, subdivision 3a, defining certain coin-operated amusement devices as sales for resale is intended to reduce tax pyramiding by exempting an input to a taxable service.

(b) The provision of Minnesota Statutes, section 297A.70, subdivision 2, paragraph (b), clause (5), modifying the sales tax on certain local government purchases is intended to reduce the cost of providing local government services, remove a barrier for intergovernmental cooperation, and reduce existing compliance and administration costs for local governments.

(c) The provisions of Minnesota Statutes, section 297A.70, subdivision 13, raising the limit on tax exempt fund-raising by nonprofit organizations are intended to reflect the impact on inflation over time on the limit and reduce compliance costs for groups that exceed the limit.

(d) The provision of Minnesota Statutes, section 297G.03, subdivision 5, allowing a microdistillery credit is to relieve small distillers of the burden of paying excise tax on the distribution of free samples of their products and to encourage the development and marketing of products by niche distillers in the state.

Subd. 3. Income and corporate franchise tax purpose statements. The modifications to the National Guard subtraction contained in Laws 2014, chapter 308, article 4, section 12, are intended to provide equitable tax treatment to Minnesota residents who are members of the National Guard and serve full time in Active Guard/Reserve status by allowing an income tax subtraction for military pay equivalent to that allowed under Minnesota Statutes 2014, section 290.01, subdivision 19b, clause (11), now codified as Minnesota Statutes, section 290.0132, subdivision 11, for Minnesota residents who serve full time in the armed forces of the United States.

Subd. 4. Other purpose statements. The purpose of the tax expenditure under Minnesota Statutes, section 291.005, subdivision 1, clause (8), item (iii), deeming certain qualified art on loan to Minnesota nonprofit entities as property with a situs outside Minnesota under the estate tax is intended to prevent the Minnesota estate tax from discouraging nonresident owners of art from loaning it to Minnesta nonprofit museums.

### ARTICLE 12 MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 3.8855, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) In the first For not more than three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review must identify the purpose of each of the state's tax expenditures, if none was identified in the enacting legislation in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) In each year following the initial review under paragraph (a), the commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year. To the extent possible, the commission must review a similar number of tax expenditures within each tax type each year. The commission may decide not to review a tax expenditure that is adopted by reference to federal law.

(c) Before December 1 of the year a tax expenditure is included in a commission report, the commission must hold a public hearing on the expenditure, including but not limited to a presentation of the review components in subdivision 5.

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

Sec. 2. Minnesota Statutes 2022, section 3.8855, subdivision 7, is amended to read:

Subd. 7. **Report to legislature.** (a) By December 15 of each year, the commission must submit a written report to the legislative committees with jurisdiction over tax policy. The report must detail the results of the commission's review of tax expenditures in <u>for</u> the previous calendar year, including the review components detailed in subdivision 5.

(b) Notwithstanding paragraph (a), during the period of initial review under subdivision 4, the report may be limited to the purpose statements and metrics for evaluating the effectiveness of expenditures, as identified by the commission. The report may also include relevant publicly available data on an expenditure.

(c) The report may include any additional information the commission deems relevant to the review of an expenditure.

(d) The legislative committees with jurisdiction over tax policy must hold a public hearing on the report during the regular legislative session in the year following the year in which the report was submitted.

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

### Sec. 3. [16A.067] TAXPAYER RECEIPT.

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner of management and budget, in consultation with the commissioner of revenue, must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Sec. 4. Minnesota Statutes 2022, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, a private nonprofit hospital that leases its building from the county or city in which it is located, any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program.

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

Sec. 5. Minnesota Statutes 2022, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

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(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

(h) The commissioner shall charge a fee for entering into payment agreements. The fee is set at \$50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.

**EFFECTIVE DATE; APPLICATION.** This section is effective the day following final enactment and applies to payment plans entered into 30 days after that date.

Sec. 6. Minnesota Statutes 2022, section 278.01, subdivision 1, is amended to read:

Subdivision 1. **Determination of validity.** (a) Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the Tax Court by personally serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located. The county auditor may waive personal service of a petition by: (i) agreeing to accept service through an alternative service method; (ii) designating an alternative service method on its website; or (iii) acknowledging receipt of a petition served through an alternative service method. An alternative service method includes but is not limited to service by email or by an electronic upload to a website designated by the county. Service may be made by any person, including a party to the action.

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(b) In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. Within 30 days after a petition is served and filed, the county auditor must provide a copy of the petition, if a copy has not already been provided, to the county assessor, county treasurer, and the county attorney. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. On or before the first day of July, the county auditor must send a list of petitioned properties, including to the school board of the school district in which the property is located. The list must include the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property.

(c) For all counties, the petitioner must file the copies with a copy of the petition and proof of service, of the petition in the office of the court administrator of the district court on or before April 30 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the Tax Court. An appeal may also be taken to the Tax Court under chapter 271 at any time following receipt of the valuation notice that county assessors or city assessors having the powers of a county assessor are required by section 273.121 to send to persons whose property is to be included on the assessment roll that year, but prior to May 1 of the year in which the taxes are payable.

Sec. 7. Minnesota Statutes 2022, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. **Rate.** (a) Except as provided in paragraph paragraphs (b) and (c), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1 is payable at the per annum rate determined in section 270C.40, subdivision 5. If the rate so determined is less than ten percent, the rate of interest is ten percent. The maximum per annum rate is 14 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The rate is subject to change on January 1 of each year.

(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid is payable at twice the rate determined under paragraph (a) for the year.

(c) A county board, by resolution, may establish an interest rate lower than the interest rate determined under paragraph (a).

**EFFECTIVE DATE.** This section is effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2024.

Sec. 8. Minnesota Statutes 2022, section 282.261, subdivision 2, is amended to read:

Subd. 2. **Interest rate.** (a) Except as provided under paragraph (b), the unpaid balance on any repurchase contract approved by the county board is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 279.03, subdivision 1a.

(b) A county board, by resolution, or a county auditor, if delegated the responsibility to administer tax-forfeited land assigned to the county board as provided under section 282.135, may establish an interest rate lower than the interest rate determined under paragraph (a).

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 9. Minnesota Statutes 2022, section 289A.08, is amended by adding a subdivision to read:

Subd. 18. **Taxpayer receipt.** (a) The commissioner must offer all individual income taxpayers the opportunity to elect to receive information about a taxpayer receipt via email or United States mail. In the manner selected by the taxpayer, the commissioner must provide the taxpayer with information about how to access the taxpayer receipt website established under section 16A.067. The commissioner must allow a taxpayer to elect not to receive information about the receipt.

(b) Both the long and short forms described in subdivision 13 must include the opportunity to elect to receive information about the receipt.

#### EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 10. Minnesota Statutes 2022, section 297E.02, subdivision 6, is amended to read:

.. .

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

Not over \$87,500nine $\underline{8.5}$ percentOver \$87,500, but not over $\underline{\$7,875}$ $\underline{\$7,438}$ plus $\underline{18}$ $\underline{17.5}$ percent of the amount\$122,500over \$87,500, but not over \$122,500Over \$122,500, but not over $\underline{\$14,175}$ $\underline{\$13,563}$ plus $\underline{27}$ $\underline{26}$ percent of the\$157,500amount over \$122,500, but not over \$157,500Over \$157,500 $\underline{\$23,625}$ $\underline{\$22,663}$ plus $\underline{36}$ $\underline{34.75}$ percent of the	If the combined net receipts for the fiscal year are:	The tax is:
	Over \$87,500, but not over \$122,500 Over \$122,500, but not over \$157,500	$\frac{7,875}{97,438}$ plus $\frac{17.5}{9}$ percent of the amount over \$87,500, but not over \$122,500 $\frac{14,175}{913,563}$ plus $\frac{27}{26}$ percent of the amount over \$122,500, but not over \$157,500 $\frac{23,625}{922,663}$ plus $\frac{36}{34.75}$ percent of the

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

### EFFECTIVE DATE. This section is effective for games reported as played after June 30, 2023.

Sec. 11. Minnesota Statutes 2022, section 297E.021, subdivision 4, is amended to read:

Subd. 4. **Appropriation; general reserve account.** To the extent the commissioner determines that revenues are available under subdivision 3 for the fiscal year, those amounts are appropriated from the general fund for deposit in a general reserve account established by order of the commissioner of management and budget. Amounts in this reserve are appropriated as necessary for application against any shortfall in the amounts deposited to the general fund under section 297A.994 or, after consultation with the Legislative Commission on Planning and Fiscal Policy, amounts in this reserve are appropriated to the commissioner of management and budget for other uses related to the stadium authorized under section 473J.03, subdivision 8, that the commissioner deems financially prudent including but not limited to reimbursements for capital and operating costs relating to the stadium, refundings, and prepayment of debt. If the commissioner of management and budget prepays the stadium bonds

issued under section 16A.965, the commissioner must not retain any tax for the purpose established under section 297A.994, subdivision 4, clause (1). In no event, shall available revenues be pledged, nor shall the appropriations of available revenues made by this section constitute a pledge of available revenues as security for the prepayment of principal and interest on the appropriation bonds under section 16A.965.

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

Sec. 12. Minnesota Statutes 2022, section 297H.13, subdivision 2, is amended to read:

Subd. 2. Allocation of revenues. (a) \$33,760,000, or 70 percent, whichever is greater, Of the amounts remitted under this chapter, 70 percent must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) In addition to the amounts credited to the environmental fund in paragraph (a), in fiscal year 2024 and later, five percent of the amounts remitted under this chapter shall be deposited into the resource management account in the environmental fund.

(c) The remainder must be deposited into the general fund.

(d) Beginning in fiscal year 2024 and annually thereafter, the money deposited in the resource management account in the environmental fund under paragraph (b) is appropriated to the commissioner of the Pollution Control Agency for distribution to counties under section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

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

Sec. 13. Minnesota Statutes 2022, section 349.11, is amended to read:

# 349.11 PURPOSE.

The purpose of sections 349.11 to 349.22 is to regulate lawful gambling, to insure ensure integrity of operations, and to provide for the use of net profits only for lawful purposes, and to authorize only those games or game features discussed in this chapter.

EFFECTIVE DATE. This section is effective for games approved after June 30, 2024.

Sec. 14. Minnesota Statutes 2022, section 349.12, subdivision 12c, is amended to read:

Subd. 12c. Electronic pull-tab game. "Electronic pull-tab game" means a pull-tab game containing:

- (1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;
- (2) a predetermined, finite number of winning and losing tickets, not to exceed 7,500 tickets;
- (3) the same price for each ticket in the game;
- (4) a price paid by the player of not less than 25 cents per ticket;
- (5) tickets that are in conformance with applicable board rules for pull-tabs;
- (6) winning tickets that comply with prize limits under section 349.211;

(7) a unique serial number that may not be regenerated;

(8) an electronic flare that displays the game name; form number; predetermined, finite number of tickets in the game; and prize tier; and

(9) no spinning reels or other representations that mimic a video slot machine-;

(10) a mechanism requiring a player to manually activate each electronic pull-tab ticket to be opened; and

(11) a mechanism requiring a player to manually activate the reveal of each single row of symbols with a separate and distinct action.

Each electronic pull-tab game shall include a certification from a board-approved testing laboratory that the game and device meets the standards and requirements established in Minnesota Statutes and Minnesota Rules and is in conformance with game procedures provided by the manufacturer.

EFFECTIVE DATE. This section is effective for games approved after June 30, 2024.

Sec. 15. Minnesota Statutes 2022, section 349.12, is amended by adding a subdivision to read:

Subd. 25e. Manually activate. For purposes of this section, "manually activate" means that a person must either touch an icon on the electronic pull-tab device screen or press a button located elsewhere on the electronic pull-tab device, or, exclusively for purposes of accommodating use by a player who is visually impaired, perform some other action that initiates activity on an electronic pull-tab device.

**EFFECTIVE DATE.** This section is effective for games approved after June 30, 2024.

Sec. 16. [428B.01] DEFINITIONS.

Subdivision 1. Applicability. As used in sections 428B.01 to 428B.09, the terms in this section have the meanings given them.

Subd. 2. Activity. "Activity" means but is not limited to all of the following:

(1) promotion of tourism within the district;

(2) promotion of business activity, including but not limited to tourism, of businesses subject to the service charge within the tourism improvement district;

(3) marketing, sales, and economic development; and

(4) other services provided for the purpose of conferring benefits upon businesses located in the tourism improvement district that are subject to the tourism improvement district service charge.

Subd. 3. Business. "Business" means a lodging business as defined by municipal ordinance.

Subd. 4. Business owner. "Business owner" means a person recognized by a municipality as the owner of a business.

Subd. 5. City. "City" means a home rule charter or statutory city.

Subd. 6. <u>Clerk.</u> "Clerk" means the chief clerical officer of the municipality.

Subd. 7. Governing body. "Governing body" means, with respect to a city, a city council or other governing body of a city. With respect to a town, governing body means a town board or other governing body of a town. With respect to a county, governing body means a board of commissioners or other governing body of a county.

Subd. 8. **Impacted business owners.** "Impacted business owners" means a majority of business owners located within a proposed or established tourism improvement district.

Subd. 9. Municipality. "Municipality" means a county, city, or town.

Subd. 10. **Tourism improvement association.** "Tourism improvement association" means a new or existing and tax-exempt nonprofit corporation, entity, or agency charged with promoting tourism within the tourism improvement district and that is under contract with the municipality to administer the tourism improvement district and implement the activities and improvements listed in the municipality's ordinance.

Subd. 11. <u>Tourism improvement district.</u> "Tourism improvement district" means a tourism improvement district established under this chapter.

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

## Sec. 17. [428B.02] ESTABLISHMENT OF TOURISM IMPROVEMENT DISTRICT.

<u>Subdivision 1.</u> <u>Ordinance.</u> (a) Upon a petition by impacted business owners, a governing body of a municipality may adopt an ordinance establishing a tourism improvement district after holding a public hearing on the district. The ordinance must include:

(1) a map that identifies the tourism improvement district boundaries in sufficient detail to allow a business owner to determine whether a business is located within the tourism improvement district boundaries;

(2) the name of the tourism improvement association designated to administer the tourism improvement district and implement the approved activities and improvements;

(3) a list of the proposed activities and improvements in the tourism improvement district;

(4) the time and manner of collecting the service charge and any interest and penalties for nonpayment;

(5) a definition describing the type or class of businesses to be included in the tourism improvement district and subject to the service charge;

(6) the rate, method, and basis of the service charge with intent, and penalties on delinquent payments for the district, including the portion dedicated to covering expenses listed in subdivision 4, paragraph (b); and

(7) the number of years the service charge will be in effect.

(b) If the boundaries of a proposed tourism improvement district overlap with the boundaries of an existing special service district, the tourism improvement district ordinance may list measures to avoid any impediments on the ability of the special service district to continue to provide its services to benefit its property owners.

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Subd. 2. <u>Notice.</u> A municipality must provide notice of the hearing by publication in at least two issues of the official newspaper of the municipality. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the proposed service charge by the tourism improvement district. The notice must include:

(1) a map showing the boundaries of the proposed district;

(2) the time and place of the hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and

(4) a brief description of the proposed activities, improvements, and service charge.

<u>Subd. 3.</u> **Business owner determination.** A business must provide ownership information to the municipality. A municipality has no obligation to obtain other information regarding the ownership of businesses, and its determination of ownership shall be final for the purposes of this chapter. If this chapter requires the signature of a business owner, the signature of the authorized representative of a business owner is sufficient.

Subd. 4. Service charges; relationship to services. (a) A municipality may impose a service charge on a business pursuant to this chapter for the purpose of providing activities and improvements that will provide benefits to a business that is located within the tourism improvement district and subject to the tourism improvement district service charge. Each business paying a service charge within a district must benefit directly or indirectly from improvements provided by a tourism improvement association, provided, however, the business need not benefit equally. Service charges must be based on a percent of gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based upon benefit and approved by the municipality.

(b) Service charges may be used to cover the costs of collections, as well as other administrative costs associated with operating, forming, or maintaining the district.

Subd. 5. **Public hearing.** At the hearing regarding the adoption of the ordinance establishing a tourism improvement district, business owners and persons affected by the proposed district may testify on issues relevant to the proposed district. The hearing may be adjourned from time to time. The ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the municipality.

Subd. 6. Appeal to district court. Within 45 days after the adoption of the ordinance establishing a tourism improvement district, a person aggrieved, who is not precluded by failure to object before or at the hearing, may appeal to the district court by serving a notice on the clerk of the municipality or governing body. The validity of the tourism improvement district and the service charge imposed under this chapter shall not be contested in an action or proceeding unless the action or proceeding is commenced within 45 days after the adoption of the ordinance establishing a tourism improvement district. The petitioner must file notice with the court administrator of the district court within ten days after its service. The clerk of the municipality must provide the petitioner with a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the petitioner's objections have merit, modify or cancel it. If the petitioner does not prevail on the appeal, the costs incurred shall be charged to the petitioner by the court and judgment entered for them. All objections shall be deemed waived unless presented on appeal.

Subd. 7. Notice to the commissioner of revenue. Within 30 days of adoption of the ordinance, the governing body must send a copy of the ordinance to the commissioner of revenue.

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

## Sec. 18. [428B.03] SERVICE CHARGE AUTHORITY; NOTICE; HEARING REQUIREMENT.

Subdivision 1. Authority. A municipality may impose service charges authorized under section 428B.02, subdivision 4, to finance an activity or improvement in the tourism improvement district that is provided by the municipality if the activity or improvement is provided in the tourism improvement district at an increased level of service. The service charges may be imposed in the amount needed to pay for the increased level of service provided by the activity or improvement.

Subd. 2. Annual hearing requirement; notice. Beginning one year after the establishment of the tourism improvement district, the municipality must hold an annual public hearing regarding continuation of the service charges in the tourism improvement district. The municipality must provide notice of the hearing by publication in the official newspaper at least seven days before the hearing. The municipality must mail, or deliver by electronic means, notice of the hearing to business owners subject to the service charge at least seven days before the hearing. At the hearing, a person affected by the proposed district may testify on issues relevant to the proposed district. Within six months of the hearing, the municipality may adopt a resolution to continue imposing service charges within the district not exceeding the amount or rate expressed in the notice. For purposes of this section, the notice must include:

(1) a map showing the boundaries of the district;

(2) the time and place of the hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge;

(4) a brief description of the proposed activities and improvements;

(5) the estimated annual amount of proposed expenditures for activities and improvements;

(6) the rate of the service charge for the district during the year and the nature and character of the proposed activities and improvements for the district during the year in which service charges are collected;

(7) the number of years the service charge will be in effect; and

(8) a statement that the petition requirement of section 428B.07 has either been met or does not apply to the proposed service charge.

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

Sec. 19. [428B.04] MODIFICATION OF ORDINANCE.

Subdivision 1. Adoption of ordinance; request for modification. Upon written request of the tourism improvement association, the governing body of a municipality may adopt an ordinance to modify the district after conducting a public hearing on the proposed modifications. If the modification includes a change to the rate, method, and basis of imposing the service charge or the expansion of the tourism improvement district's geographic boundaries, a petition as described in section 428B.07 must be submitted by impacted business owners to initiate proceedings for modification.

<u>Subd. 2.</u> Notice of modification. A municipality must provide notice of the hearing by publication in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold a hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the service charge by the tourism improvement district. The notice must include:

(1) a map showing the boundaries of the district and any proposed changes to the boundaries of the district;

(2) the time and place of the hearing;

(3) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding the proposed service charge; and

# (4) a brief description of the proposed modification to the ordinance.

<u>Subd. 3.</u> **Hearing on modification.** At the hearing regarding modification to the ordinance, business owners and persons affected by the proposed modification may testify on issues relevant to the proposed modification. Within six months after the conclusion of the hearing, the municipality may adopt the ordinance modifying the district by a vote of the majority of the governing body in accordance with the request for modification by the tourism improvement association and as described in the notice.

Subd. 4. **Objection.** If the modification of the ordinance includes the expansion of the tourism improvement district's geographic boundaries, the ordinance modifying the district may be adopted after following the notice and veto requirements in section 428B.08; however, a successful objection will be determined based on a majority of business owners who will pay the service charge in the expanded area of the district. For all other modifications, the ordinance modifying the district may be adopted following the notice and veto requirements in section 428B.08.

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

# Sec. 20. [428B.05] COLLECTION OF SERVICE CHARGES; PENALTIES.

The service charges imposed under this chapter may be collected by the municipality, tourism improvement association, or other designated agency or entity. Collection of the service charges must be made at the time and in the manner set forth in the ordinance. The entity collecting the service charges may charge interest and penalties on delinquent payments for service charges imposed under this chapter as set forth in the municipality's ordinance.

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

# Sec. 21. [428B.06] TOURISM IMPROVEMENT ASSOCIATION.

Subdivision 1. **Composition and duties.** The tourism improvement association must be designated in the municipality's ordinance. The tourism improvement association shall appoint a governing board or committee composed of a majority of business owners who pay the tourism improvement district service charge, or the representatives of those business owners. The governing board or committee must manage the funds raised by the tourism improvement district and fulfill the obligations of the tourism improvement district. A tourism improvement association has full discretion to select the specific activities and improvements that are funded with tourism improvement district service charges within the authorized activities and improvements described in the ordinance.

Subd. 2. Annual report. The tourism improvement association must submit to the municipality an annual report for each year in which a service charge is imposed. The report must include a financial statement of revenue raised by the district. The municipality may also, as part of the enabling ordinance, require the submission of other relevant information related to the association.

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

## Sec. 22. [428B.07] PETITION REQUIRED.

<u>A municipality may not establish a tourism improvement district under section 428B.02 unless impacted</u> business owners file a petition requesting a public hearing on the proposed action with the clerk of the municipality.

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

# Sec. 23. [428B.08] VETO POWER OF OWNERS.

Subdivision 1. Notice of right to file objections. The effective date of an ordinance or resolution adopted under this chapter must be at least 45 days after it is adopted by the municipality. Within five days after the municipality adopts the ordinance or resolution, the municipality must mail a summary of the ordinance or resolution to each business owner subject to the service charge within the tourism improvement district in the same manner that notice is mailed, or delivered by electronic means, under section 428B.02. The mailing must include a notice that business owners subject to the service charge have the right to veto, by a simple majority, the ordinance or resolution by filing the required number of objections with the clerk of the municipality before the effective date of the ordinance or resolution and include notice that a copy of the ordinance or resolution is available for public inspection with the clerk of the municipality.

Subd. 2. <u>Requirements for veto.</u> If impacted business owners file an objection to the ordinance or resolution before the effective date of the ordinance or resolution, the ordinance or resolution does not become effective.

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

## Sec. 24. [428B.09] DISESTABLISHMENT.

Subdivision 1. **Procedure for disestablishment.** An ordinance adopted under this chapter must provide a 30-day period each year in which business owners subject to the service charge may request disestablishment of the district. Beginning one year after establishment of the tourism improvement district, an annual 30-day period of disestablishment begins with the anniversary of the date of establishment. Upon submission of a petition from impacted business owners, the municipality may disestablish a tourism improvement district by adopting an ordinance after holding a public hearing on the disestablishment. Prior to the hearing, the municipality must publish notice of the hearing on disestablishment in at least two issues of the municipality's official newspaper. The two publications must be two weeks apart and the municipality must hold the hearing at least three days after the last publication. Not less than ten days before the hearing, the municipality must mail, or deliver by electronic means, notice to the business owner of each business subject to the service charge. The notice must include:

(1) the time and place of the hearing;

(2) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding disestablishment;

(3) the reason for disestablishment; and

(4) a proposal to dispose of any assets acquired with the revenues of the service charge imposed under the tourism improvement district.

Subd. 2. Objection. An ordinance disestablishing the tourism improvement district becomes effective following the notice and veto requirements in section 428B.08.

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Subd. 3. **Refund to business owners.** (a) Upon the disestablishment of a tourism improvement district, any remaining revenues derived from the service charge, or any revenues derived from the sale of assets acquired with the service charge revenues, shall be refunded to business owners located and operating within the tourism improvement district in which service charges were imposed by applying the same method and basis that was used to calculate the service charges levied in the fiscal year in which the district is disestablished.

(b) If the disestablishment occurs before the service charge is imposed for the fiscal year, the method and basis that was used to calculate the service charge imposed in the immediate prior fiscal year shall be used to calculate the amount of a refund, if any.

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

### Sec. 25. [428B.10] COORDINATION OF DISTRICTS.

If a county establishes a tourism improvement district in a city or town under this chapter, a city or town may not establish a tourism improvement district in the part of the city or town located in the county-established district. If a city or town establishes a tourism improvement district under this chapter, a county may not establish a tourism improvement district or town located in the city or town-established district.

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

Sec. 26. Minnesota Statutes 2022, section 462A.38, is amended to read:

### 462A.38 WORKFORCE AND AFFORDABLE HOMEOWNERSHIP DEVELOPMENT PROGRAM.

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

Subd. 2. Use of funds. (a) Grant funds and loans awarded under this program may be used for:

(1) development costs;

- (2) rehabilitation;
- (3) land development; and
- (4) residential housing, including storm shelters and related community facilities.

(b) A project funded through the grant this program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing applications for grants <u>and loans</u> under this section. The commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the program. In making grants <u>and loans</u>, the commissioner shall establish semiannual application deadlines in which grants <u>and loans</u> will be authorized from all or part of the available appropriations.

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Subd. 4. Awarding grants <u>and loans</u>. Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost.

Subd. 5. **Statewide program.** The agency shall attempt to make grants <u>and loans</u> in approximately equal amounts to applicants outside and within the metropolitan area, as defined under section 473.121, subdivision 2.

Subd. 6. **Report.** Beginning January 15, 2018 2024, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over housing and workforce development specifying the projects that received grants <u>and loans</u> under this section and the specific purposes for which the grant <u>or loan</u> funds were used.

Subd. 7. Workforce and affordable homeownership development account. A workforce and affordable homeownership development account is established in the housing development fund. Money in the account, including interest, is appropriated to the commissioner of the Housing Finance Agency for the purposes of this section. The amount appropriated under this section must supplement traditional sources of funding for this purpose and must not be used as a substitute for traditional sources of funding or to pay debt service on bonds. All loan repayments received under this section are to be deposited into the workforce and affordable homeownership development account in the housing development fund. A borrower under this section may, instead of repaying its loan, spend the money on a qualifying project under subdivision 2.

Subd. 8. **Deposits; funding amount.** (a) In each of fiscal years 2024 and 2025, an amount equal to \$27,500,000 of the state's portion of the proceeds derived from the mortgage registry tax imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated from the general fund to the commissioner of the Housing Finance Agency to transfer to the housing development fund for deposit into the workforce and affordable homeownership development account. In each fiscal year from 2026 to 2034, an amount equal to \$7,500,000 of the state's portion of the proceeds derived from the mortgage registry tax imposed under section 287.035 and the deed tax imposed under section 287.21 is appropriated from the general fund to the commissioner of the Housing Finance Agency to transfer to the housing development fund for deposit into the workforce and affordable homeownership development section 287.21 is appropriated from the general fund to the commissioner of the Housing Finance Agency to transfer to the housing development fund for deposit into the workforce and affordable homeownership development account. The appropriated from the general fund to the commissioner of the Housing Finance Agency to transfer to the housing development fund for deposit into the workforce and affordable homeownership development account. The appropriations must be made annually by September 15.

(b) This subdivision expires September 16, 2033.

EFFECTIVE DATE. This section is effective July 1, 2023.

## Sec. 27. [477A.40] TRIBAL NATION AID.

Subdivision 1. Definitions. For the purposes of this section, the following terms have the meanings given:

(1) "distribution share" means the number of enrolled members in an eligible Tribal Nation divided by the total number of enrolled members for all eligible Tribal Nations certified under this section; and

(2) "eligible Tribal Nation" means the following federally recognized Indian Tribes located in Minnesota: Bois Forte Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; and Red Lake Nation.

Subd. 2. Distribution. An eligible Tribal Nation's annual aid amount is equal to the sum of:

(1) \$3,409,091; plus

(2) the product of:

(i) the eligible Tribal Nation's distribution share; multiplied by

(ii) the amount appropriated under this section, minus \$3,409,091 multiplied by the number of eligible Tribal Nations receiving a distribution under this section.

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Subd. 3. Certification. In order to receive a distribution under this section, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1.

Subd. 4. **Payments.** The commissioner of revenue must pay Tribal Nation aid annually by December 26 of the year the aid is certified.

Subd. 5. <u>Appropriation.</u> <u>\$75,000,000 is annually appropriated from the general fund to the commissioner of revenue to make payments under this section.</u>

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 28. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974, chapter 351, section 5, Laws 1976, chapter 234, sections 1 and 7, Laws 1978, chapter 788, section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, Laws 1988, chapter 513, section 1, Laws 1992, chapter 511, article 9, section 23, Laws 1998, chapter 389, article 3, section 27, Laws 2002, chapter 390, section 23, and Laws 2013, chapter 143, article 12, section 18, is amended to read:

Subd. 2. For each of the years  $\frac{2013 \text{ to } 2024}{2023 \text{ to } 2035}$ , the city of St. Paul is authorized to issue bonds in the aggregate principal amount of  $\frac{20,000,000}{30,000,000}$  for each year.

**EFFECTIVE DATE.** This section is effective the day after compliance by the governing body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

### Sec. 29. DEPARTMENT OF REVENUE FREE FILING REPORT.

Subdivision 1. Department of Revenue free filing report. (a) By January 15, 2024, the commissioner of revenue must provide a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197, and must also provide information on free electronic filing options for preparing and filing Minnesota individual income tax returns.

(b) The commissioner must survey tax preparation software vendors for information on a free electronic preparation and filing option for taxpayers to file Minnesota individual income tax returns. The survey must request information from vendors that addresses the following concerns:

(1) system development, capability, security, and costs for consumer-based tax filing software;

(2) costs per return that would be charged to the state of Minnesota to provide an electronic individual income tax return preparation, submission, and payment remittance process;

(3) providing customer service and issue resolution to taxpayers using the software;

(4) providing and maintaining an appropriate link between the Department of Revenue and the Internal Revenue Service Modernized Electronic Filing Program;

(5) ensuring that taxpayer return information is maintained and protected as required by Minnesota Statutes, chapters 13 and 270B, Internal Revenue Service Publication 1075, and any other applicable requirements; and

(6) current availability of products for the free filing and submitting of both Minnesota and federal returns offered to customers and the income thresholds for using those products.

(c) The report by the commissioner must include at a minimum:

(1) a review of options that other states use for state electronic filing:

(2) an assessment of taxpayer needs for electronic filing, including current filing practices;

(3) an analysis of alternative options to provide free filing, such as tax credits, vendor incentives, or other benefits; and

(4) an analysis of the Internal Revenue Service Free File Program usage.

Subd. 2. Appropriation; Department of Revenue free filing report. <u>\$175,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for the free filing report required under this section. This is a onetime appropriation.</u>

# Sec. 30. CITY OF VIRGINIA; NET DEBT LIMIT EXEMPTION.

The city of Virginia may finance the construction of a public safety building in the city of Virginia by obtaining a loan from the United States Department of Agriculture secured by its general obligation pledge. Any bonds issued relating to this construction project or repayment of the loan must not be included in the computation of the city's limit on net debt under Minnesota Statutes, section 475.53, subdivision 1.

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

# Sec. 31. <u>RAMSEY COUNTY; EXTENDING REDEMPTION PERIODS OF PROPERTIES IN</u> <u>TARGETED COMMUNITIES.</u>

The period of redemption under Minnesota Statutes, chapter 281, shall be three years for all lands in Ramsey County that are, or previously were, located in a targeted community as defined in Minnesota Statutes, section 469.201, subdivision 10, and that are sold to the state in a tax judgment sale as a result of delinquency in paying taxes for taxes payable year 2023 or later.

**EFFECTIVE DATE.** This section is effective the day after the governing body of Ramsey County and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3, but any compliance with these requirements must be completed no later than December 31, 2023.

## Sec. 32. APPROPRIATION; CITY OF NORTHFIELD; GRANT.

(a) \$300,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Northfield. This is a onetime appropriation. The grant must be paid by July 15, 2023.

(b) The grant under this section must be used by the city of Northfield to pay for infrastructure related to a cooperatively owned manufactured home park.

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

### Sec. 33. APPROPRIATION; CITY OF ST. PAUL; GRANT.

(a) \$30,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of St. Paul. This is a onetime appropriation. The grant must be paid by July 15, 2023.

(b) The grant under this section must be used by the city of St. Paul to pay capital and administrative costs associated with street improvements.

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

# Sec. 34. APPROPRIATION; CITY OF SPRING GROVE; FIRE REMEDIATION GRANT.

\$250,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Spring Grove to remediate the effects of the fire in the city on December 22, 2022. The grant recipient must use the money appropriated under this section for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursement for property tax abatements incurred by public or private entities as a result of the fire. This appropriation is onetime and is available until June 30, 2025.

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

# Sec. 35. APPROPRIATION; TAXPAYER RECEIPT.

<u>\$144,000 in fiscal year 2024 and \$47,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of management and budget to develop and publish the taxpayer receipt under Minnesota Statutes, section 16A.067.</u>

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

Sec. 36. REPEALER.

Minnesota Statutes 2022, section 270A.04, subdivision 5, is repealed.

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

## ARTICLE 13 DEPARTMENT OF REVENUE: INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2022, section 289A.50, is amended by adding a subdivision to read:

Subd. 3a. Nonresident withholding tax refunds. When there is an overpayment of nonresident withholding tax by a partnership or S corporation, a refund allowable under this section to the payor is limited to the amount of the overpayment that was not deducted and withheld from the shares of the payor's partners or shareholders.

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

Sec. 2. Minnesota Statutes 2022, section 290.06, subdivision 22, is amended to read:

Subd. 22. Credit for taxes paid to another state. (a) A taxpayer who is liable for taxes based on net income to another state, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state if the tax is actually paid in the taxable year or a subsequent

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taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code, modified by the addition required by section 290.0131, subdivision 2, and the subtraction allowed by section 290.0132, subdivision 2, to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state by the taxpayer's Minnesota taxable income.

(d)(1) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state on the gross income earned within the other state subject to tax under this chapter; and

(2) the allowance of the credit does not reduce the taxes paid under this chapter to an amount less than what would be assessed if the gross income earned within the other state were excluded from taxable net income.

(e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump-sum distribution defined in section 290.032, subdivision 1, includes lump-sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident shareholder of a corporation treated as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to another state. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net income" tax means any tax imposed on or measured by a partnership's net income. For purposes of this paragraph, "partnership" includes a limited liability company and "partner" includes a member of a limited liability company.

(i) For the purposes of this subdivision, "another state":

(1) includes:

(i) the District of Columbia; and

(ii) a province or territory of Canada; but

(2) excludes Puerto Rico and the several territories organized by Congress.

(j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state by state basis.

(k) For a tax imposed by a province or territory of Canada, the tax for purposes of this subdivision is the excess of the tax over the amount of the foreign tax credit allowed under section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit allowed, the net income taxes imposed by Canada on the income are deducted first. Any remaining amount of the allowable foreign tax credit reduces the provincial or territorial tax that qualifies for the credit under this subdivision.

(1)(1) The credit allowed to a qualifying individual under this section for tax paid to a qualifying state equals the credit calculated under paragraphs (b) and (d), plus the amount calculated by multiplying:

(i) the difference between the preliminary credit and the credit calculated under paragraphs (b) and (d), by

(ii) the ratio derived by dividing the income subject to tax in the qualifying state that consists of compensation for performance of personal or professional services by the total amount of income subject to tax in the qualifying state.

(2) If the amount of the credit that a qualifying individual is eligible to receive under clause (1) for tax paid to a qualifying state exceeds the tax due under this chapter before the application of the credit calculated under clause (1), the commissioner shall refund the excess to the qualifying individual. An amount sufficient to pay the refunds required by this subdivision is appropriated to the commissioner from the general fund.

(3) For purposes of this paragraph, "preliminary credit" means the credit that a qualifying individual is eligible to receive under paragraphs (b) and (d) for tax paid to a qualifying state without regard to the limitation in paragraph (d), clause (2); "qualifying individual" means a Minnesota resident under section 290.01, subdivision 7, paragraph (a), who received compensation during the taxable year for the performance of personal or professional services within a qualifying state; and "qualifying state" means a state with which an agreement under section 290.081 is not in effect for the taxable year but was in effect for a taxable year beginning before January 1, 2010.

(m) For purposes of this subdivision, a resident sole member of a disregarded limited liability company must be considered to have paid a tax imposed on the sole member in an amount equal to the net income tax paid by the disregarded limited liability company to another state. For the purposes of this paragraph, the term "disregarded limited liability company" means a limited liability company that is disregarded as an entity separate from its owner as defined in Code of Federal Regulations, title 26, section 301.7701, and "net income tax" means any tax imposed on or measured by a disregarded limited liability company's net income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2022, section 290.92, subdivision 20, is amended to read:

Subd. 20. Miscellaneous withholding arrangements. (a) For purposes of this subdivision:

(1) "periodic payment" means a payment as defined under section 3405(e)(2) of the Internal Revenue Code;

(2) "nonperiodic distribution" means a distribution as defined under section 3405(e)(3) of the Internal Revenue Code; and

(3) "sick pay" means any amount which:

## (i) is paid to an employee pursuant to a plan to which the employer is a party; and

(ii) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.

(a) (b) For purposes of this section, any <u>periodic</u> payment or <u>nonperiodic</u> distribution to an individual <del>as defined</del> <del>under section 3405(e)(2) or (3) of the Internal Revenue Code</del> shall be treated as if it were a payment of wages by an employer to an employee for a payroll period, and it is subject to withholding at a rate of 6.25 percent or any rate <u>specified by the recipient</u>. Any payment to an individual of sick pay which does not constitute wages, determined without regard to this subdivision, shall be treated as if it were a payment of wages by an employee for a payroll period, if, at the time the payment is made a request that such sick pay be subject to withholding under this section is in effect. Sick pay means any amount which:</del>

(1) is paid to an employee pursuant to a plan to which the employer is a party, and

(2) constitutes remuneration or a payment in lieu of remuneration for any period during which the employee is temporarily absent from work on account of sickness or personal injuries.

(b) (c) A request for withholding, the amount withheld, and sick pay paid pursuant to certain collective bargaining agreements shall conform with the provisions of section 3402(0)(3), (4), and (5) of the Internal Revenue Code.

(c) (d) The commissioner is authorized by rules to provide for withholding:

(1) from remuneration for services performed by an employee for the employer which, without regard to this subdivision, does not constitute wages, and

(2) from any other type of payment with respect to which the commissioner finds that withholding would be appropriate under the provisions of this section, if the employer and the employee, or in the case of any other type of payment the person making and the person receiving the payment, agree to such withholding. Such agreement shall be made in such form and manner as the commissioner may by rules provide. For purposes of this section remuneration or other payments with respect to which such agreement is made shall be treated as if they were wages paid by an employer to an employee to the extent that such remuneration is paid or other payments are made during the period for which the agreement is in effect.

(d) (e) An individual receiving a <u>periodic</u> payment or <u>nonperiodic</u> distribution under paragraph (a) (b) may elect to have paragraph (a) (b) not apply to the payment or distribution as follows., and an election remains in effect until revoked by such individual.

(1) For payments defined under section 3405(e)(2) of the Internal Revenue Code, an election remains in effect until revoked by such individual.

(2) For distributions defined under section 3405(e)(3) of the Internal Revenue Code, the election is on a distribution by distribution basis.

**EFFECTIVE DATE; APPLICATION.** (a) This section is effective for periodic payments and nonperiodic distributions made on or after the day following final enactment.

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(b) For periodic payments and nonperiodic distributions made on or after the day following final enactment but before January 1, 2024, the commissioner of revenue must not assess penalties relating to this amendment against a payor who complies with Minnesota Statutes 2021 Supplement, section 290.92, subdivision 20.

Sec. 4. Minnesota Statutes 2022, section 290.9705, subdivision 1, is amended to read:

Subdivision 1. Withholding of payments to out-of-state contractors. (a) In this section, "person" means a person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and a city, county, and school district in Minnesota.

(b) A person who in the regular course of business is hiring, contracting, or having a contract with a nonresident person or foreign corporation a corporation or cooperative created or organized outside Minnesota, to perform construction work in Minnesota, shall deduct and withhold eight percent of payments made to the contractor if the value of the contract exceeds \$50,000.

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

Sec. 5. Minnesota Statutes 2022, section 290A.03, subdivision 13, is amended to read:

Subd. 13. Property taxes payable. "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 31 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 31 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

**EFFECTIVE DATE.** This section is effective retroactively for refund claims based on property taxes payable in 2022 and thereafter.

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# ARTICLE 14 DEPARTMENT OF REVENUE: FIRE AND POLICE STATE AIDS

Section 1. Minnesota Statutes 2022, section 6.495, subdivision 3, is amended to read:

Subd. 3. **Report** <u>Reports</u> to commissioner of revenue. (a) On or before September 15, November 1, March 1, and June 1, the state auditor shall <u>must</u> file with the commissioner of revenue a financial compliance report certifying for each relief association:

(1) the completion of the annual financial report required under section 424A.014 and the auditing or certification of those financial reports under subdivision 1; and

(2) the receipt of any actuarial valuations required under section 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42.

(b) The commissioner of revenue shall prescribe the content, format, and manner of the financial compliance reports required by paragraph (a), pursuant to section 270C.30.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 2. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to read:

Subd. 1a. Apportionment agreement. "Apportionment agreement" means an agreement between two or more fire departments that provide contracted fire protection service to the same municipality and establishes the percentage of the population and the percentage of the estimated market value within the municipality serviced by each fire department.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, section 477B.01, subdivision 5, is amended to read:

Subd. 5. Fire department. (a) "Fire department" includes means:

(1) a municipal fire department and;

(2) an independent nonprofit firefighting corporation-:

(3) a fire department established as or operated by a joint powers entity; or

(4) a fire protection special taxing district established under chapter 144F or special law.

(b) This subdivision only applies to this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 477B.01, is amended by adding a subdivision to read:

Subd. 7a. Joint powers entity. "Joint powers entity" means a joint powers entity created under section 471.59.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 477B.01, subdivision 10, is amended to read:

Subd. 10. Municipality. (a) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398 a joint powers entity;

(4) the University of Minnesota a fire protection special taxing district; and or

(5) an American Indian tribal government entity located within a federally recognized American Indian reservation.

(b) This subdivision only applies to this chapter 477B.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 6. Minnesota Statutes 2022, section 477B.01, subdivision 11, is amended to read:

Subd. 11. Secretary. (a) "Secretary" means:

(1) the secretary of an independent nonprofit firefighting corporation that has a subsidiary incorporated firefighters' relief association or whose firefighters participate in the statewide volunteer firefighter plan: or

(2) the secretary of a joint powers entity or fire protection special taxing district or, if there is no such person, the person primarily responsible for managing the finances of a joint powers entity or fire protection special taxing district.

(b) This subdivision only applies to this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 7. Minnesota Statutes 2022, section 477B.02, subdivision 2, is amended to read:

Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting corporation must be created under the nonprofit corporation act of this state operating for the exclusive purpose of firefighting, or the governing body of a municipality must officially establish a fire department.

(b) The fire department must have provided firefighting services for at least one calendar year, and must have a current fire department identification number issued by the state fire marshal.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 8. Minnesota Statutes 2022, section 477B.02, subdivision 3, is amended to read:

Subd. 3. Personnel and Benefits requirements. (a) A fire department must have a minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

# (b) The fire department must have regular scheduled meetings and frequent drills that include instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment.

(c) (a) The fire department must have a separate subsidiary incorporated firefighters' relief association that provides retirement benefits or must participate in the statewide volunteer firefighter plan; or if the municipality solely employs full-time firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be provided by the public employees police and fire retirement plan. For purposes of retirement benefits, a fire department may be associated with only one volunteer firefighters' relief association or one account in the voluntary statewide volunteer firefighter retirement plan at one time.

(d) (b) Notwithstanding paragraph (c) (a), a municipality without a relief association as described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other requirements of this section are met.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 477B.02, is amended by adding a subdivision to read:

Subd. 4a. <u>Public safety answering point requirement.</u> The fire department must be dispatched by a public safety answering point as defined in section 403.02, subdivision 19.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 10. Minnesota Statutes 2022, section 477B.02, subdivision 5, is amended to read:

Subd. 5. Fire service contract or agreement; apportionment agreement filing requirement requirements. (a) Every municipality or independent nonprofit firefighting corporation must file a copy of any duly executed and valid fire service contract or agreement with the commissioner (1) a copy of any duly executed and valid fire service contracts, (2) written notification of any fire service contract terminations, and (3) written notification of any dissolution of a fire department, within 60 days of contract execution or termination, or department dissolution.

(b) If more than one fire department provides service to a municipality, the fire departments furnishing service must enter into an agreement apportioning among themselves the percentage of the population and the percentage of the estimated market value of each shared service fire department service area. The agreement must be in writing and must be filed file an apportionment agreement with the commissioner.

(c) When a municipality is a joint powers entity, it must file its joint powers agreement with the commissioner. If the joint powers agreement does not include sufficient information defining the fire department service area of the joint powers entity for the purposes of calculating fire state aid, the secretary must file a written statement with the commissioner defining the fire department service area.

(d) When a municipality is a fire protection special taxing district, it must file its resolution establishing the fire protection special taxing district, and any agreements required for the establishment of the fire protection special taxing district, with the commissioner. If the resolution or agreement does not include sufficient information defining the fire department service area of the fire protection special taxing district, the secretary must file a written statement with the commissioner defining the fire department service area.

(e) The commissioner shall prescribe the content, format, and manner of the notifications, apportionment agreements, and written statements under paragraphs (a) to (d), pursuant to section 270C.30, except that copies of fire service contracts, joint powers agreements, and resolutions establishing fire protection special taxing districts shall be filed in their existing form.

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(f) A document filed with the commissioner under this subdivision must be refiled any time it is updated within 60 days of the update. An apportionment agreement must be refiled only when a change in the averaged sum of the percentage of population and percentage of estimated market value serviced by a fire department subject to the apportionment agreement is at least one percent. The percentage amount must be rounded to the nearest whole percentage.

(g) Upon the request of the commissioner, the county auditor must provide information that the commissioner requires to accurately apportion the estimated market value of a fire department service area for a fire department providing service to an unorganized territory located in the county.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 477B.02, subdivision 8, is amended to read:

Subd. 8. **PERA certification to commissioner.** On or before February 1 each year, if retirement coverage for a fire department is provided by the statewide volunteer firefighter plan, the executive director of the Public Employees Retirement Association must certify the existence of retirement coverage. to the commissioner the fire departments that transferred retirement coverage to, or terminated participation in, the voluntary statewide volunteer firefighter retirement plan since the previous certification under this paragraph. This certification must include the number of active volunteer firefighters under section 477B.03, subdivision 5, paragraph (e).

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 477B.02, subdivision 9, is amended to read:

Subd. 9. Fire department certification to commissioner. On or before March 15 of each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the commissioner that the fire department exists and meets the qualification requirements of this section the fire department service area as of December 31 of the previous year, and that the fire department meets the qualification requirements of this section. The municipal clerk or the secretary must provide the commissioner with documentation that the commissioner deems necessary for determining eligibility for fire state aid or for calculating and apportioning fire state aid under section 477B.03. The certification must be on a form prescribed by the commissioner and must include all other information that the commissioner requires. The municipal clerk or the secretary must send a copy of the certification filed under this subdivision to the fire chief within five business days of the date the certification was filed with the commissioner.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 477B.02, subdivision 10, is amended to read:

Subd. 10. **Penalty for failure to file** <u>or correct</u> certification. (a) If the certification under subdivision 9 is not filed with the commissioner on or before March <del>15</del> <u>1</u>, the commissioner must notify the municipal clerk or the secretary that a penalty equal to a portion or all of the current year aid will apply if the certification is not received within ten days of the postmark date of the notification will be deducted from fire state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification by the municipal clerk or secretary under subdivision 9 for inaccurate or incomplete information, the municipal clerk or the secretary must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection or by March 15, whichever date is later.

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(b) (c) A penalty applies to (1) a certification under subdivision 9 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty for failure to file the certification under subdivision 9 is equal to the amount of fire state aid determined for the municipality or the independent nonprofit firefighting corporation for the current year, multiplied by five ten percent for each week or fraction of a week that the certification <u>or corrective certification</u> is late filed after March 15 or more than 30 days after the date on the notice of rejection. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification. Aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form is not a defense for a failure to file.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 14. Minnesota Statutes 2022, section 477B.03, subdivision 2, is amended to read:

Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report, except that credits claimed under section 297I.20, subdivisions 3, 4, and 5, do not affect the calculation of the amount of fire state aid available for apportionment. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations.

(b) The total amount available for apportionment must not be less than two percent of the premiums less return premiums reported to the commissioner by companies or insurance companies on the Minnesota Fire Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters' relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(c) The commissioner must apportion the fire state aid to each municipality or independent nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums reported on the Minnesota Fire Premium Reports filed under this chapter.

(d) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

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

Sec. 15. Minnesota Statutes 2022, section 477B.03, subdivision 3, is amended to read:

Subd. 3. **Population and estimated market value.** (a) Official statewide federal census figures The most recent population estimates made by the state demographer pursuant to section 4A.02, paragraph (d), must be used in calculations requiring the use of population figures under this chapter. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) The latest available estimated market value property figures for the assessment year immediately preceding the year the aid is distributed must be used in calculations requiring the use of estimated market value property figures under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 16. Minnesota Statutes 2022, section 477B.03, subdivision 4, is amended to read:

Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 2, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount is allocated one-half in proportion to the population for each fire department service area and one-half in proportion to the estimated market value of each fire department service area, including (1) the estimated market value of tax-exempt property, and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

(b) In the case of a municipality or independent nonprofit firefighting corporation furnishing fire protection to other municipalities as evidenced by valid fire service contracts, joint powers agreements, resolutions, and other <u>supporting documents</u> filed with the commissioner under section 477B.02, subdivision 5, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments.

(c) In the case of municipalities or independent nonprofit firefighting corporations qualifying for aid, the commissioner must calculate the state aid for the municipality or independent nonprofit firefighting corporation on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by <u>valid</u> fire service <del>agreements</del> <u>contracts</u>, joint powers <u>agreements</u>, resolutions, and other <u>supporting documents</u> filed with the commissioner under section 477B.02, subdivision 5.

(d) In the case of more than one fire department furnishing contracted fire service to a municipality, the population and estimated market value in the apportionment agreement filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating the state aid.

### EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 17. Minnesota Statutes 2022, section 477B.03, subdivision 5, is amended to read:

Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid allocation amount is the amount derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire state aid allocation amount is allocated to municipalities or independent nonprofit firefighter plan. The amount is based on the number of active volunteer firefighters who are (1) members of the relief association as reported to the Office of the State Auditor in a specific annual financial reporting year as specified in paragraphs (b) to (d), or (2) covered by the statewide volunteer firefighter plan as specified in paragraph (e).

(b) For relief associations established in calendar year 1993 or a prior year, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1993, but not to exceed 30 active volunteer firefighters.

(c) For relief associations established in calendar year 1994 through calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who were members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters.

(d) For relief associations established after calendar year 1999, the number of active volunteer firefighters equals the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

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(e) If a relief association is terminated as a result of For a municipality or independent nonprofit firefighting corporation that is providing retirement coverage for volunteer firefighters by the statewide volunteer firefighter plan under chapter 353G, the number of active volunteer firefighters equals the number of active volunteer firefighters of the municipality or independent nonprofit firefighting corporation covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor within 30 days of the date the municipality or independent nonprofit firefighters.

## EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 18. Minnesota Statutes 2022, section 477B.03, subdivision 7, is amended to read:

Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a fire relief association, or the statewide volunteer firefighter plan may object to the amount of fire state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds within the state. The objection of a municipality, an independent nonprofit firefighting corporation, a fire relief association, or the voluntary statewide volunteer firefighter retirement plan must be filed with the commissioner within 60 days of the date the amount of apportioned fire state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or independent nonprofit firefighting corporation is located or by the Ramsey County District Court with respect to the statewide volunteer firefighter plan.

## EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 19. Minnesota Statutes 2022, section 477B.04, subdivision 1, is amended to read:

Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public Employees Retirement Association for deposit in the statewide volunteer firefighter fund on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the statewide volunteer firefighter plan under chapter 353G, or directly to a municipality or county designated by an independent nonprofit firefighting corporation. The commissioner must directly pay all other municipalities qualifying for fire state aid, except as provided in paragraph (d). The payment is equal to the amount of fire state aid apportioned to the applicable fire state aid recipient under section 477B.03.

(b) Fire state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

(c) If the commissioner of revenue does not receive a financial compliance report described in section 6.495, subdivision 3, for a relief association, the amount of fire state aid apportioned to a municipality or independent nonprofit firefighting corporation under section 477B.03 for that relief association must be withheld from payment to the Public Employees Retirement Association or the municipality. The commissioner of revenue must issue a withheld payment within ten business days of receipt of a financial compliance report under section 6.495, subdivision 3. The interest under paragraph (b) does not apply when to a payment has not been made by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7 withheld under this paragraph.

(d) The commissioner must make payments directly to the largest municipality in population located within any area included in a joint powers entity that does not have a designated agency under section 471.59, subdivision 3, or within the fire department service area of an eligible independent nonprofit firefighting corporation. If there is no city or town within the fire department service area of an eligible independent nonprofit firefighting corporation, fire state aid must be paid to the county where the independent nonprofit firefighting corporation is located.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 20. Minnesota Statutes 2022, section 477B.04, is amended by adding a subdivision to read:

Subd. 4. <u>Aid amount corrections.</u> (a) An adjustment needed to correct a fire state aid overpayment or underpayment due to a clerical error must be made to subsequent fire state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality or independent nonprofit firefighting corporation is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality or independent nonprofit firefighting corporation over a period of no more than three years. An additional distribution to a municipality or independent nonprofit firefighting corporation must be paid from the general fund and must not diminish the payments made to other municipalities or independent nonprofit firefighting corporations under this chapter.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 21. Minnesota Statutes 2022, section 477C.02, subdivision 4, is amended to read:

Subd. 4. **Penalty for failure to file** <u>or correct certification</u>. (a) If a certification under subdivision 1 or 2 is not filed with the commissioner on or before March  $\frac{15}{1}$ , the commissioner must notify the municipal clerk, municipal clerk, treasurer, or county auditor that a penalty equal to a portion or all of its current year aid will apply if the certification is not received within ten days will be deducted from police state aid certified for the current year if the certification is not filed on or before March 15.

(b) If the commissioner rejects the certification under subdivision 1 or 2 for inaccurate or incomplete information, the municipal clerk, municipal clerk-treasurer, or county auditor must file a corrective certification after taking corrective action as identified by the commissioner in the notice of rejection. The corrective certification must be filed within 30 days of the date on the notice of rejection, or by March 15, whichever date is later.

(b) (c) A penalty applies to (1) a certification under subdivisions 1 and 2 filed after March 15, and (2) a corrective certification under paragraph (b) filed after March 15 that is also filed more than 30 days after the date on the notice of rejection. The penalty for failure to file the certification under subdivision 1 or 2 is equal to the amount of police state aid determined for the municipality for the current year, multiplied by five ten percent for each week or fraction of a week that the certification or corrective certification is late filed after March 15 or more than 30 days after the postmark date of the commissioner's notification as required under this subdivision. All aid amounts forfeited as a result of the penalty revert to the state general fund. Failure to receive the certification form may not be used as a defense for a failure to file.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 22. Minnesota Statutes 2022, section 477C.03, subdivision 2, is amended to read:

Subd. 2. Apportionment of police state aid. (a) The total amount available for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report, except that

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<u>credits claimed under section 2971.20, subdivisions 3, 4, and 5, do not affect the calculation of the total amount of police state aid available for apportionment</u>. The total amount for apportionment for the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by companies or insurance companies on the Minnesota Aid to Police Premium Report.

(b) The commissioner must calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(c) In addition to the amount for apportionment of police state aid under paragraph (a), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

(d) The commissioner must apportion police state aid to all municipalities in proportion to the relationship that the total number of peace officers employed by that municipality for the prior calendar year and the proportional or fractional number who were employed less than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears to the total number of peace officers employed by all municipalities subject to any reduction under subdivision 3.

(e) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

**EFFECTIVE DATE.** (a) The amendment to paragraph (a) is effective the day following final enactment.

(b) The amendment striking paragraph (e) is effective for aids payable in calendar year 2024 and thereafter.

Sec. 23. Minnesota Statutes 2022, section 477C.03, subdivision 5, is amended to read:

Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned to it by filing a written request with the commissioner to review and adjust the apportionment of funds to the municipality. <u>The</u> objection of a municipality must be filed with the commissioner within 60 days of the date the amount of apportioned police state aid is paid. The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality is located or by the Ramsey County District Court with respect to the Departments of Natural Resources or Public Safety.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 24. Minnesota Statutes 2022, section 477C.04, is amended by adding a subdivision to read:

Subd. 4. Aid amount corrections. (a) An adjustment needed to correct a police state aid overpayment or underpayment due to a clerical error must be made to subsequent police state aid payments as provided in paragraphs (b) and (c). The authority to correct an aid payment under this subdivision is limited to three years after the payment was issued.

(b) If an overpayment equals more than ten percent of the most recently paid aid amount, the commissioner must reduce the aid a municipality is to receive by the amount overpaid over a period of no more than three years. If an overpayment equals or is less than ten percent of the most recently paid aid amount, the commissioner must reduce the next aid payment occurring in 30 days or more by the amount overpaid.

(c) In the event of an underpayment, the commissioner must distribute the amount of underpaid funds to the municipality over a period of no more than three years. An additional distribution to a municipality must be paid from the general fund and must not diminish the payments made to other municipalities under this chapter.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

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Minnesota Statutes 2022, sections 477B.02, subdivision 4; and 477B.03, subdivision 6, are repealed.

## EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

# ARTICLE 15 DEPARTMENT OF REVENUE: DATA PRACTICES

Section 1. Minnesota Statutes 2022, 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, and prepare the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section 6. 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;

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(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 Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D; 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;

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(16) the current address of a recipient of general assistance 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 a SNAP 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 and Nutrition 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 SNAP benefits 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, or SNAP benefits 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;

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(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 SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(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 and the Department of Human Services operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(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;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(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.

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(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 7, clause (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.

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

Sec. 2. Minnesota Statutes 2022, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature on the overall incidence of the income tax, sales and excise taxes, and property tax.

(b) The commissioner must submit the report:

(1) by March 1, 2021; and

(2) by March 1, 2024, and each even-numbered year thereafter.

(c) The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics.

(d) The commissioner may request information from any state officer or agency to assist in carrying out this section. The state officer or agency shall provide the data requested to the extent permitted by law.

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

Sec. 3. Minnesota Statutes 2022, section 270C.446, subdivision 2, is amended to read:

Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of paragraph (b), the commissioner must publish lists of tax preparers as defined in section 270C.445, subdivision 2, paragraph (h), who have been:

(1) convicted under section 289A.63;

(2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13, paragraph (a);

(3) convicted for identity theft under section 609.527, or a similar statute, for a return filed with the commissioner, the Internal Revenue Service, or another state;

(4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess of \$1,000;

(5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph (b), that has become a final order; <del>or</del>

(6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating a cease and desist order-; or

(7) assessed a penalty under section 289A.60, subdivision 28, paragraph (c), or (d), in excess of \$1,000.

(b) For the purposes of this section, tax preparers are not subject to publication if:

(1) an administrative or court action contesting or appealing a penalty described in paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;

(2) an appeal period to contest a penalty described in paragraph (a), clause (2), (4), or (6), has not expired;

(3) the commissioner has been notified that the tax preparer is deceased;

(4) an appeal period to contest a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has not expired;

(5) an administrative or court action contesting or appealing a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;

(6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been filed or served and is unresolved at the time when the notice would be given under subdivision 3; or

(7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3), has not expired.

### EFFECTIVE DATE. This section is effective for returns filed after December 31, 2023.

Sec. 4. Minnesota Statutes 2022, section 290A.19, is amended to read:

# 290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

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(c) For the purposes of this section, "owner" includes a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

### EFFECTIVE DATE. This section is effective for refund claims based on rent paid in 2023 and thereafter.

Sec. 5. Minnesota Statutes 2022, section 299C.76, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) For the purposes of this section, the following definitions apply.

(b) "Federal tax information" means federal tax returns and return information or information derived or created from federal tax returns, in possession of or control by the requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of the Internal Revenue Code.

(c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that provides guidance and requirements for the protection and confidentiality of federal tax information as required in section 6103(p)(4) of the Internal Revenue Code.

(d) "National criminal history record information" means the Federal Bureau of Investigation identification records as defined in Code of Federal Regulations, title 28, section 20.3(d).

(e) "Requesting agency" means the Department of Revenue, Department of Employment and Economic Development, Department of Human Services, board of directors of MNsure, Department of Information Technology Services, <u>attorney general</u>, and counties.

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

Sec. 6. Minnesota Statutes 2022, section 299C.76, subdivision 2, is amended to read:

Subd. 2. National criminal history record information check. As required by IRS Publication 1075, a requesting agency shall require fingerprints for a national criminal history record information check from the following individuals who have or will have access to federal tax information:

(1) a current or prospective permanent or temporary employee of the requesting agency;

(2) an independent contractor or vendor of the requesting agency; or

(3) an employee or agent of an independent contractor or vendor of the requesting agency; or.

(4) any other individual authorized to access federal tax information by the requesting agency.

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

Sec. 7. Laws 2008, chapter 366, article 17, section 6, is amended to read:

Sec. 6. DATA UPDATE.

The commissioner of revenue must continue to maintain, update, and make available the information required under Laws 1987, chapter 268, article 7, section 1, subdivision 6, paragraph (b). <u>The commissioner may request</u> information from any state officer or agency to assist in carrying out paragraph (b). The state officer or agency shall provide the data requested to the extent permitted by law. The commissioner must provide the most complete and current data available, when requested, to the chairs of the senate and house of representatives committees on taxes.

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

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## ARTICLE 16 DEPARTMENT OF REVENUE: MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 270C.19, subdivision 1, is amended to read:

Subdivision 1. **Taxes paid by Indians.** <u>Notwithstanding any other law which limits the refund of tax</u>, the commissioner is authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian reservation <u>Tribe</u> in Minnesota.

(b) The agreement may provide for:

(1) a mutually agreed-upon amount as a refund to the governing body of <u>an estimate of</u> any sales or excise tax paid by the total resident Indian population on or adjacent to a reservation into the state treasury, <u>Tribal members on</u> transactions occurring on the reservation or on transactions that would occur on the reservation if there was no agreement; or

(2) for an amount which measures the economic value of an agreement by the Tribal government to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation, notwithstanding any other law which limits the refundment of taxes. The total resident Indian population on or adjacent to a reservation shall be defined according to the United States Department of the Interior, Bureau of Indian Affairs, as determined and stated in its Report on Service Population and Labor Force.

(c) For purposes of this section, "Tribal members" means the number of enrolled members of the Tribe who live on or adjacent to the reservation as defined in the agreement.

(d) In arriving at the refund amount, the commissioner must consider Tribal enrollment records, estimates contained in the tax incidence report under section 270C.13, and any other information available to the commissioner.

**EFFECTIVE DATE.** This section is effective retroactively for agreements entered into or amended after December 31, 2022.

Sec. 2. Minnesota Statutes 2022, section 270C.19, subdivision 2, is amended to read:

Subd. 2. **Sales, use, and excise taxes.** (a) The commissioner is authorized to enter into a tax agreement with the governing body of any federally recognized Indian reservation <u>Tribe</u> in Minnesota, that provides for the state and the Tribal government to share sales, use, and excise tax revenues generated from on-reservation activities of <u>non-Indians non-Tribal members</u> and off-reservation activities of <u>Tribal</u> members of the reservation. Every agreement entered into pursuant to this subdivision must require the commissioner to collect all state and Tribal taxes covered by the agreement.

(b) The commissioner is authorized to collect any Tribal taxes imposed pursuant to any agreement entered into pursuant to this subdivision and to make payments authorized by the agreement to the Tribal government from the funds collected.

(c) The commissioner shall pay to the Tribal government its share of the taxes collected pursuant to the agreement, as indicated in the agreement, and grant the taxpayer a credit for the taxpayer's share of the amount paid to the Tribal government against the taxpayer's Minnesota tax.

**EFFECTIVE DATE.** This section is effective retroactively for agreements entered into or amended after December 31, 2022.

Sec. 3. Minnesota Statutes 2022, section 295.50, subdivision 4, is amended to read:

Subd. 4. Health care provider. (a) "Health care provider" means:

(1) a person whose health care occupation is regulated or required to be regulated by the state of Minnesota furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services;

(2) a person who provides goods and services not listed in clause (1) that qualify for reimbursement under the medical assistance program provided under chapter 256B;

(3) a staff model health plan company;

(4) an ambulance service required to be licensed;

(5) a person who sells or repairs hearing aids and related equipment or prescription eyewear; or

(6) a person providing patient services, who does not otherwise meet the definition of health care provider and is not specifically excluded in clause (b), who employs or contracts with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise oversee, or consult with regarding patient services.

(b) Health care provider does not include:

(1) hospitals; medical supplies distributors, except as specified under paragraph (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction; wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed; supervised living facilities for persons with developmental disabilities, licensed under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes, as defined in Minnesota Rules, part 9555.9600;

(2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a person providing personal care services and supervision of personal care services as defined in Minnesota Rules, part 9505.0335; a person providing home care nursing services as defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed under chapter 144A for home care services provided under chapter 144A;

(3) a person who employs health care providers solely for the purpose of providing patient services to its employees;

(4) an educational institution that employs health care providers solely for the purpose of providing patient services to its students if the institution does not receive fee for service payments or payments for extended coverage; and

(5) a person who receives all payments for patient services from health care providers, surgical centers, or hospitals for goods and services that are taxable to the paying health care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision 1, paragraph (b), clause (3) or (4), or from a source of funds that is excluded or exempt from tax under this chapter sections 295.50 to 295.59.

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

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Sec. 4. Minnesota Statutes 2022, section 296A.083, subdivision 3, is amended to read:

Subd. 3. **Surcharge rate.** (a) By July 16, 2008, and each April 1 thereafter May 1 each year, the commissioner of revenue shall calculate and publish a surcharge as provided in paragraphs paragraph (b) and (c). The surcharge is imposed from August 1, 2008, through June 30, 2009, and each new surcharge thereafter is imposed the following beginning July 1 of the year it is published through June 30 of the following year.

(b) For fiscal years 2009 through 2012, the commissioner shall set the surcharge as specified in the following surcharge rate schedule.

### Surcharge Rate Schedule

Fiscal Year	Rate (in cents per gallon)		
<del>2009</del>	<del>0.5</del>		
<del>2010</del>	<del>2.1</del>		
<del>2011</del>	<del>2.5</del>		
<del>2012</del>	<del>3.0</del>		

(c) For fiscal year 2013 and thereafter, (b) The commissioner shall set the surcharge at the lesser of (1) 3.5 cents, or (2) an amount calculated so that the total proceeds from the surcharge deposited in the trunk highway fund from fiscal year 2009 to the upcoming fiscal year equals the total amount of debt service from fiscal years 2009 to 2039, and the surcharge is rounded to the nearest 0.1 cent.

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

Sec. 5. Minnesota Statutes 2022, section 297A.61, subdivision 29, is amended to read:

Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of the United States, the Commonwealth of Puerto Rico, and the District of Columbia. and any territory of the United States, including American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

## EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2023."

Delete the title and insert:

"A bill for an act relating to financing and operation of state and local government; modifying provisions governing individual income and corporate franchise taxes, federal conformity, property taxes, certain state aid and credit programs, sales and use taxes, minerals taxes, tax increment financing, certain local taxes, provisions related to public finance, and various other taxes and tax-related provisions; modifying income tax credits; modifying existing and proposing new subtractions; modifying provisions related to the taxation of pass-through entities; providing for certain federal tax conformity; modifying individual income tax rates; modifying provisions related to reporting of corporate income; providing a onetime refundable rebate credit; providing for conformity to certain federal tax provisions; modifying property tax exemptions, classifications, and refunds; modifying local government aid calculations; establishing soil and water conservation distributions; converting the renter's property tax refund into a refundable individual income tax credit; modifying provisions related to tax increment financing and allowing certain special local provisions; modifying certain local taxes; establishing tourism improvement special taxing districts; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 3.8855, subdivisions 4, 7; 6.495, subdivision 3; 10A.31, subdivisions 1, 3; 13.46, subdivision 2; 41B.0391, subdivisions 1, 2, 4, 7; 116U.27, subdivisions 1, 4, 7; 118A.04, subdivision 5; 123B.61; 168B.07, subdivision 3; 256J.45, subdivision 2;

256L.15, subdivision 1a; 270A.03, subdivision 2; 270B.12, subdivision 8; 270B.14, subdivision 1; 270C.13, subdivision 1; 270C.19, subdivisions 1, 2; 270C.445, subdivisions 2, 3; 270C.446, subdivision 2; 270C.52, subdivision 2; 272.01, subdivision 2; 272.02, subdivisions 24, 73, 98, by adding a subdivision; 273.11, subdivision 12; 273.124, subdivisions 6, 13, 13a, 13c, 13d, 14; 273.1245, subdivision 1; 273.13, subdivisions 25, 34, 35; 273.1315, subdivision 2; 273.1341; 273.1392; 275.065, subdivisions 3, 3b, 4; 278.01, subdivision 1; 279.03, subdivision 1a; 282.261, subdivision 2; 289A.02, subdivision 7, as amended; 289A.08, subdivisions 7, as amended, 7a, as amended, by adding subdivisions; 289A.18, subdivision 5; 289A.38, subdivision 4; 289A.382, subdivision 2; 289A.50, by adding a subdivision; 289A.56, subdivision 6; 289A.60, subdivisions 12, 13, 28; 290.01, subdivisions 19, as amended, 31, as amended; 290.0132, subdivisions 4, 24, 26, 27, by adding subdivisions; 290.0133, subdivision 6; 290.0134, subdivision 18, by adding a subdivision; 290.06, subdivisions 2c, as amended, 2d, 22, 39; 290.067; 290.0671, as amended; 290.0674; 290.0677, subdivision 1; 290.0682, subdivision 2, by adding a subdivision; 290.0685, subdivision 1, by adding a subdivision; 290.0686; 290.091, subdivision 2, as amended; 290.17, subdivision 4, by adding a subdivision; 290.21, subdivision 9; 290.92, subdivision 20; 290.9705, subdivision 1; 290A.02; 290A.03, subdivisions 3, 6, 8, 12, 13, 15, as amended, by adding a subdivision; 290A.04, subdivisions 1, 2, 2h, 4, 5; 290A.05; 290A.07, subdivision 2a; 290A.08; 290A.09; 290A.091; 290A.13; 290A.19; 290A.25; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.005, subdivision 1, as amended; 295.50, subdivision 4; 296A.083, subdivision 3; 297A.61, subdivision 29, by adding subdivisions; 297A.67, subdivisions 2, 7; 297A.68, subdivisions 4, 25; 297A.70, subdivisions 2, 4, 18, 19; 297E.02, subdivision 6; 297E.021, subdivision 4; 297H.13, subdivision 2; 297I.20, subdivision 4; 298.015; 298.018, subdivisions 1, 1a; 298.28, subdivisions 5, 7a, by adding a subdivision; 298.296, subdivision 4; 299C.76, subdivisions 1, 2; 327C.02, subdivision 5; 349.11; 349.12, subdivision 12c, by adding a subdivision; 366.095, subdivision 1; 373.01, subdivision 3; 383B.117, subdivision 2; 410.32; 412.301; 462A.05, subdivision 24; 462A.38; 469.033, subdivision 6; 469.053, subdivisions 4, 6; 469.107, subdivision 1; 469.174, subdivision 14, by adding a subdivision; 469.175, subdivision 6; 469.176, subdivisions 3, 4; 469.1761, subdivision 1; 469.1763, subdivisions 2, 3, 4, 6; 469.1771, subdivisions 2, 2a, 3; 474A.02, subdivisions 22b, 23a; 475.54, subdivision 1; 477A.011, subdivision 34, by adding subdivisions; 477A.0124, subdivision 2; 477A.013, subdivisions 8, 9; 477A.03, subdivisions 2a, 2b, by adding a subdivision; 477A.12, subdivisions 1, 3, by adding a subdivision; 477A.30; 477B.01, subdivisions 5, 10, 11, by adding subdivisions; 477B.02, subdivisions 2, 3, 5, 8, 9, 10, by adding a subdivision; 477B.03, subdivisions 2, 3, 4, 5, 7; 477B.04, subdivision 1, by adding a subdivision; 477C.02, subdivision 4; 477C.03, subdivisions 2, 5; 477C.04, by adding a subdivision; 514.972, subdivision 5; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2006, chapter 259, article 11, section 3, as amended; Laws 2008, chapter 366, article 5, sections 26, as amended; 36, subdivisions 1, 3, as amended; article 7, section 17; article 17, section 6; Laws 2014, chapter 308, article 6, section 12, subdivision 2; Laws 2023, chapter 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 16A; 181; 290; 477A; proposing coding for new law as Minnesota Statutes, chapter 428B; repealing Minnesota Statutes 2022, sections 270A.04, subdivision 5; 290.01, subdivision 19i; 290.0131, subdivision 18; 290.0132, subdivision 33; 290A.03, subdivisions 9, 11; 290A.04, subdivision 2a; 290A.23, subdivision 1; 477A.011, subdivisions 30a, 38, 42, 45; 477A.013, subdivision 13; 477A.16, subdivisions 1, 2, 3; 477B.02, subdivision 4; 477B.03, subdivision 6."

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Olson, L., from the Committee on Ways and Means to which was referred:

S. F. No. 3035, A bill for an act relating to state government; establishing the biennial budget for the Department of Employment and Economic Development, Explore Minnesota, Department of Labor and Industry, Workers' Compensation Court of Appeals, and Bureau of Mediation Services; modifying miscellaneous policy provisions; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 15.71, by adding subdivisions;

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15.72, by adding a subdivision; 116J.5492, subdivisions 8, 10; 116J.55, subdivisions 1, 5, 6; 116J.871, subdivision 2; 116J.8748, subdivisions 3, 4, 6, by adding a subdivision; 116L.361, subdivision 7; 116L.362, subdivision 1; 116L.364, subdivision 3; 116L.56, subdivision 2; 116L.561, subdivision 5; 116L.562, subdivision 2; 116U.05; 116U.10; 116U.15; 116U.20; 116U.30; 116U.35; 175.16, subdivision 1; 177.26, subdivisions 1, 2; 177.27, subdivisions 4, 7; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 2, 4; 181.86, subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.9436; 182.654, subdivision 11; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.096; 326B.103, subdivision 13, by adding subdivisions; 326B.106, subdivision 15; 337.01, subdivision 3; 337.05, subdivision 1; 341.21, subdivisions 2, 4, 7, by adding a subdivision; 341.221; 341.25; 341.27; 341.28, subdivisions 2, 3, by adding subdivisions; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; 469.40, subdivision 11; 469.47, subdivisions 1, 5, 6; Laws 2021, First Special Session chapter 10, article 2, section 24; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L; 116U; 179; 181; 182; 341; repealing Minnesota Statutes 2022, section 177.26, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

## "ARTICLE 1 APPROPRIATIONS; ECONOMIC DEVELOPMENT

### Section 1. APPROPRIATIONS.

(a) 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 "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

			APPROPRIATIONS Available for the Year Ending June 30 2024 2025		
Sec. 2. <u>DEPARTMENT OF EMPLOYMENT AND</u> ECONOMIC DEVELOPMENT					
Subdivision 1. Total Ap	propriation		<u>\$881,351,000</u>	<u>\$302,449,000</u>	
Approp	riations by Fund				
	<u>2024</u>	<u>2025</u>			
<u>General</u> <u>Remediation</u> <u>Workforce Development</u>	<u>855,586,000</u> <u>700,000</u> <u>25,065,000</u>	<u>277,384,000</u> <u>700,000</u> <u>24,365,000</u>			

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

Subd. 2. Business and Community Development		oment	705,290,000	<u>136,488,000</u>
Approp	riations by Fund			
<u>General</u> <u>Remediation</u> <u>Workforce Development</u>	703,240,000 700,000 1,350,000	<u>134,438,000</u> <u>700,000</u> <u>1,350,000</u>		

(a) \$1,787,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

(b) \$6,425,000 each year is for the small business partnership program under Minnesota Statutes, section 116J.8746. In fiscal year 2026 and beyond, the base amount is \$4,679,000.

(c) \$1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

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

(e) \$389,000 each year is for the Center for Rural Policy and Development. In fiscal year 2026 and beyond, the base amount is \$139,000.

(f) \$25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

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

(h)(1) 6,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. This appropriation is available through June 30, 2025. Beginning in fiscal year 2026, the base amount is 1,500,000. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant funds available

under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

(3) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local funds invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking minority members of the legislative committees with jurisdiction over early learning, child care, and economic development.

(i) \$3,500,000 each year is for a grant to the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. Beginning in fiscal year 2026, the base amount is \$1,000,000. The Minnesota Initiative Foundations must use grant funds under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs. (j) \$8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended.

(k) \$12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(1) \$2,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761.

(m) \$1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(n) \$325,000 each year is for the Minnesota Film and TV Board. The appropriation each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

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

(p) \$500,000 each year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2027.

(q) \$4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until expended. (s) \$2,500,000 each year is for Launch Minnesota. This appropriation is available until June 30, 2027. The base in fiscal year 2026 is \$0. Of this amount:

(1) \$1,500,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) \$500,000 each year is for administration of Launch Minnesota; and

(3) \$500,000 each year is for grantee activities at Launch Minnesota.

(t) \$250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(u) \$500,000 each year is for the airport infrastructure renewal (AIR) grant program under Minnesota Statutes, section 116J.439. In awarding grants with this appropriation, the commissioner must prioritize eligible applicants that did not receive a grant pursuant to the appropriation in Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, paragraph (q).

(v) \$350,000 each year is for administration of the community energy transition office.

(w) \$5,000,000 each year is for the community energy transition grant program under Minnesota Statutes, section 116J.55. This is a onetime appropriation and is available until expended.

(x) \$500,000,000 in the first year is for providing businesses with matching funds required by federal programs. This appropriation is available until spent. Of this amount:

(1) \$100,000,000 is to match no less than \$100,000,000 in federal funds provided by Public Law 117-328 to establish a campus for biomanufacturing pilot-scale testing and commercialization, including site acquisition and development;

(2) \$100,000,000 is to match no less than \$100,000,000 in federal funds provided by Public Law 117-328 for economic development projects that expand Minnesota's economy and job creation; and

(3) \$300,000,000 is to match no less than \$300,000,000 in federal funds provided by Public Law 117-167 for microelectronic manufacturing facilities and workforce development.

(y) \$1,250,000 each year is to hire, train, and deploy small business navigators in communities and locations throughout the state to assist small businesses and entrepreneurs, especially historically underserved small businesses and entrepreneurs, in accessing state, federal, local, and private small business assistance programs. Of this amount, \$500,000 must be used to improve the agency's digital navigation and information services for small businesses and entrepreneurs. In fiscal year 2026 and beyond, the base amount is \$1,000,000.

(z) \$500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) \$450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) \$50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(aa) \$5,000,000 in the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of funds, which may be used for activities, including but not limited to finalizing the community dossier and staffing the host organization as well as infrastructure design and planning, financial modeling, development planning and coordination of both real estate and public private partnerships, and reimbursement of the Bloomington Port Authority for costs incurred. In selecting vendors and exhibitors for Expo 2027, the host organization shall prioritize outreach to, collaboration with, and inclusion of businesses that are majority owned by people of color, women, and people with disabilities. The host organization and the Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions.

(bb) \$500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(cc) \$1,500,000 each year is for deposit in the community wealth-building account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the community wealth-building grant program under Minnesota Statutes, section 116J.9925. (1) \$750,000 each year is for small business programs, including training, lending, business services, and real estate programming;

(2) \$250,000 each year is for technical assistance activities for partners located outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2;

(3) \$1,000,000 in the first year is for development of permanently affordable, concentrated commercial space and wraparound business services outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2; and

(4) \$2,000,000 in the first year is for high-risk, character-based loan capital for nonrecourse loans to be used to leverage at least \$10,000,000 in recourse lending capital.

(ee)(1) \$5,500,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include pay-for-performance contracts with nonprofit organizations to provide outreach, training, and support services for dislocated and chronically underemployed people, as well as forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to ten percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

(2) By January 15, 2026, the Center for Economic Inclusion shall submit a report on the use of grant funds, including any loans made, to the legislative committees with jurisdiction over economic development.

(ff) \$4,000,000 in the first year is for the Canadian border counties economic relief program. Of this amount, \$1,000,000 is for Tribal economic development. This appropriation is available until June 30, 2025.

(gg) \$10,000,000 in the first year is for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924.

(hh) \$13,550,000 in the first year is for deposit in the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for the administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926.

(ii) \$2,000,000 in the first year is for a grant to African Economic Development Solutions for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community. This appropriation is available until June 30, 2026.

(jj) \$500,000 each year is for grants to Enterprise Minnesota, Inc., to directly invest in Minnesota manufacturers for the small business growth acceleration program under Minnesota Statutes, section 1160.115. This is a onetime appropriation.

(kk)(1) \$1,500,000 each year is for grants to MNSBIR, Inc., to support moving scientific excellence and technological innovation from the lab to the market for start-ups and small businesses by securing federal research and development funding. The purpose of the grant is to build a strong Minnesota economy and stimulate the creation of novel products, services, and solutions in the private sector; strengthen the role of small business in meeting federal research and development needs; increase the commercial application of federally supported research results; and develop and increase the Minnesota workforce, especially by fostering and encouraging participation by small businesses owned by women and people who are Black, Indigenous, or people of color. This is a onetime appropriation.

(2) MNSBIR, Inc., shall use the grant money to be the dedicated resource for federal research and development for small businesses of up to 500 employees statewide to support research and commercialization of novel ideas, concepts, and projects into cutting-edge products and services for worldwide economic impact. MNSBIR, Inc., shall use grant money to:

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and Small Business Technology Transfer programs and other federal research and development funding opportunities;

(ii) support technology transfer and commercialization from the University of Minnesota, Mayo Clinic, and federal laboratories;

(iii) partner with large businesses;

(iv) conduct statewide outreach, education, and training on federal rules, regulations, and requirements;

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

(vii) support cost accounting and sole-source procurement opportunities.

(11) \$2,000,000 in the first year is for a grant to African Career, Education, and Resource, Inc., for operational infrastructure and technical assistance to small businesses. This appropriation is available until June 30, 2025.

(mm) \$4,000,000 in the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

(1) \$2,800,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;

(2) \$364,000 is for loan loss reserves to support loan volume growth and attract additional capital; and

(3) \$836,000 is for increasing organizational capacity.

(nn)(1) \$375,000 each year is for grants to PFund Foundation to provide grants to LGBTQ+-owned small businesses and entrepreneurs. Of this amount, up to ten percent may be used for PFund Foundation's technical assistance and administrative costs. This appropriation is onetime and is available until June 30, 2026. To the extent practicable, money must be distributed by PFund Foundation as follows:

(i) at least 33.3 percent to racial minority-owned businesses; and

(ii) at least 33.3 percent to businesses outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(oo) \$125,000 each year is for grants to Quorum to provide business support, training, development, technical assistance, and related activities for LGBTQ+-owned small businesses that are recipients of a PFund Foundation grant. Of this amount, up to ten percent may be used for Quorum's technical assistance and administrative costs. This appropriation is onetime and is available until June 30, 2026.

(pp) \$6,000,000 in the first year is for grants to the Minnesota initiative foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of this amount:

(1) \$1,000,000 is for a grant to the Southwest Initiative Foundation;

(2) \$1,000,000 is for a grant to the West Central Initiative Foundation;

(3) \$1,000,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) \$1,000,000 is for a grant to the Northwest Minnesota Foundation;

(5) \$1,000,000 is for a grant to the Initiative Foundation; and

(6) \$1,000,000 is for a grant to the Northland Foundation.

(qq) \$627,000 in the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs. Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of this amount, up to \$270,000 may be used for economic development project implementation in conjunction with the technical assistance received.

(rr) \$3,000,000 in the first year is for a grant to the Latino Economic Development Center. This appropriation is available until June 30, 2025. Of this amount:

(1) \$1,500,000 is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) \$1,500,000 is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(ss)(1) \$125,000 each year is for grants to the Latino Chamber of Commerce Minnesota to support the growth and expansion of small businesses statewide. Funds may be used for the cost of programming, outreach, staffing, and supplies. This is a onetime appropriation.

(2) By January 15, 2026, the Latino Chamber of Commerce Minnesota must submit a report to the legislative committees with jurisdiction over economic development that details the use of grant funds and the grant's economic impact.

businesses. Of this amount:

(i) \$5,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

business development and assistance services to minority-owned

(ii) \$2,500,000 is for operating support activities related to business development and assistance services for minority business enterprises.

(2) By February 1, 2025, MEDA shall report to the commissioner and the legislative committees with jurisdiction over economic development on the use of grant funds and grant outcomes.

(uu) \$175,000 in the first year is for a grant to the city of South St. Paul for repurposing the 1927 American Legion Memorial Library after the property is no longer used as a library. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(vv) \$62,934,000 each year is for the empowering enterprise program. This is a onetime appropriation, of which:

(1) at least \$31,000,000 each year is for a grant to the city of Minneapolis;

(2) \$11,000,000 each year is for a grant to the city of St. Paul;

(3) \$5,425,000 each year is for a grant to the Northside Economic Opportunity Network;

(4) \$5,425,000 each year is for a grant to the Lake Street Council;

(5) \$5,425,000 each year is for a grant to the Midway Chamber of Commerce; and

(6) \$250,000 each year is for a grant to the Asian Economic Development Association.

(ww) \$250,000 in the first year is for a grant to LatinoLEAD for organizational capacity-building.

(xx) \$200,000 in the first year is for a grant to the Neighborhood Development Center for small business competitive grants to software companies working to improve employee engagement and workplace culture and to reduce turnover. (yy) \$2,000,000 in the first year and \$1,000,000 in the second year are for grants to the Local Initiatives Support Corporation. This is a onetime appropriation. Of these amounts:

(1) \$200,000 in the first year and \$100,000 in the second year are for predevelopment grants and technical assistance in support of real estate development in areas negatively affected by civil unrest; and

(2) \$1,800,000 in the first year and \$900,000 in the second year are for capitalizing a loan program for the development and construction of commercial and residential projects in areas negatively affected by civil unrest. A priority for use of these funds shall be participants in programs for emerging developers.

(zz) \$1,000,000 in fiscal year 2024 is for a grant to WomenVenture to support child care providers through business training and shared services programs and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable. The commissioner shall report data on outcomes and recommendations for replication of this training program throughout Minnesota to the governor and relevant committees of the legislature by December 15, 2025. This is a onetime appropriation and is available until June 20, 2025.

#### Subd. 3. Employment and Training Programs

## Appropriations by Fund

<u>General</u>	86,718,000	87,318,000
Workforce Development	15,830,000	15,130,000

(a) \$500,000 each year from the general fund and \$500,000 each year from the workforce development fund are for rural career counseling coordinators in the workforce service areas and for the purposes specified under Minnesota Statutes, section 116L.667.

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

(c) \$2,546,000 each year from the general fund and \$4,604,000 each year from the workforce development fund are for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program. 102,548,000

102,448,000

(d) \$500,000 each year is from the workforce development fund for current Minnesota affiliates of OIC of America, Inc. This appropriation shall be divided equally among the eligible centers.

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

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

(g) \$1,750,000 each year is for a grant to Propel Nonprofits to provide capacity-building grants and related technical assistance to small, culturally specific organizations that primarily serve historically underserved cultural communities. Propel Nonprofits may only award grants to nonprofit organizations that have an annual organizational budget of less than \$1,000,000. These grants may be used for:

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

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

(3) creating or expanding partnerships with existing organizations that have specialized expertise in order to increase capacity of the grantee organization to improve services to the community.

Of this amount, up to ten percent may be used by Propel Nonprofits for administrative costs. This is a onetime appropriation.

(h) \$4,102,000 each year from the general fund and \$4,476,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2026 and beyond, the base amount from the general fund is \$750,000.

(i) \$1,093,000 each year from the general fund and \$1,000,000 each year from the workforce development fund are for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. In fiscal year 2026 and beyond, the base amount from the general fund is \$0.

(j) \$4,427,000 each year from the general fund and \$4,050,000 each year from the workforce development fund are for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561. In fiscal year 2026 and beyond, the base amount from the general fund is \$0.

(k) \$1,000,000 each year is for a grant to the Minnesota Technology Association to support the SciTech Internship Program, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their fields of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota having fewer than 250 employees worldwide. At least 250 students must be matched each year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$3,000 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

(1) \$7,500,000 each year is for the Drive for Five Initiative to conduct outreach and provide job skills training, career counseling, case management, and supportive services for careers in (1) technology, (2) labor, (3) the caring professions, (4) manufacturing, and (5) educational and professional services. These are onetime appropriations.

(m) Of the amounts appropriated in paragraph (l), the commissioner must make \$5,000,000 each year available through a competitive request for proposal process. The grant awards must be used to provide education and training in the five industries identified in paragraph (l). Education and training may include:

(1) student tutoring and testing support services;

(2) training and employment placement in high wage and high growth employment;

(3) assistance in obtaining industry-specific certifications;

(4) remedial training leading to enrollment;

(5) real-time work experience in information;

(6) career and educational counseling;

(7) work experience and internships; and

(8) supportive services.

(n) Of the amount appropriated in paragraph (l), \$1,625,000 each year must be awarded through competitive grants made to trade associations or chambers of commerce for job placement services. Grant awards must be used to encourage workforce training efforts to ensure that efforts are aligned with employer demands and that graduates are connected with employers that are hiring. Trade associations or chambers must partner with employers with current or anticipated employment opportunities and nonprofit workforce training partners participating in this program. The trade associations or chambers must work closely with the industry sector training providers in the five industries identified in paragraph (l). Grant awards may be used for:

(1) employer engagement strategies to align employment opportunities for individuals exiting workforce development training programs. These strategies may include business recruitment, job opening development, employee recruitment, and job matching. Trade associations must utilize the state's labor exchange system;

(2) diversity, inclusion, and retention training for members to increase the business understanding of welcoming and retaining a diverse workforce; and

(3) industry-specific training.

(o) Of the amount appropriated in paragraph (1), \$875,000 each year is to hire, train, and deploy business services representatives in local workforce development areas throughout the state. Business services representatives must work with an assigned local workforce development area to address the hiring needs of Minnesota's businesses by connecting job seekers and program participants in the CareerForce system. Business services representatives serve in the classified service of the state and operate as part of the agency's Employment and Training Office. The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of the business services representatives. The business services representatives must:

(1) serve as the primary contact for businesses in that area;

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(2) actively engage employers by assisting with matching employers to job seekers by referring candidates, convening job fairs, and assisting with job announcements; and

(3) work with the local area board and the board's partners to identify candidates for openings in small and midsize companies in the local area.

(p) \$30,000,000 each year is for the targeted population workforce grants under Minnesota Statutes, section 116L.43. The department may use up to ten percent of this appropriation for administration, monitoring, and oversight of the program. Of this amount:

(1) \$22,000,000 each year is for job and entrepreneurial skills training grants under Minnesota Statutes, section 116L.43, subdivision 2;

(2) \$2,000,000 each year is for diversity and inclusion training for small employers under Minnesota Statutes, section 116L.43, subdivision 3; and

(3) \$6,000,000 each year is for capacity building grants under Minnesota Statutes, section 116L.43, subdivision 4.

Beginning in fiscal year 2026, the base amount is \$2,500,000.

(q) \$1,500,000 each year is to establish an Office of New Americans. This is a onetime appropriation.

(r) \$400,000 each year is for a grant to the nonprofit 30,000 Feet to fund youth apprenticeship jobs, wraparound services, after-school programming, and summer learning loss prevention targeted at African American youth. This is a onetime appropriation.

(s) \$700,000 each year is for a grant to Avivo to provide low-income individuals with career education and job skills training that is fully integrated with chemical and mental health services. This is a onetime appropriation.

(t)(1) \$450,000 each year is for a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. This is a onetime appropriation.

(2) Better Futures Minnesota shall annually report to the commissioner on how the money was spent and what results were achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and job skills training provided to program participants.

(u) \$600,000 each year is for a grant to East Side Neighborhood Services. This is a onetime appropriation of which:

(1) \$300,000 each year is for the senior community service employment program, which provides work readiness training to low-income adults ages 55 and older to provide ongoing support and mentoring services to the program participants as well as the transition period from subsidized wages to unsubsidized wages; and

(2) \$300,000 each year is for the nursing assistant plus program to serve the increased need for growth of medical talent pipelines through expansion of the existing program and development of in-house training.

The amounts specified in clauses (1) and (2) may also be used to enhance employment programming for youth and young adults, ages 14 to 24, to introduce them to work culture, develop essential work readiness skills, and make career plans through paid internship experiences and work readiness training.

(v) \$250,000 each year is for Minnesota Family Resiliency Partnership programs under Minnesota Statutes, section 116L.96. The commissioner, through the adult career pathways program, shall distribute the money to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(w) \$550,000 each year is for a grant to the International Institute of Minnesota for workforce training for new Americans in industries in need of a trained workforce. This is a onetime appropriation.

(x) \$1,500,000 each year is for a grant to Summit Academy OIC to expand employment placement, GED preparation and administration, and STEM programming in the Twin Cities, Saint Cloud, and Bemidji. This is a onetime appropriation.

(y) \$500,000 each year is for a grant to Big Brothers Big Sisters of the Greater Twin Cities to provide disadvantaged youth ages 12 to 21 with job-seeking skills, connections to job training and education opportunities, and mentorship while exploring careers. The grant must serve youth in the Big Brothers Big Sisters chapters in the Twin Cities, central Minnesota, and southern Minnesota. This is a onetime appropriation.

(z) \$400,000 each year is for a grant to the White Bear Center for the Arts for establishing a paid internship program for high school students to learn professional development skills through an arts perspective. This is a onetime appropriation.

(aa) \$750,000 each year is for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income [53RD DAY

parents, nonnative speakers of English, and other hard-to-train individuals, and to help families build secure pathways out of poverty and address worker shortages in one of Minnesota's most innovative industries. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation.

(bb) \$400,000 each year is for a grant to Hired to expand their career pathway job training and placement program that connects lower-skilled job seekers to entry-level and gateway jobs in high-growth sectors. This is a onetime appropriation.

(cc) \$1,000,000 each year is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, must be designed to encourage, train, and assist youth in early access to education and job-seeking skills; work-based learning experience, including career pathways in STEM learning, career exploration, and matching; and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate sources. This is a onetime appropriation.

(dd) \$300,000 each year is for a grant to Southeast Minnesota Workforce Development Area 8 and Workforce Development, Inc., to provide career planning, career pathway training and education, wraparound support services, and job skills advancement in high-demand careers to individuals with barriers to employment in Steele County, and to help families build secure pathways out of poverty and address worker shortages in the Owatonna and Steele County area, as well as supporting Employer Outreach Services that provide solutions to workforce challenges and direct connections to workforce programming. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Workforce Development, Inc.'s administrative costs. This is a onetime appropriation and is available until June 30, 2025.

(ee) \$1,250,000 each year is for a grant to Ujamaa Place to assist primarily African American men with job training, employment preparation, internships, education, vocational housing, and organizational capacity building. This is a onetime appropriation. (ff) \$500,000 each year is for grants to Minnesota Diversified Industries, Inc., to provide inclusive employment opportunities and services for people with disabilities. This is a onetime appropriation.

(gg) \$1,000,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to individuals facing barriers to employment. This is a onetime appropriation and is available until June 30, 2026.

(hh) \$500,000 each year is for the getting to work grant program under Minnesota Statutes, section 116J.545. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(ii) \$400,000 the first year is for a grant to the ProStart and Hospitality Tourism Management Program for a well-established, proven, and successful education program that helps young people advance careers in the hospitality industry and addresses critical long-term workforce shortages in the tourism industry.

(jj) \$1,500,000 each year is for a grant to Comunidades Latinas Unidas En Servicio - Latino Communities United in Service (CLUES) to address employment, economic, and technology access disparities for low-income, unemployed, or underemployed individuals. Money must be used to support short-term certifications and transferable skills in high-demand fields, workforce readiness, customized financial capability, and employment supports. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(kk) \$500,000 each year is for a grant to the American Indian Opportunities and Industrialization Center for workforce development programming, including reducing academic disparities for American Indian students and adults. This is a onetime appropriation.

(11) \$300,000 each year is for a grant to YMCA of the North to provide career exploration, job training, and workforce development services for underserved youth and young adults. This is a onetime appropriation.

(mm) \$750,000 each year is for grants to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and is available in either year of the biennium and is available until spent.

(nn) \$700,000 each year is for grants to support competitive robotics teams that prepare youth for careers in STEM fields, by creating internships for high school students to work at private companies in STEM fields, including the payment of student stipends. This is a onetime appropriation. (oo) \$1,000,000 in the first year and \$2,000,000 in the second year are for a clean economy equitable workforce grant program. Money must be used for grants to support partnership development, planning, and implementation of workforce readiness programs aimed at workers who are Black, Indigenous, and People of Color. Programs may include workforce training, career development, workers' rights training, employment placement, and culturally appropriate job readiness and must prepare workers for careers in the high-demand fields of construction, clean energy, and energy efficiency. Grants must be given to nonprofit organizations that serve historically disenfranchised communities, including new Americans, with preference for organizations that are new providers of workforce programming or which have partnership agreements with registered apprenticeship programs. This is a onetime appropriation.

(pp) \$500,000 each year is for a grant to Emerge Community Development to support and reinforce critical workforce training at the Emerge Career and Technical Center, Cedar-Riverside Opportunity Center, and Emerge Second Chance programs in Minneapolis. This is a onetime appropriation.

(qq) \$500,000 each year is for a grant to Project for Pride in Living to provide job training and workforce development services for underserved communities. This is a onetime appropriation.

(rr) \$500,000 each year is for a grant to Pillsbury United Communities to provide job training and workforce development services for underserved communities. This is a onetime appropriation.

(ss) \$1,000,000 each year is for a grant to the Redemption Project to provide employment services to adults leaving incarceration, including recruiting, educating, training, and retaining employment mentors and partners. This is a onetime appropriation.

(tt) \$350,000 each year is for a grant to the YWCA of Minneapolis to provide training to eligible individuals, including job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

(uu) \$500,000 each year is for a grant to Greater Twin Cities United Way to make grants to partner organizations to provide workforce training using the career pathways model that helps students gain work experience, earn experience in high-demand fields, and transition into family-sustaining careers. This is a onetime appropriation. (vv) \$1,500,000 each year is for a grant to the nonprofit Sanneh Foundation to fund out-of-school summer programs focused on mentoring and behavioral, social, and emotional learning interventions and enrichment activities directed toward low-income students of color. This is a onetime appropriation and

(ww) \$3,000,000 each year is for a grant to Youthprise to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated African populations statewide. Of these amounts, 50 percent is for subgrants to Ka Joog and 50 percent is for competitive subgrants to community organizations. This is a onetime appropriation.

(xx) \$1,000,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Goodwill-Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, St. Cloud, St. Paul, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally, including with community re-entry following confinement. This is a onetime appropriation.

(yy) \$1,000,000 each year is for a grant to the Hmong American Partnership to expand job training and placement programs primarily serving the Southeast Asian community. This is a onetime appropriation.

(zz) \$400,000 each year is for a grant to Project Restore Minnesota for the Social Kitchen project, a pathway program for careers in the culinary arts. This is a onetime appropriation.

(aaa) \$1,000,000 each year is for competitive grants to organizations providing services to relieve economic disparities in the African immigrant community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. Beginning in fiscal year 2026, the base amount is \$200,000.

(bbb) \$500,000 each year is for a grant to the Hmong Chamber of Commerce to train ethnically Southeast Asian business owners and operators in better business practices. Of this amount, up to \$5,000 may be used for administrative costs. This is a onetime appropriation.

(ccc) \$100,000 each year is for grants to the Minnesota Grocers Association Foundation for Carts to Careers, a statewide initiative to promote careers, conduct outreach, provide job skills training, and award scholarships for students pursuing careers in the food industry. This is a onetime appropriation.

is available until spent.

(ddd) \$500,000 each year is for a grant to Minnesota Independence College and Community to provide employment preparation, job placement, job retention, and service coordination services to adults with autism and learning differences. This is a onetime appropriation.

(eee) \$500,000 each year is for a grant to Ramsey County to provide job training and workforce development for underserved communities. Grant money may be subgranted to Milestone Community Development for the Milestone Tech program. This is a onetime appropriation.

(fff) \$500,000 each year is for a grant to Ramsey County for a technology training pathway program focused on intergenerational community tech work for residents who are at least 18 years old and no more than 24 years old and who live in a census tract that has a poverty rate of at least 20 percent as reported in the most recently completed decennial census published by the United States Bureau of the Census. Grant money may be used for program administration, training, training stipends, wages, and support services. This is a onetime appropriation.

(ggg) \$700,000 in the first year is from the workforce development fund for a grant to the Southwest Initiative Foundation for the southwestern Minnesota workforce development scholarship pilot program. This is a onetime appropriation and is available until June 30, 2028.

Subd. 4. General Support Services
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## Appropriations by Fund

General Fund	17,450,000	7,450,000
Workforce Development	<u>55,000</u>	<u>55,000</u>

(a) \$1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Compliance Office.

(b) \$10,000,000 in the first year is for the workforce digital transformation projects. This appropriation is available until June 30, 2027.

#### Subd. 5. Minnesota Trade Office

(a) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) \$180,000 each year is for the Invest Minnesota marketing initiative under Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

# 7,505,000

\$2,242,000

17,505,000

<u>\$2,242,000</u>

#### Subd. 6. Vocational Rehabilitation

# 42,341,000

42,341,000

General	34,511,000	34,511,000
Workforce Development	<u>7,830,000</u>	<u>7,830,000</u>

Appropriations by Fund

(a) \$14,300,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$11,495,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the amounts appropriated from the general fund, \$4,500,000 each year is for new rate increases and maintaining prior rate increases to providers of extended employment services.

(c) \$4,805,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Beginning in fiscal year 2026, the base amount is \$2,555,000.

(d) \$3,911,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11. Beginning in fiscal year 2026, the base amount is \$3,011,000.

(e) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-age youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

of state incentive must be matched with \$6 of private sector

Subd. 7. Services for the Blind	11,425,000	11,425,000
(a) \$500,000 each year is for senior citizens who are becoming blind. At least one-half of the money for this purpose must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.		
(b) \$2,500,000 each year is for the employer reasonable accommodation fund. This is a onetime appropriation.		
Sec. 3. EXPLORE MINNESOTA TOURISM	<u>\$26,307,000</u>	<u>\$21,169,000</u>
(a) \$500,000 each year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each \$1		

money. "Matched" means revenue to the state or documented in-kind, soft match, or cash expenditures directly expended to support Explore Minnesota Tourism under section 116U.05. The incentive in fiscal year 2024 is based on fiscal year 2023 private sector contributions. The incentive in fiscal year 2025 is based on fiscal year 2024 private sector contributions. This incentive is ongoing.

(b) \$5,900,000 each year is for the development of new initiatives for Explore Minnesota Tourism. This is a onetime appropriation and of this amount:

(1) \$3,000,000 each year is for competitive grants for large-scale sporting and other major events;

(2) \$1,100,000 each year is for grants to Minnesota's 11 Tribal Nations to promote and support new tourism opportunities for Tribal Nations:

(3) \$1,000,000 each year is to expand diversity, equity, inclusion, and accessibility through tourism marketing;

(4) \$625,000 each year is for the tourism and hospitality industry and the Governor's Opener events;

(5) \$88,000 each year is to develop new resources and increase engagement for the tourism industry; and

(6) \$87,000 each year is to develop a long-term sustainability plan for tourism.

(c)(1) \$2,000,000 in the first year is for a tourism industry recovery grant program to provide grants to organizations, Tribal governments, underserved community groups, and communities to accelerate the recovery of the state's tourism industry, with preference for applicants who have not previously received grants. Grant money may be used to support meetings, conventions and group business, multicommunity and high-visibility events, and tourism marketing. Explore Minnesota Tourism must accept grant applications for at least five business days beginning at 8:00 a.m. on the first business day and, if total applications exceed \$10,000,000, the grants must be awarded to eligible applicants at random until the funding is exhausted. Of this amount:

(i) at least 25 percent must go to groups in Hennepin and Ramsey counties;

(ii) at least 25 percent must go to groups in Anoka, Carver, Dakota, Scott, and Washington counties; (iii) at least 25 percent must go to groups outside of the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2;

(iv) at least 25 percent must be distributed as small grants of no more than \$10,000 each for tourism promotional activities; and

(v) up to three percent may be used for program administration, including promotional activities and reporting.

(2) Explore Minnesota Tourism must submit a preliminary report by November 1, 2023, and a final report by January 1, 2025, to the legislative committees with jurisdiction over tourism that detail the use of grant funds.

(d) Money for marketing grants is available either year of the biennium. Unexpended grant money from the first year is available in the second year.

# Sec. 4. DEPARTMENT OF CORRECTIONS

(a) \$2,250,000 each year is for contracts with Minnesota's institutions of higher education to provide instruction to incarcerated individuals in state correctional facilities and to support partnerships with public and private employers, trades programs, and community colleges in providing employment opportunities for individuals after incarceration. Funding must be used for contracts with institutions of higher education and other training providers and associated re-entry and operational support services provided by the agency. Beginning in fiscal year 2026, the base amount is \$200,000.

(b) \$1,250,000 each year is to expand the use of the existing work release program at the Department of Corrections to increase the availability of educational programming for incarcerated individuals who are eligible and approved for work release. Beginning in fiscal year 2026, the base amount is \$100,000.

# ARTICLE 2 GRANTS MANAGEMENT

# Section 1. FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS REQUIRED.

Subdivision 1. Financial review required. (a) Before awarding a competitive, legislatively named, single-source, or sole-source grant to a nonprofit organization under this act, the grantor must require the applicant to submit financial information sufficient for the grantor to document and assess the applicant's current financial standing and management. Items of significant concern must be addressed with the applicant and resolved to the satisfaction of the grantor before a grant is awarded. The grantor must document the material requested and reviewed; whether the applicant had a significant operating deficit, a deficit in unrestricted net assets, or insufficient internal controls; whether and how the applicant resolved the grantor's concerns; and the grantor's final decision. This documentation must be maintained in the grantor's files.

<u>\$3,500,000</u>

\$3,500,000

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(b) At a minimum, the grantor must require each applicant to provide the following information:

(1) the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal controls and the applicant's most recent financial statement prepared in accordance with generally accepted accounting principles and approved by the applicant's board of directors or trustees or, if there is no such board, by the applicant's managing group;

(2) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law;

(3) unless exempt under Minnesota Statutes, section 309.515, evidence of registration and good standing with the attorney general under Minnesota Statutes, chapter 309; and

(4) if required under Minnesota Statutes, section 309.53, subdivision 3, the applicant's most recent audited financial statement prepared in accordance with generally accepted accounting principles.

Subd. 2. <u>Authority to postpone or forgo; reporting required.</u> (a) Notwithstanding any contrary provision in this act, a grantor that identifies an area of significant concern regarding the financial standing or management of a legislatively named applicant may postpone or forgo awarding the grant.

(b) No later than 30 days after a grantor exercises the authority provided under paragraph (a), the grantor must report to the chairs and ranking minority members of the legislative committees with jurisdiction over the grantor's operating budget. The report must identify the legislatively named applicant and the grantor's reason for postponing or forgoing the grant.

Subd. 3. Authority to award subject to additional assistance and oversight. A grantor that identifies an area of significant concern regarding an applicant's financial standing or management may award a grant to the applicant if the grantor provides or the grantee otherwise obtains additional technical assistance, as needed, and the grantor imposes additional requirements in the grant agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the grantor to protect the interests of the state.

Subd. 4. <u>Relation to other law and policy.</u> The requirements in this section are in addition to any other requirements imposed by law; the commissioner of administration under Minnesota Statutes, sections 16B.97 and 16B.98; or agency policy.

# ARTICLE 3 ECONOMIC DEVELOPMENT POLICY

#### Section 1. [116J.418] OFFICE OF CHILD CARE COMMUNITY PARTNERSHIPS.

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

(b) "Child care" means the care of children while parents or guardians are at work or absent for another reason.

(c) "Local unit of government" has the meaning given in section 116G.03, subdivision 3.

(d) "Office" means the Office of Child Care Community Partnerships established in subdivision 2, paragraph (a).

Subd. 2. Office established; purpose. (a) An Office of Child Care Community Partnerships is established within the Department of Employment and Economic Development. The department may employ a director and staff necessary to carry out the office's duties under subdivision 4.

(b) The purpose of the office is to support child care businesses within the state in order to:

(1) increase the quantity of quality child care available; and

(2) improve accessibility to child care for underserved communities and populations.

<u>Subd. 3.</u> <u>Organization.</u> <u>The office shall consist of a director of the Office of Child Care Community</u> Partnerships, as well as any staff necessary to carry out the office's duties under subdivision 4.

Subd. 4. Duties. The office shall have the power and duty to:

(1) coordinate with state, regional, local, and private entities to promote investment in increasing the quantity of quality child care in Minnesota;

(2) coordinate with other agencies including but not limited to Minnesota Management and Budget, the Department of Human Services, and the Department of Education to develop, recommend, and implement solutions to increase the quantity of quality child care openings;

(3) administer the child care economic development grant program and other appropriations to the department for this purpose;

(4) monitor the child care business development efforts of other states and countries;

(5) provide support to the governor's Children's Cabinet;

(6) provide an annual report, as required by subdivision 5; and

(7) perform any other activities consistent with the office's purpose.

Subd. 5. <u>Reporting.</u> (a) Beginning January 15, 2024, and each year thereafter, the Office of Child Care Community Partnerships shall report to the legislative committees with jurisdiction over child care policy and finance on the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) an analysis of the current access to child care within the state;

(2) an analysis of the current shortage of child care workers within the state;

(3) a summary of the office's activities;

(4) any proposed legislative and policy initiatives; and

(5) any other information requested by the legislative committees with jurisdiction over child care, or that the office deems necessary.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

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# Sec. 2. [116J.681] SMALL BUSINESS NAVIGATORS.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Small business" has the meaning given in section 645.445.

(d) "Underserved" means Black, Indigenous, people of color, veterans, people with disabilities, rural Minnesotans, and low-income individuals.

Subd. 2. Generally. Small business navigators must work with small businesses and entrepreneurs to help navigate state programs, as well as programs managed by nongovernmental partners and other public and private organizations. The purpose of small business navigators is to connect small businesses and entrepreneurs with the services needed to be successful.

Subd. 3. Staffing. Staff of small business navigators serve in the classified service of the state and operate as part of the department's Small Business Assistance Office.

Subd. 4. <u>Commissioner.</u> The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of small business navigators.

Subd. 5. Duties. Small business navigators shall:

(1) provide information and direction to small businesses and entrepreneurs in a timely, accurate, and comprehensive manner, connecting them with appropriate assistance services from the state and other governmental and nongovernmental organizations;

(2) build relationships with and provide targeted outreach to historically underserved populations and communities;

(3) provide for the delivery of information and assistance, including but not limited to the use of media, in a culturally appropriate manner that accommodates businesses and entrepreneurs with limited English proficiency;

(4) ensure the availability of small business navigators and materials in all media to persons with physical disabilities; and

(5) coordinate with and augment the services and outreach of the agency's Small Business Assistance Office, Small Business Development Center, Office of Small Business Partnerships, and Launch Minnesota.

Sec. 3. Minnesota Statutes 2022, section 116J.871, subdivision 1, is amended to read:

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (1) financial assistance for rehabilitation of existing housing  $\Theta$ , (2) financial assistance for new housing construction in which total financial assistance at a single project site is less than \$100,000, or (3) financial assistance for detached single-family affordable homeownership units in which the single project site consists of fewer than five units.

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(c) "Financial assistance" means (1) a grant awarded by a state agency for economic development related purposes if a single business receives \$200,000 or more of the grant proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives \$500,000 or more of the loan proceeds; or (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 116L.19, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, Enterprise Minnesota, Inc., and the Iron Range Resources and Rehabilitation Board.

Sec. 4. Minnesota Statutes 2022, section 116J.871, subdivision 2, is amended to read:

Subd. 2. **Prevailing wage required.** (a) A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6, and be subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

(b) For the purposes of a person subject to paragraph (a) who is required to comply with section 177.30, paragraph (a), clauses (6) and (7), the state agency awarding the financial assistance is considered the contracting authority and the project is considered a public works project. The person receiving or benefiting from the financial assistance shall notify all employers on the project of the record keeping and reporting requirements of section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to the contracting authority.

# Sec. 5. [116J.8746] SMALL BUSINESS PARTNERSHIP PROGRAM.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Eligible business" means an entity that:

(1) is a business, commercial cooperative, employee-owned business, or commercial land trust; and

(2) is either:

(i) located in greater Minnesota;

(ii) in the field of high technology; or

(iii) at least 51 percent owned by people who are either:

(A) Black, indigenous, or people of color;

(B) women;

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(C) immigrants;

(D) veterans;

(E) people with disabilities;

(F) low-income; or

### (G) LGBTQ+.

(d) "Program" means the small business partnership program established in this section.

Subd. 2. Establishment. The commissioner of employment and economic development shall establish a small business partnership program to make statewide grants to local and regional community-based nonprofit organizations to support the start-up, growth, and success of eligible businesses through the delivery of high-quality free or low-cost professional business development and technical assistance services.

Subd. 3. <u>Grants to nonprofits.</u> (a) Nonprofit organizations shall apply for grants using a competitive process established by the commissioner.

(b) All grants shall be made in the first year of the biennium and shall be for two years.

(c) Up to ten percent of the grant amount may be used by the nonprofit for administrative expenses.

(d) Preference shall be given to applications from nonprofits that can demonstrate a record of successful outcomes serving historically underserved communities or increasing the upward economic mobility of clients.

Subd. 4. <u>Administration</u>. The commissioner may use up to five percent of program funds for administering and monitoring the program.

Subd. 5. **Reporting.** (a) Grant recipients shall report to the commissioner each year they receive grant funds. This report shall detail the use of grant funds and shall include data on the number of individuals served and other measures of program impact, along with any other information requested by the commissioner.

(b) By January 15, 2025, and by January 15 each odd-numbered year thereafter, the commissioner shall submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over business development that details the use of program funds and the program's impact. This report is in addition to the reporting required under section 3.195.

Sec. 6. Minnesota Statutes 2022, section 116J.8748, subdivision 3, is amended to read:

Subd. 3. Minnesota job creation fund business designation; requirements. (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

- (i) manufacturing;
- (ii) warehousing;
- (iii) distribution;

- (iv) information technology;
- (v) finance;
- (vi) insurance; or
- (vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend directly, or ensure expenditure by or in partnership with a third party constructing or managing the project, at least \$500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business or \$250,000 if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time employee positions within two years of the benefit date if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; or

(ii) expend at least \$25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least  $\frac{200 \ 100}{100}$  employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 or expend at least \$10,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 50 employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

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(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Sec. 7. Minnesota Statutes 2022, section 116J.8748, subdivision 4, is amended to read:

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a), clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located outside the metropolitan area may be for up to seven years in length. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed \$500,000;

(2) an award of up to \$500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed \$500,000;

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and  $\frac{200}{100}$  new employees in the metropolitan area as defined in section 200.02, subdivision 24, and  $\frac{75}{50}$  new employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates and up to \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 200 100 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 or at least \$10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4). <u>Under paragraph (b)</u> clause (4), a job creation award of \$2,000 per retained job may be provided one time if the qualified Minnesota job creation fund business meets the minimum capital investment and retained employee requirement as provided in paragraph (b), clause (4), for at least two years.

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least \$500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 8. Minnesota Statutes 2022, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained <u>under subdivision 4, paragraph (b), clauses (2) and (3)</u>, by the business using the following schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; and \$3,000 for each job position paying at least \$45,000 but less than \$55,000; and \$4,000 for each job position paying at least \$55,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

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(b) A qualified Minnesota job creation fund business is eligible for a onetime \$2,000 award for each job retained and maintained under subdivision 4, paragraph (b), clause (4), provided that each retained job pays total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 150 percent of the federal poverty level for a family of four.

(b) (c) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

(c) (d) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

Sec. 9. Minnesota Statutes 2022, section 116J.8748, is amended by adding a subdivision to read:

Subd. 6a. <u>**Transfer.**</u> The commissioner may transfer up to \$2,000,000 of a fiscal year appropriation between the Minnesota job creation fund program and the redevelopment grant program to meet business demand.

# Sec. 10. [116J.8751] LAUNCH MINNESOTA.

Subdivision 1. Establishment. Launch Minnesota is established within the Business and Community Development Division of the Department of Employment and Economic Development to encourage and support the development of new private sector technologies and support the science and technology policies under Minnesota Statutes, section 3.222. Launch Minnesota must provide entrepreneurs and emerging technology-based companies business development assistance and financial assistance to spur growth.

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

(b) "Advisory board" means the board established under subdivision 10.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Department" means the Department of Employment and Economic Development.

(e) "Entrepreneur" means a Minnesota resident who is involved in establishing a business entity and secures resources directed to its growth while bearing the risk of loss.

(f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(g) "Innovative technology and business" means a new novel business model or product; a derivative product incorporating new elements into an existing product; a new use for a product; or a new process or method for the manufacture, use, or assessment of any product or activity, patentability, or scalability. Innovative technology or business model does not include locally based retail, lifestyle, or business services. The business must not be primarily engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants.

(h) "Institution of higher education" has the meaning given in Minnesota Statutes, section 136A.28, subdivision 6.

(i) "Minority group member" means a United States citizen or lawful permanent resident who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(j) "Research and development" means any activity that is:

(1) a systematic, intensive study directed toward greater knowledge or understanding of the subject studies;

(2) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

(3) a systematic application of knowledge toward the production of useful materials, devices, systems and methods, including design, development and improvement of prototypes and new processes to meet specific requirements.

(k) "Start-up" means a business entity that has been in operation for less than ten years, has operations in Minnesota, and is in the development stage defined as devoting substantially all of its efforts to establishing a new business and either of the following conditions exists:

(1) planned principal operations have not commenced; or

(2) planned principal operations have commenced, but have raised at least \$1,000,000 in equity financing.

(1) "Technology-related assistance" means the application and utilization of technological-information and technologies to assist in the development and production of new technology-related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services.

(m) "Trade association" means a nonprofit membership organization organized to promote businesses and business conditions and having an election under Internal Revenue Code section 501(c)(3) or 501(c)(6).

(n) "Veteran" has the meaning given in Minnesota Statutes, section 197.447.

Subd. 3. Duties. The commissioner, by and through Launch Minnesota, shall:

(1) support innovation and initiatives designed to accelerate the growth of innovative technology and business start-ups in Minnesota;

(2) in partnership with other organizations, offer classes and instructional sessions on how to start an innovative technology and business start-up;

(3) promote activities for entrepreneurs and investors regarding the state's growing innovation economy;

(4) hold events and meetings that gather key stakeholders in the state's innovation sector;

(5) conduct outreach and education on innovation activities and related financial programs available from the department and other organizations, particularly for underserved communities;

(6) interact and collaborate with statewide partners including but not limited to businesses, nonprofits, trade associations, and higher education institutions;

(7) administer an advisory board to assist with direction, grant application review, program evaluation, report development, and partnerships;

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(8) accept grant applications under subdivisions 5, 6, and 7 and work with the advisory board to review and prioritize the applications and provide recommendations to the commissioner; and

(9) perform other duties at the commissioner's discretion.

Subd. 4. Administration. (a) The executive director shall:

(1) assist the commissioner and the advisory board in performing the duties of Launch Minnesota; and

(2) comply with all state and federal program requirements, and all state and federal securities and tax laws and regulations.

(b) Launch Minnesota may occupy and lease physical space in a private coworking facility that includes office space for staff and space for community engagement for training entrepreneurs. The physical space leased under this paragraph is exempt from the requirements in Minnesota Statutes, section 16B.24, subdivision 6.

(c) At least three times per month, Launch Minnesota staff shall communicate with organizations in greater Minnesota that have received a grant under subdivision 7. To the extent possible, Launch Minnesota shall form partnerships with organizations located throughout the state.

(d) Launch Minnesota must accept grant applications under this section and provide funding recommendations to the commissioner and the commissioner shall distribute grants based in part on the recommendations.

<u>Subd. 5.</u> <u>Application process.</u> (a) The commissioner shall establish the application form and procedures for grants.

(b) Upon receiving recommendations from Launch Minnesota, the commissioner is responsible for evaluating all applications using evaluation criteria which shall be developed by Launch Minnesota in consultation with the advisory board.

(c) For grants under subdivision 6, priority shall be given if the applicant is:

(1) a business or entrepreneur located in greater Minnesota; or

(2) a business owner, individual with a disability, or entrepreneur who is a woman, veteran, or minority group member.

(d) For grants under subdivision 7, priority shall be given if the applicant is planning to serve:

(1) businesses or entrepreneurs located in greater Minnesota; or

(2) business owners, individuals with disabilities, or entrepreneurs who are women, veterans, or minority group members.

(e) The department staff, and not Launch Minnesota staff, are responsible for awarding funding, disbursing funds, and monitoring grantee performance for all grants awarded under this section.

(f) Grantees must provide matching funds by equal expenditures and grant payments must be provided on a reimbursement basis after review of submitted receipts by the department.

(g) Grant applications must be accepted on a regular periodic basis by Launch Minnesota and must be reviewed by Launch Minnesota and the advisory board before being submitted to the commissioner with their recommendations.

### Subd. 6. Innovation grants. (a) The commissioner shall distribute innovation grants under this subdivision.

(b) The commissioner shall provide a grant of up to \$35,000 to an eligible business or entrepreneur for research and development expenses, direct business expenses, and the purchase of technical assistance or services from public higher education institutions and nonprofit entities. Research and development expenditures may include but are not limited to proof of concept activities, intellectual property protection, prototype designs and production, and commercial feasibility. Expenditures funded under this subdivision are not eligible for the research and development tax credit under Minnesota Statutes, section 290.068. Direct business expenses may include rent, equipment purchases, and supplier invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed under this paragraph. Technical assistance or services must be purchased to assist in the development or commercialization of a product or service to be eligible. Each business or entrepreneur may receive only one grant per biennium under this paragraph.

(c) The commissioner shall provide a grant of up to \$35,000 in Phase 1 or \$50,000 in Phase 2 to an eligible business or entrepreneur that, as a registered client of the Small Business Innovation Research (SBIR) program, has been awarded a first time Phase 1 or Phase 2 award pursuant to the SBIR or Small Business Technology Transfer (STTR) programs after July 1, 2019. Each business or entrepreneur may receive only one grant per biennium under this paragraph. Grants under this paragraph are not subject to the requirements of subdivision 2, paragraph (k).

Subd. 7. Entrepreneur education grants. (a) The commissioner shall make entrepreneur education grants to institutions of higher education and other organizations to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative technology businesses throughout Minnesota.

(b) Applications for entrepreneur education grants under this subdivision must be submitted to the commissioner and evaluated by department staff other than Launch Minnesota. The evaluation criteria must be developed by Launch Minnesota, in consultation with the advisory board, and the commissioner, and priority must be given to an applicant who demonstrates activity assisting business owners or entrepreneurs residing in greater Minnesota or who are women, veterans, or minority group members.

(c) Department staff other than Launch Minnesota staff are responsible for awarding funding, disbursing funds, and monitoring grantee performance under this subdivision.

(d) Grantees may use the grant funds to deliver the following services:

(1) development and delivery to innovative technology businesses of industry specific or innovative product or process specific counseling on issues of business formation, market structure, market research and strategies, securing first mover advantage or overcoming barriers to entry, protecting intellectual property, and securing debt or equity capital. This counseling is to be delivered in a classroom setting or using distance media presentations;

(2) outreach and education to businesses and organizations on the small business investment tax credit program under Minnesota Statutes, section 116J.8737, the MNvest crowd-funding program under Minnesota Statutes, section 80A.461, and other state programs that support innovative technology business creation especially in underserved communities;

(3) collaboration with institutions of higher education, local organizations, federal and state agencies, the Small Business Development Center, and the Small Business Assistance Office to create and offer educational programming and ongoing counseling in greater Minnesota that is consistent with those services offered in the metropolitan area; and

(4) events and meetings with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota's growing innovation economy.

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Subd. 8. **Report.** (a) Launch Minnesota shall annually report by December 31 to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. Each report shall include information on the work completed, including awards made by the department under this section and progress toward transferring the activities of Launch Minnesota to an entity outside of state government.

(b) By December 31, 2024, Launch Minnesota shall provide a comprehensive transition plan to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. The transition plan shall include: (1) a detailed strategy for the transfer of Launch Minnesota activities to an entity outside of state government; (2) the projected date of the transfer; and (3) the role of the state, if any, in ongoing activities of Launch Minnesota or its successor entity.

Subd. 9. Advisory board. (a) The commissioner shall establish an advisory board to advise the executive director regarding the activities of Launch Minnesota, make the recommendations described in this section, and develop and initiate a strategic plan for transferring some activities of Launch Minnesota to a new or existing public-private partnership or nonprofit organization outside of state government.

(b) The advisory board shall consist of ten members and is governed by Minnesota Statutes, section 15.059. A minimum of seven members must be from the private sector representing business and at least two members but no more than three members must be from government and higher education. At least three of the members of the advisory board shall be from greater Minnesota and at least three members shall be minority group members. Appointees shall represent a range of interests, including entrepreneurs, large businesses, industry organizations, investors, and both public and private small business service providers.

(c) The advisory board shall select a chair from its private sector members. The executive director shall provide administrative support to the committee.

(d) The commissioner, or a designee, shall serve as an ex-officio, nonvoting member of the advisory board.

Sec. 11. Minnesota Statutes 2022, section 116J.9924, subdivision 4, is amended to read:

Subd. 4. Grant amount; project phasing. (a) The commissioner shall award grants in an amount not to exceed \$1,500,000 \$3,000,000 per grant.

(b) A grant awarded under this section must be no less than the amount required to complete one or more phases of the project, less any nonstate funds already committed for such activities.

# Sec. 12. [116J.9925] COMMUNITY WEALTH-BUILDING GRANT PROGRAM.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Community business" means a cooperative, an employee-owned business, or a commercial land trust that is at least 51 percent owned by individuals from targeted groups.

(d) "Partner organization" means a community development financial institution or nonprofit corporation.

(e) "Program" means the community wealth-building grant program created under this section.

(f) "Targeted groups" means persons who are Black, Indigenous, People of Color, immigrants, low-income, women, veterans, or persons with disabilities.

Subd. 2. Establishment. The commissioner shall establish a community wealth-building grant program to award grants to partner organizations to fund low-interest loans to community businesses. The program must encourage tax-base revitalization, private investment, job creation for targeted groups, creation and strengthening of business enterprises, assistance to displaced businesses, and promotion of economic development in low-income areas.

<u>Subd. 3.</u> <u>Grants to partner organizations.</u> (a) The commissioner shall award grants to partner organizations through a competitive grant process where applicants apply using a form designed by the commissioner. In evaluating applications, the commissioner shall consider whether the applicant:

(1) has a board of directors that includes members experienced in business and community development, operating community businesses, addressing racial income disparities, and creating jobs for targeted groups;

(2) has the technical skills to analyze projects;

(3) is familiar with other available public and private funding sources and economic development programs;

(4) can initiate and implement economic development projects;

(5) can establish a program and administer funds;

(6) can work with job referral networks assisting targeted groups; and

(7) has established relationships with communities of targeted groups.

(b) The commissioner shall ensure that loans through the program will fund community businesses statewide and shall make reasonable attempts to balance the amount of funding available to community businesses inside and outside of the metropolitan area as defined under section 473.121, subdivision 2.

(c) Partner organizations that receive grants under this subdivision shall use up to ten percent of their award to provide specialized technical and legal assistance, either directly or through a partnership with organizations with expertise in shared ownership structures, to community businesses and businesses in the process of transitioning to community ownership.

(d) Grants under this subdivision are available for five years. The commissioner shall review existing grant agreements every five years and may renew or terminate the agreement based on that review and consideration of the criteria under paragraph (a).

<u>Subd. 4.</u> <u>Loans to community businesses.</u> (a) A partner organization that receives a grant under subdivision 3 shall establish a plan for making low-interest loans to community businesses. The plan requires approval by the commissioner.

(b) Under the plan:

(1) the state contribution to each loan shall be no less than \$50,000 and no more than \$2,500,000;

(2) loans shall be made for projects that are unlikely to be undertaken unless a loan is received under the program;

(3) priority shall be given to loans to businesses in the lowest income areas;

(4) the interest rate on a loan shall not be higher than the Wall Street Journal prime rate;

(5) 50 percent of all repayments of principal on a loan under the program shall be repaid to the community wealth-building account created under subdivision 5. The partner organization may retain the remainder of loan repayments to service loans and provide further technical assistance;

(6) the partner organization may charge a loan origination fee of no more than one percent of the loan value and may retain that origination fee; and

(7) a partner organization may not make a loan to a project in which it has an ownership interest.

Subd. 5. Community wealth-building account. A community wealth-building account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants under this section.

Subd. 6. <u>Reports.</u> (a) Grant recipients shall submit an annual report to the commissioner by January 31 of each year they participate in the program. The report shall include:

(1) an account of all loans made through the program the preceding calendar year and the impact of those loans on community businesses and job creation for targeted groups;

(2) information on the source and amount of money collected and distributed under the program, its assets and liabilities, and an explanation of administrative expenses; and

(3) an independent audit of grant funds performed in accordance with generally accepted accounting practices and auditing standards.

(b) By February 15 of each year beginning in 2024, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over workforce and economic development on program outcomes, including copies of all reports received under paragraph (a).

# Sec. 13. [116J.9926] EMERGING DEVELOPER FUND PROGRAM.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Disadvantaged community" means a community where the median household income is less than 80 percent of the area median income.

(d) "Eligible project" means a project that is based in Minnesota and meets one or more of the following criteria:

(1) it will stimulate community stabilization or revitalization;

(2) it will be located within a census tract identified as a disadvantaged community or low-income community;

(3) it will directly benefit residents of a low-income household;

(4) it will increase the supply and improve the condition of affordable housing and homeownership;

(5) it will support the growth needs of new and existing community-based enterprises that promote economic stability or improve the supply or quality of job opportunities; or

(6) it will promote wealth creation, including by being a project in a neighborhood traditionally not served by real estate developers.

(e) "Emerging developer" means a developer who:

(1) has limited access to loans from traditional financial institutions; or

(2) is a new or smaller developer who has engaged in educational training in real estate development; and

(3) is either a:

(i) minority as defined in section 116M.14, subdivision 6;

(ii) woman;

(iii) person with a disability, as defined in section 116M.14, subdivision 9; or

(iv) low-income person.

(f) "Low-income person" means a person who:

(1) has a household income at or below 200 percent of the federal poverty level; or

(2) has a family income that does not exceed 60 percent of the area median income as determined by the United States Department of Housing and Urban Development.

(g) "Partner organization" means a community development financial institution or a similarly qualified nonprofit corporation, as determined by the commissioner.

(h) "Program" means the emerging developer fund program created under this section.

Subd. 2. Establishment. The commissioner shall establish an emerging developer fund program to make grants to partner organizations to make grants and loans to emerging developers for eligible projects to transform neighborhoods statewide and promote economic development and the creation and retention of jobs in Minnesota. The program must also reduce racial and socioeconomic disparities by growing the financial capacity of emerging developers.

Subd. 3. <u>Grants to partner organizations.</u> (a) The commissioner shall design a competitive process to award grants to partner organizations to make grants and loans to emerging developers under subdivision 4.

(b) A partner organization may use up to ten percent of grant funds for the administrative costs of the program.

<u>Subd. 4.</u> <u>Grants and loans to emerging developers.</u> (a) Through the program, partner organizations shall offer emerging developers predevelopment grants and predevelopment, construction, and bridge loans for eligible projects according to a plan submitted to and approved by the commissioner.

(b) Predevelopment grants must be for no more than \$100,000. All loans must be for no more than \$1,000,000.

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(c) Loans must be for a term set by the partner organization and approved by the commissioner of no less than six months and no more than eight years, depending on the use of loan proceeds.

(d) Loans must be for zero interest or an interest rate of no more than the Wall Street Journal prime rate, as determined by the partner organization and approved by the commissioner based on the individual project risk and type of loan sought.

(e) Loans must have flexible collateral requirements compared to traditional loans, but may require a personal guaranty from the emerging developer and may be largely unsecured when the appraised value of the real estate is low.

(f) Loans must have no prepayment penalties and are expected to be repaid from permanent financing or a conventional loan, once that is secured.

(g) Loans must have the ability to bridge many types of receivables, such as tax credits, grants, developer fees, and other forms of long-term financing.

(h) At the partner organization's request and the commissioner's discretion, an emerging developer may be required to work with an experienced developer or professional services consultant who can offer expertise and advice throughout the development of the project.

(i) All loan repayments must be paid into the emerging developer fund account created in this section to fund additional loans.

Subd. 5. Eligible expenses. (a) The following are eligible expenses for a predevelopment grant or loan under the program:

(1) earnest money or purchase deposit;

(2) building inspection fees and environmental reviews;

(3) appraisal and surveying;

(4) design and tax credit application fees;

(5) title and recording fees;

(6) site preparation, demolition, and stabilization;

(7) interim maintenance and project overhead;

(8) property taxes and insurance;

(9) construction bonds or letters of credit;

(10) market and feasibility studies; and

(11) professional fees.

(b) The following are eligible expenses for a construction or bridge loan under the program:

(1) land or building acquisition;

(2) construction-related expenses;

(3) developer and contractor fees;

(4) site preparation, environmental cleanup, and demolition;

(5) financing fees, including title and recording;

(6) professional fees;

(7) carrying costs;

(8) construction period interest;

(9) project reserves; and

(10) leasehold improvements and equipment purchase.

<u>Subd. 6.</u> <u>Emerging developer fund account.</u> <u>An emerging developer fund account is created in the special</u> revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants to partner organizations to make loans under this section.

Subd. 7. <u>Reports to the legislature.</u> (a) By January 15 of each year, beginning in 2025, each partner organization shall submit a report to the commissioner on the use of program funds and program outcomes.

(b) By February 15 of each year, beginning in 2025, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on the use of program funds and program outcomes.

### Sec. 14. EMPOWERING ENTERPRISE PROGRAM.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Eligible organization" means:

(1) a federally certified community development financial institution;

(2) a nonprofit organization; or

(3) a city.

(d) "Entity" includes any registered business or nonprofit organization. This includes businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit organizations.

Subd. 2. Establishment. The commissioner shall establish a program to make grants to eligible organizations to develop and implement local economic relief programs designed with the primary goal of assisting communities adversely affected by civil unrest during the peacetime emergency declared in governor's Executive Order No. 20-64 by preserving incumbent entities and encouraging new entities to locate in those areas. To this end, local programs should include outreach to cultural communities and support for microenterprises.

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Subd. 3. Available relief. (a) The local programs established by eligible organizations under this section may include grants or loans as provided in this section, as well as subgrants to local nonprofits to further the goals of the program. Prior to awarding a grant to an eligible organization for a local program under this section:

(1) the eligible organization must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) the duration, terms, underwriting and security requirements, and repayment requirements for loans;

(iii) evaluating applications for assistance;

(iv) awarding assistance; and

(v) administering the grant and loan programs authorized under this section, including any subgrants to local nonprofits;

(2) the eligible organization must submit its criteria, procedures, and requirements developed pursuant to clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements as developed pursuant to clause (1) to be used by an eligible organization in determining eligibility for assistance, evaluating, awarding, and administering a grant and loan program.

(b) Relief under this section includes grants to entities. These grants must not exceed \$500,000 per entity, must specify that an entity receiving a grant must remain in the local community a minimum of three years after the date of the grant, and must require submission of a plan for continued operation. Grants may be awarded to applicants only when an eligible organization determines that a loan is not appropriate to address the needs of the applicant.

(c) Relief under this section includes loans to entities, with or without interest, and deferred or forgivable loans. The maximum loan amount under this subdivision is \$500,000 per entity. The lending criteria adopted by an eligible organization for loans under this subdivision must:

(1) specify that an entity receiving a deferred or forgivable loan must remain in the local community a minimum of three years after the date of the loan. The maximum loan deferral period must not exceed three years from the date the loan is approved; and

(2) require submission of a plan for continued operation. The plan must document the probable success of the applicant's plan and probable success in repaying the loan according to the terms established for the loan program.

(d) All loan repayment funds under this subdivision must be paid to the commissioner of employment and economic development for deposit in the general fund.

<u>Subd. 4.</u> <u>Monitoring and reporting.</u> (a) Participating eligible organizations must establish performance measures that include but are not limited to the following components:

(1) the number of loans approved and the amounts and terms of the loans;

(2) the number of grants awarded, award amounts, and the reason that a grant award was made in lieu of a loan;

(3) the loan default rate;

(4) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full-time or part-time, and the status of the jobs as temporary or permanent; and

(5) the amount of business activity and changes in gross revenues of the grant or loan recipient as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the participating eligible organizations' compliance with this section and the performance measures developed under paragraph (a).

(c) Participating eligible organizations must comply with all requests made by the commissioner under this section and are responsible for the reporting and compliance of any subgrantees.

(d) By December 15 of each year the program is in existence, participating eligible organizations must report their performance measures to the commissioner. By January 15 of each year the program is in existence, after the first, the commissioner must submit a report of these performance measures to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development that details the use of funds under this section.

<u>Subd. 5.</u> <u>Exemptions.</u> (a) Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Entities in receipt of assistance under this section must provide for job creation and retention goals and wage and benefit goals.

(b) Minnesota Statutes, sections 16A.15, 16B.97, 16B.98, 16B.991, 16C.05, and 16C.053, do not apply to assistance under this section.

<u>Subd. 6.</u> <u>Administrative costs.</u> The commissioner of employment and economic development may use up to seven percent of the appropriation made for this section for administrative expenses of the department or for assisting participating eligible organizations with their administrative expenses.

**EFFECTIVE DATE.** This section is effective the day following final enactment and expires the day after the last loan is repaid or forgiven as provided under this section.

## Sec. 15. CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.

Subdivision 1. <u>Relief program established.</u> The Northland Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. <u>Available relief.</u> (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding a grant to the Northland Foundation for the relief program under this section:

(1) the Northland Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

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(2) the Northland Foundation must submit its criteria, procedures, and requirements developed under clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is \$50,000 per business.

Subd. 3. Qualification requirements. To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least ten percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

<u>Subd. 4.</u> <u>Monitoring.</u> (a) The Northland Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

(2) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full time or part time, and the status of the jobs as temporary or permanent;

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the Northland Foundation's compliance with this section and the performance measures developed under paragraph (a).

(c) The Northland Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. Business subsidy requirements. Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals, and wage and benefit goals.

<u>Subd. 6.</u> <u>Administrative costs.</u> <u>The commissioner of employment and economic development may use up to</u> one percent of the appropriation made for this section for administrative expenses of the department.

EFFECTIVE DATE. This section is effective July 1, 2023, and expires June 30, 2024.

Sec. 16. **<u>REPEALER.</u>** 

Minnesota Statutes 2022, section 116J.9924, subdivision 6, and Laws 2019, First Special Session chapter 7, article 2, section 8, as amended by Laws 2021, First Special Session chapter 10, article 2, section 19, is repealed.

## ARTICLE 4 WORKFORCE DEVELOPMENT POLICY

# Section 1. [116J.545] GETTING TO WORK GRANT PROGRAM.

Subdivision 1. <u>Creation.</u> The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain or maintain employment. All grants shall be for two years.

Subd. 2. Qualified grantee. A grantee must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code; and

(2) at the time of application, offer or have the demonstrated capacity to offer a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. Program requirements. (a) A program must offer one or more of the following services:

(1) provision of new or used motor vehicles by gift, sale, or lease;

(2) motor vehicle repair and maintenance services; or

(3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

(1) financial literacy education;

(2) education on budgeting for vehicle ownership;

(3) car maintenance and repair instruction;

(4) credit counseling; or

(5) job training related to motor vehicle maintenance and repair.

<u>Subd. 4.</u> <u>Application.</u> <u>Applications for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. Applications must, in addition to any other information required by the commissioner, include the following:</u>

(1) a detailed description of all services to be offered;

(2) the area to be served;

(3) the estimated number of program participants to be served by the grant; and

(4) a plan for leveraging resources from partners that may include but are not limited to:

(i) automobile dealers;

(ii) automobile parts dealers;

(iii) independent local mechanics and automobile repair facilities;

(iv) banks and credit unions;

(v) employers;

(vi) employment and training agencies;

(vii) insurance companies and agents;

(viii) local workforce centers; and

(ix) educational institutions, including vocational institutions and jobs or skills training programs.

Subd. 5. Participant eligibility. (a) To be eligible to receive program services, a person must:

(1) have a household income at or below 200 percent of the federal poverty level;

(2) be at least 18 years of age;

(3) have a valid driver's license;

(4) provide the grantee with proof of motor vehicle insurance; and

(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements, not inconsistent with paragraph (a), for the receipt of program services.

Subd. 6. **Report to legislature.** By January 15, 2026, and each January 15 in an even-numbered year thereafter, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

- (i) provision of a motor vehicle;
- (ii) motor vehicle repair services; and
- (iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

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Sec. 2. Minnesota Statutes 2022, section 116J.5492, subdivision 8, is amended to read:

Subd. 8. **Meetings.** The advisory committee must meet monthly until the energy transition plan is submitted quarterly and submit an updated energy transition plan annually to the governor and the legislature. <u>Once submitted, the committee shall develop a regular meeting schedule as needed.</u> The chair may call additional meetings as necessary.

Sec. 3. Minnesota Statutes 2022, section 116J.5492, subdivision 10, is amended to read:

Subd. 10. **Expiration.** This section expires the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor on June 30, 2027.

Sec. 4. Minnesota Statutes 2022, section 116J.55, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, "eligible community" means a county, municipality, or tribal government located in Minnesota in which an electric generating plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas:

(1) is currently operating and (i) is scheduled to cease operations or, (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the commission under section 216B.2422, or (iii) whose current operating license expires within 15 years of the effective date of this section; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the date an application is made for a grant under this section.

Sec. 5. Minnesota Statutes 2022, section 116J.55, subdivision 5, is amended to read:

Subd. 5. Grant awards; limitations. (a) The commissioner must award grants under this section to eligible communities through a competitive grant process.

(b) (a) A grant awarded to an eligible community under this section must not exceed  $\frac{500,000}{1,000,000}$  in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.

(c) (b) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.

Sec. 6. Minnesota Statutes 2022, section 116J.55, subdivision 6, is amended to read:

Subd. 6. Eligible expenditures. (a) Money in the account established in subdivision 3 must be used only to:

(1) award grants to eligible communities under this section; and

(2) reimburse the department's reasonable costs to administer this section, up to a maximum of five percent of the appropriation made to the commissioner under this section. <u>The commissioner may transfer part of the allowable administrative portion of this appropriation to the Environmental Quality Board to assist communities with regulatory coordination and dedicated technical assistance on conversion for these communities.</u>

(b) An eligible community awarded a grant under this section may use the grant to plan for or address the economic and social impacts on the eligible community of the electric generating plant's cessation of operations, including but not limited to <u>land use studies</u>, economic planning, researching, planning, and implementing activities,

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capital costs of public infrastructure necessary for economic development, and impact studies and other planning activities enabling communities to become shovel-ready and support the transition from power plants to other economic activities to minimize the negative impacts of power plant closures on tax revenues and jobs designed to:

(1) assist workers at the plant find new employment, including worker retraining and developing small business start-up skills;

(2) increase the eligible community's property tax base; and

(3) develop alternative economic development strategies to attract new employers to the eligible community.

## Sec. 7. [116J.659] OFFICE OF NEW AMERICANS.

Subdivision 1. Office established; purpose. (a) The Office of New Americans is established within the Department of Employment and Economic Development. The governor must appoint an assistant commissioner who serves in the unclassified service. The assistant commissioner must hire a program manager and an office assistant, as well as any staff necessary to carry out the office's duties under subdivision 2.

(b) The purpose of the office is to serve immigrants and refugees in Minnesota by:

(1) addressing challenges that face immigrants and refugees in Minnesota, and creating access in economic development and workforce programs and services; and

(2) providing interstate agency coordination, policy reviews, and guidance that assist in creating access to immigrants and refugees.

Subd. 2. Duties. (a) The office has the duty to:

(1) create and implement a statewide strategy to support immigrant and refugee integration into Minnesota communities;

(2) address the state's workforce needs by connecting employers and job seekers within the immigrant and refugee community;

(3) identify strategies to reduce employment barriers, including the creation of alternative pathways for immigrants and refugees;

(4) support programs and activities designed to ensure equitable access to the workforce for immigrants and refugees, including those who are disabled:

(5) support equitable opportunities for immigrants and refugees to access state government services and grants;

(6) work with state agencies and community and foundation partners to undertake studies and research and analyze economic and demographic trends to better understand and serve the state's immigrant and refugee communities;

(7) coordinate and establish best practices for language access initiatives to all state agencies;

(8) convene stakeholders and provide assistance and recommendations to the governor on issues impacting immigrants and refugees;

(9) make policy recommendations to the governor on issues impacting immigrants and refugees;

(10) develop systems of communication and collaboration with local offices and service providers to ensure that immigrants and refugees can access support available to them to address multisectoral barriers to success, including in the areas of employment, housing, legal services, health care, and education;

(11) collaborate with existing immigrant and refugee inclusion positions and offices at the city and county level statewide;

(12) encourage and support the creation of new immigrant and refugee inclusion positions and offices at the city and county level statewide;

(13) serve as the point of contact for immigrants and refugees accessing resources both within the department and with boards charged with oversight of a profession;

(14) promulgate rules necessary to implement and effectuate this section;

(15) provide an annual report, as required by subdivision 3; and

(16) perform any other activities consistent with the office's purpose.

Subd. 3. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of New Americans shall report to the legislative committees with jurisdiction over the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) a summary of the office's activities;

(2) suggested policies, incentives, and legislation designed to accelerate the achievement of the duties under subdivision 2;

(3) any proposed legislative and policy initiatives;

(4) the amount and types of grants awarded under subdivision 6; and

(5) any other information deemed necessary and requested by the legislative committees with jurisdiction over the office.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

<u>Subd. 4.</u> <u>Interdepartmental Coordinating Council on Immigrant and Refugee Affairs.</u> (a) An interdepartmental Coordinating Council on Immigrant and Refugee Affairs is established to advise the Office of <u>New Americans.</u>

(b) The purpose of the council is to identify and establish ways in which state departments and agencies can work together to deliver state programs and services effectively and efficiently to Minnesota's immigrant and refugee populations. The council shall implement policies, procedures, and programs requested by the governor through the state departments and offices.

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(c) The council shall be chaired by the assistant commissioner of the Office of New Americans and shall be comprised of the commissioners, department directors, or senior leadership designees, from the following state departments and offices:

(1) the governor's office;

(2) the Department of Administration;

(3) the Department of Employment and Economic Development;

(4) the Department of Human Services;

(5) the Department of Human Services Resettlement Program Office;

(6) the Department of Labor and Industry;

(7) the Department of Health;

(8) the Department of Education;

(9) the Office of Higher Education;

(10) the Department of Public Safety;

(11) the Department of Corrections;

(12) the Council for Minnesotans of African Heritage;

(13) the Minnesota Council on Latino Affairs; and

(14) the Council on Asian Pacific Minnesotans.

(d) Each department or office serving as a member of the council shall designate one staff member as an immigrant and refugee services liaison. The liaisons' responsibilities shall include:

(1) preparation and dissemination of information and services available to immigrants and refugees; and

(2) interfacing with the Office of New Americans on issues that impact immigrants and refugees and their communities.

Subd. 5. No right of action. Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state; its departments, agencies, or entities; its officers, employees, or agents; or any other person.

Subd. 6. Grants. The office may apply for grants for interested state agencies, community partners, and stakeholders under this section to carry out the duties under subdivision 2. In awarding grants, the commissioner must allocate grants as evenly as practicable among interested parties.

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Sec. 8. Minnesota Statutes 2022, section 116L.361, subdivision 7, is amended to read:

Subd. 7. Very Low income. "Very Low income" means incomes that are at or less than 50 80 percent of the area median income, adjusted for family size, as estimated by the Department of Housing and Urban Development.

Sec. 9. Minnesota Statutes 2022, section 116L.362, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner shall make grants to eligible organizations for programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience for targeted youth who have not been served effectively by the current educational system. The programs are to include a work experience component with work projects that result in the rehabilitation, improvement, or construction of (1) residential units for the homeless; (2) improvements to the energy efficiency and environmental health of residential units and other green jobs purposes; (3) facilities to support community garden projects; or (4) education, social service, or health facilities which are owned by a public agency or a private nonprofit organization.

(b) Eligible facilities must principally provide services to homeless or very low income individuals and families, and include the following:

(1) Head Start or day care centers, including playhouses or similar incidental structures;

- (2) homeless, battered women, or other shelters;
- (3) transitional housing and tiny houses;
- (4) youth or senior citizen centers;
- (5) community health centers; and
- (6) community garden facilities.

Two or more eligible organizations may jointly apply for a grant. The commissioner shall administer the grant program.

Sec. 10. Minnesota Statutes 2022, section 116L.364, subdivision 3, is amended to read:

Subd. 3. Work experience component. A work experience component must be included in each program. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities. A training subsidy, living allowance, or stipend, not to exceed an amount equal to 100 percent of the poverty line for a family of two as defined in United States Code, title 42, section 673, paragraph (2) the final rules and regulations of the Workforce Innovation and Opportunity Act, may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in (1) the expansion or improvement of residential units for homeless persons and very low income families; (2) improvements to the energy efficiency and environmental health of residential units; (3) facilities to support community garden projects; or (4) rehabilitation, improvement, or construction of eligible education, social service, or health facilities that principally serve homeless or very low income individuals and families. Any work project must include direct supervision by individuals skilled in each specific vocation. Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Subdivision 1. **Priority for housing.** Any residential or transitional housing units that become available through a work project that is part of the program described in section 116L.364 must be allocated in the following order:

(1) homeless targeted youth who have participated in constructing, rehabilitating, or improving the unit;

(2) homeless families with at least one dependent;

(3) other homeless individuals;

(4) other very low income families and individuals; and

(5) families or individuals that receive public assistance and that do not qualify in any other priority group.

## Sec. 12. [116L.43] TARGETED POPULATIONS WORKFORCE GRANTS.

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

(b) "Community-based organization" means a nonprofit organization that:

(1) provides workforce development programming or services;

(2) has an annual organizational budget of no more than \$1,000,000;

(3) has its primary office located in a historically underserved community of color or low-income community; and

(4) serves a population that generally reflects the demographics of that local community.

(c) "Entry level jobs" means part-time or full-time jobs that an individual can perform without any prior education or experience.

(d) "High wage" means the income needed for a family to cover minimum necessary expenses in a given geographic area, including food, child care, health care, housing, and transportation.

(e) "Industry specific certification" means a credential an individual can earn to show proficiency in a particular area or skill.

(f) "Remedial training" means additional training provided to staff following the identification of a need and intended to increase proficiency in performing job tasks.

(g) "Small business" has the same meaning as section 645.445.

Subd. 2. Job and entrepreneurial skills training grants. (a) The commissioner shall establish a job and entrepreneurial skills training grant program that must provide competitive funding to community-based organizations to provide skills training that leads to employment or business development in high-growth industries.

(b) Eligible forms of skills training include:

(1) student tutoring and testing support services;

(2) training and employment placement in high-wage and high-growth employment;

(3) assistance in obtaining industry specific certifications;

(4) remedial training leading to enrollment in further training or education;

(5) real-time work experience or on-the-job training;

(6) career and educational counseling;

(7) work experience and internships;

(8) supportive services;

(9) tuition reimbursement for new entrants into public sector careers;

(10) career mentorship;

(11) postprogram case management services;

(12) job placement services; and

(13) the cost of corporate board of director training for people of color.

(c) Grant awards must not exceed \$750,000 per year per organization and all funding awards must be made for the duration of a biennium. An organization may partner with another organization to utilize grant awards, provided that the organizations must not be funded to deliver the same services. Grants awarded under this subdivision are not subject to section 116L.98.

<u>Subd. 3.</u> **Diversity and inclusion training for small employers.** (a) The commissioner shall establish a diversity and inclusion training grant program which shall provide competitive grants to small businesses for diversity and inclusion training, including the creation and implementation of a plan to actively engage, hire, and retain people of color for both entry level and high-wage opportunities, including management and board of director positions.

(b) Grant awards must not exceed \$300,000 per year per business. A business may only receive one grant for diversity and inclusion training per biennium.

(c) Applicants are required to submit a plan for use of the funds. Grant recipients are required to submit a diversity and inclusion implementation plan after training is completed.

(d) Grants awarded under this subdivision are not subject to section 116L.98.

(e) Sections 116J.993 to 116J.995 do not apply to assistance under this subdivision.

Subd. 4. <u>Capacity building.</u> (a) The commissioner shall establish a capacity building grant program to provide training services and funding for capacity building to community-based organizations.

(b) Eligible uses of grant awards include covering the cost of workforce program delivery staff, program infrastructure costs, and workforce training related service model development.

(c) Grant awards must not exceed \$50,000 per organization and are limited to one grant per community-based organization.

(d) Grants awarded under this subdivision are not subject to section 116L.98.

(e) Grant recipients must submit a report to the commissioner outlining the use of grant funds and the impact of that funding on the community-based organization's future ability to provide workforce development services.

Sec. 13. Minnesota Statutes 2022, section 116L.56, subdivision 2, is amended to read:

Subd. 2. Eligible applicant. "Eligible applicant" means an individual who is between the ages of 14 and  $\frac{21}{24}$  and economically disadvantaged.

An at-risk youth who is classified as a family of one is deemed economically disadvantaged. For purposes of eligibility determination the following individuals are considered at risk:

(1) a pregnant or parenting youth;

(2) a youth with limited English proficiency;

(3) a potential or actual school dropout;

(4) a youth in an offender or diversion program;

(5) a public assistance recipient or a recipient of group home services;

(6) a youth with disabilities including learning disabilities;

(7) a child of drug or alcohol abusers or a youth with substance use disorder;

(8) a homeless or runaway youth;

(9) a youth with basic skills deficiency;

(10) a youth with an educational attainment of one or more levels below grade level appropriate to age; or

(11) a foster child.

Sec. 14. Minnesota Statutes 2022, section 116L.561, subdivision 5, is amended to read:

Subd. 5. Allocation formula. Seventy percent of Minnesota youth program funds must be allocated based on the county's share of economically disadvantaged youth. The remaining 30 percent must be allocated based on the county's share of population ages 14 to  $\frac{24}{24}$ .

Sec. 15. Minnesota Statutes 2022, section 116L.562, subdivision 2, is amended to read:

Subd. 2. Definitions. For purposes of this section:

(1) "eligible organization" or "eligible applicant" means a local government unit, nonprofit organization, community action agency, or a public school district;

(2) "at-risk youth" means youth classified as at-risk under section 116L.56, subdivision 2; and

(3) "economically disadvantaged" means youth who are economically disadvantaged as defined in United States Code, title 29, section 1503 the rules and regulations of the Workforce Innovation and Opportunity Act.

Sec. 16. Minnesota Statutes 2022, section 268.035, subdivision 20, is amended to read:

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

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

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

(3) employment for a foreign government;

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

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

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

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

(8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(36) employment of a foreign agricultural worker who works on a seasonal or temporary basis under the H-2A visa temporary agricultural employment program described in Code of Federal Regulations, title 20, section 655.

Sec. 17. Minnesota Statutes 2022, section 268A.15, is amended by adding a subdivision to read:

Subd. 8a. **Provider rate increases.** (a) Effective July 1, 2023, subject to the availability of additional funding, an annual growth factor adjustment of no less than a three percent increase for providers of extended employment services for persons with severe disabilities shall be authorized. If there is sufficient funding appropriated, the commissioner shall increase reimbursement rates by the percentage of this adjustment.

(b) The commissioner of management and budget must include an annual inflationary adjustment in reimbursement rates for providers of extended employment services for persons with severe disabilities as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 18. Minnesota Statutes 2022, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. **Transmittal of fees to commissioner of management and budget.** (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. Except as provided in paragraph (d), the court administrator shall transmit the fees monthly to the commissioner of management and budget for deposit in the state treasury and credit to the general fund. \$30 \$60 of each fee collected in a dissolution action under subdivision 2, clause (1), must be deposited by the commissioner of management and budget in the special revenue fund and is appropriated to the commissioner of employment and economic development for the Minnesota Family Resiliency Partnership under section 116L.96.

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(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the commissioner of management and budget for deposit in the state treasury and credited to the general fund. In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), which has a screener-collector position, the fees paid by a county shall be transmitted monthly to the commissioner of management and budget for deposit in the state treasury of management and budget for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court, or in a proceeding under section 484.702;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapters 260, 260A, 260B, and 260C;

(6) forfeiture of property under sections 169A.63 and 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, 260B.331, and 260C.331, or other sections referring to other forms of public assistance;

(8) restitution under section 611A.04; or

(9) actions seeking monetary relief in favor of the state pursuant to section 16D.14, subdivision 5.

(d) \$20 from each fee collected for child support modifications under subdivision 2, clause (13), must be transmitted to the county treasurer for deposit in the county general fund and \$35 from each fee shall be credited to the state general fund. The fees must be used by the county to pay for child support enforcement efforts by county attorneys.

(e) No fee is required under this section from any federally recognized Indian Tribe or its representative in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court or in a proceeding under section 484.702;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525; or

(4) court relief under chapters 260, 260A, 260B, 260C, and 260D.

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Sec. 19. Minnesota Statutes 2022, section 469.40, subdivision 11, is amended to read:

Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to,; streets, roadways, utilities systems and related facilities,; utility relocations and replacements, network and communication systems,; streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, and similar services; legal, regulatory, and other compliance services; construction costs, including all materials and supplies; wayfinding and signage; community engagement; transit costs incurred on or after March 16, 2020; and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;

(6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;

(7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district;

(8) prepare land for private development and to sell or lease land;

(9) provide costs of relocation benefits to occupants of acquired properties; and

(10) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

(c) Public infrastructure project includes the planning, preparation, and modification of the development plan under section 469.43. The cost of that planning, preparation, and any modification is a capital cost of the public infrastructure project.

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

Sec. 20. Minnesota Statutes 2022, section 469.47, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of employment and economic development.

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(c) "Construction projects" means:

(1) for expenditures by a medical business entity, construction of buildings in the city for which the building permit was issued after June 30, 2013; and

(2) for any other expenditures, construction of privately owned buildings and other improvements that are undertaken pursuant to or as part of the development plan and are located within a medical center development district.

(d) "Expenditures" means expenditures made by a medical business entity or by an individual or private entity on construction projects for the capital cost of the project including, but not limited to:

(1) design and predesign, including architectural, engineering, and similar services;

(2) legal, regulatory, and other compliance costs of the project;

(3) land acquisition, demolition of existing improvements, and other site preparation costs;

(4) construction costs, including all materials and supplies of the project; and

(5) equipment and furnishings that are attached to or become part of the real property.

Expenditures excludes supplies and other items with a useful life of less than a year that are not used or consumed in constructing improvements to real property or are otherwise chargeable to capital costs.

(e) "Qualified expenditures for the year" means the total certified expenditures since June 30, 2013, through the end of the preceding year, minus \$200,000,000.

(f) "Transit costs" means the portions of a public infrastructure project that are for public transit intended primarily to serve the district, such as including but not limited to buses and other means of transit, transit stations, equipment, bus charging stations or bus charging equipment, rights-of-way, and similar costs permitted under section 469.40, subdivision 11. This provision includes transit costs incurred on or after March 16, 2020.

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

Sec. 21. Minnesota Statutes 2022, section 469.47, subdivision 5, is amended to read:

Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section if the county contributes the required local matching contribution under subdivision 6 or the city or county has agreed to make an equivalent contribution out of other funds for the year.

(b) If the city qualifies for aid under paragraph (a), the commissioner must pay the city the state transit aid in the amount calculated under this paragraph. The amount of the state transit aid for a year equals the qualified expenditures for the year, as certified by the commissioner, multiplied by 0.75 percent, reduced by <u>subject to</u> the amount of the <u>required</u> local contribution under subdivision 6. <u>City or county contributions that are in excess of this</u> ratio carry forward and are credited toward subsequent years. The maximum amount of state transit aid payable in any year is limited to no more than \$7,500,000. If the commissioner determines that the city or county has not made the full required matching local contribution for the year, the commissioner must pay state <u>transit</u> aid only in proportion to the amount of for the matching contribution made for the year and any unpaid amount is a carryover aid. The carryover aid must be paid in the first year after the required matching contribution for that prior year is made and in which the aid entitlement for the current year is less than the maximum annual limit, but only to the extent the carryover, when added to the current year aid, is less than the maximum annual limit.

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(c) The commissioner, in consultation with the commissioner of management and budget, and representatives of the city and the corporation, must establish a total limit on the amount of state aid payable under this subdivision that will be adequate to finance, in combination with the local contribution, \$116,000,000 of transit costs.

(d) The city must use state transit aid it receives under this subdivision for transit costs. The city must maintain appropriate records to document the use of the funds under this requirement.

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

Sec. 22. Minnesota Statutes 2022, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. **Disposition of license fee.** (a) Of the civil marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$25 must be retained by the county. The local registrar must pay \$90 to the commissioner of management and budget to be deposited as follows:

(1)  $\frac{55}{25}$  in the general fund;

(2) \$3 in the state government special revenue fund to be appropriated to the commissioner of public safety for parenting time centers under section 119A.37;

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) <u>\$25</u> <u>\$55</u> in the special revenue fund is appropriated to the commissioner of employment and economic development for the Minnesota Family Resiliency Partnership under section 116L.96; and

(5) \$5 in the special revenue fund, which is appropriated to the Board of Regents of the University of Minnesota for the Minnesota couples on the brink project under section 137.32.

(b) Of the \$40 fee under subdivision 1b, paragraph (b), \$25 must be retained by the county. The local registrar must pay \$15 to the commissioner of management and budget to be deposited as follows:

(1) \$5 as provided in paragraph (a), clauses (2) and (3); and

(2) \$10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the Minnesota Family Resiliency Partnership under section 116L.96.

#### Sec. 23. MINNESOTA EMPLOYER REASONABLE ACCOMMODATION FUND.

Subdivision 1. <u>Definitions.</u> (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Applicant" means any person, whether employed or unemployed, seeking or entering into any arrangement for employment or change of employment with an eligible employer.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible employer" means an employer domiciled within the legal boundaries of Minnesota and having its principal place of business as identified in its certificate of incorporation in the state of Minnesota who:

(1) employs not more than 500 employees on any business day during the preceding calendar year; and

(2) generates \$5,000,000 or less in gross annual revenue.

(e) "Employee" has the meaning given in Minnesota Statutes, section 363A.03, subdivision 15.

(f) "Individual with a disability" has the meaning given to "qualified disabled person" in Minnesota Statutes, section 363A.03, subdivision 36.

(g) "Reasonable accommodation" has the meaning given in Minnesota Statutes, section 363A.08, subdivision 6.

Subd. 2. **Reimbursement grant program established.** The commissioner shall establish a reasonable accommodation reimbursement grant program that reimburses eligible employers for the cost of expenses incurred in providing reasonable accommodations for individuals with a disability who are either applicants or employees of the eligible employer.

<u>Subd. 3.</u> <u>Application.</u> (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for reimbursement under this section.

(b) The program shall award reimbursements to eligible employers to the extent that funds are available in the account established under subdivision 5 for this purpose.

(c) Applications shall be processed on a first-received, first-processed basis within each fiscal year until funding is exhausted. Applications received after funding has been exhausted in a fiscal year are not eligible for reimbursement.

(d) Documentation for reimbursement shall be provided by eligible employers in a form approved by the commissioner.

Subd. 4. <u>Reimbursement awards.</u> The maximum total reimbursement per eligible employer in a fiscal year is \$30,000 and:

(1) submissions for onetime reasonable accommodation expenses must be no less than \$250 and no more than \$15,000 per individual with a disability; and

(2) submissions for ongoing reasonable accommodation expenses have no minimum or maximum requirements.

<u>Subd. 5.</u> <u>Employer reasonable accommodation fund account established.</u> <u>The employer reasonable accommodation fund account is created as an account in the special revenue fund.</u> <u>Money in the account is appropriated to the commissioner for the purposes of reimbursing eligible employers under this section.</u>

<u>Subd. 6.</u> <u>Technical assistance and consultation.</u> The commissioner may provide technical assistance regarding requests for reasonable accommodations.

Subd. 7. <u>Administration and marketing costs.</u> The commissioner may use up to 20 percent of the biennial appropriation for administration and marketing of this section.

Subd. 8. Notification. By September 1, 2023, or within 60 days following final enactment, whichever is later, and each year thereafter by June 30, the commissioner shall make publicly available information regarding the availability of funds for reasonable accommodation reimbursement and the procedure for requesting reimbursement under this section.

Subd. 9. **Reports to the legislature.** By January 15, 2024, and each January 15 thereafter until expiration, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over workforce development that details the use of grant funds. This report must include data on the number of employer reimbursements the program made in the preceding calendar year. The report must include:

(1) the number and type of accommodations requested;

(2) the cost of accommodations requested;

(3) the employers from which the requests were made;

(4) the number and type of accommodations that were denied and why;

(5) any remaining balance left in the account; and

(6) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to employers.

Subd. 10. Expiration. This section expires June 30, 2025, or when money appropriated for its purpose expires, whichever is later.

## Sec. 24. ENGAGEMENT TO ADDRESS BARRIERS TO EMPLOYMENT.

The commissioner of employment and economic development shall engage stakeholders to identify barriers that adults with mental illness face in obtaining and retaining employment and recommend strategies to address those barriers. The commissioner shall solicit feedback from advocacy organizations for people with mental illness, mental health providers, people with mental illness, organizations that support people with mental illness in obtaining employment, and employers. The commissioner shall submit a plan to the legislative committees with jurisdiction over employment and human services before February 1, 2024, identifying the barriers to employment and making recommendations on how to best improve the employment rate among people with mental illness.

## Sec. 25. <u>SOUTHWESTERN MINNESOTA WORKFORCE DEVELOPMENT SCHOLARSHIP PILOT</u> PROGRAM.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Southwest Initiative Foundation" or "foundation" means a nonprofit organization that provides services to the following counties in southwest Minnesota: Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine, and the Lower Sioux Indian Community and Upper Sioux Community.

(d) "Employer-sponsored applicant" means a student applicant with a local employer scholarship equal to or greater than 25 percent of the workforce development scholarship.

(e) "Eligible student" means a student applicant who:

(1) is eligible for resident or nonresident tuition;

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(2) is enrolling in an eligible program as determined by the regional workforce development board; and

(3) is enrolling at least half-time at a Minnesota West college listed in subdivision 4.

(f) "Local employer" means an employer with a physical location in a county within the service area of the foundation listed in paragraph (c).

Subd. 2. **Program established.** The commissioner shall establish a southwestern Minnesota workforce development scholarship pilot program administered by the foundation to assist in meeting the workforce challenges in southwest Minnesota and enhance long-term economic self-sufficiency by connecting students, higher education facilities, employers, and communities.

Subd. 3. Grant to the Southwest Initiative Foundation. The commissioner shall award all grant funds to the foundation, which shall administer the southwestern Minnesota workforce development scholarship pilot program. The foundation may use up to seven percent of grant funds for administrative costs.

Subd. 4. Scholarship awards. (a) The foundation shall coordinate available funds and award scholarships to the following Minnesota West colleges:

(1) Canby;

(2) Granite Falls;

(3) Pipestone;

(4) Worthington;

(5) Jackson;

(6) Luverne; and

(7) Marshall.

(b) Scholarships shall be coordinated by the individual colleges listed in paragraph (a) and applied only after all other available grant funding through a last-dollar-in model.

(c) In awarding grants, priority shall first be given to applicants that are program-continuing applicants. Priority shall then be given to employer-sponsored applicants.

(d) Scholarships are intended to supplement all other grant opportunities and to cover the full cost of attendance to the eligible students.

Subd. 5. **Program eligibility.** Scholarships shall be awarded to eligible students who are enrolled in or enrolling in a high-demand occupation associate degree, diploma, or certificate or industry-recognized credential program as defined annually by the applicable regional workforce development board. Students must complete the Free Application for Federal Student Aid if applicable to the program to which they are applying.

Subd. 6. **Renewal; cap.** A student who has been awarded a scholarship may apply in subsequent academic years, but total lifetime awards are not to exceed two full scholarships per student. Students may only be awarded a second scholarship upon successful completion of the program and subsequent work period requirement.

Subd. 7. <u>Administration.</u> (a) The foundation and Minnesota West colleges shall establish an application process and other guidelines for implementing the pilot program.

(b) Each college shall receive from their respective workforce development board by December 1 of each year, commencing in 2023, a list of eligible programs administered by the college that are eligible for subsequent year scholarships. The applicable workforce development board must consider data based on a workforce shortage for full-time employment requiring postsecondary education that is unique to the specific region, as reported in the most recent Department of Employment and Economic Development job vacancy survey data for the economic development region in which the college is located. A workforce shortage area is one in which the job vacancy rate for that same occupation.

Subd. 8. Scholarship recipient requirements. (a) A recipient of a scholarship awarded under the program established in this section shall:

(1) be enrolled in a high-demand occupation associate degree, diploma, or certificate or industry-recognized credential program as defined by the regional workforce development board and offered by a Minnesota West college;

(2) adhere to any applicable participating local employer program requirements;

(3) commit to three years of full-time employment with:

(i) a sponsoring local employer; or

(ii) any qualified local employer within the high-demand occupations as defined by the regional workforce development board; and

(4) fulfill the three-year full-time employment commitment in a county within the service area of the foundation as listed in subdivision 1, paragraph (c).

(b) If a recipient of a scholarship fails to fulfill the requirements of paragraph (a), the foundation may convert the scholarship to a loan. Amounts repaid from a loan shall be used to fund scholarship awards under this section.

Subd. 9. Employer partnerships. The foundation and Minnesota West colleges shall establish partnerships with qualified local employers and work to ensure that a percentage of the state funds appropriated to each college for the southwestern Minnesota workforce development scholarship program are equally matched with employer funds.

Subd. 10. **Report required.** The foundation must submit an annual report by December 31 of each year regarding the scholarship program to the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy. The first report is due no later than December 31, 2023. The annual report shall include:

(1) the number of students receiving a scholarship at each participating college during the previous calendar year;

(2) the number of scholarships awarded for each program and type of program during the previous calendar year;

(3) the number of scholarship recipients who completed a program of study or certification;

(4) the number of scholarship recipients who secured employment by their graduation date and those who secured employment within three months of their graduation date;

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(5) a list of the colleges that received funding, the amount of funding each institution received, and whether all withheld funds were distributed;

(6) a list of occupations scholarship recipients are entering;

(7) the number of students who were denied a scholarship;

(8) a list of participating local employers and amounts of any applicable employer contributions; and

(9) a list of recommendations to the legislature regarding potential program improvements.

## Sec. 26. UNEMPLOYMENT INSURANCE FINE REDUCTION AND INTEREST ELIMINATION.

By January 1, 2024, the commissioner of employment and economic development must make recommendations to the legislative committees with jurisdiction over workforce development for how the unemployment insurance system will reduce the fines and interest applied to misrepresentation overpayments. The commissioner must provide a timeline for implementing a reduction of the 40 percent fine to 15 percent and an elimination of the 12 percent interest rate.

# ARTICLE 5 CAPITOL AREA

### Section 1. CAPITOL AREA COMMUNITY VITALITY TASK FORCE; APPROPRIATION.

Subdivision 1. <u>Task force established; membership.</u> (a) A Capitol Area Community Vitality Task Force is established. The task force consists of the following members:

(1) the executive secretary of the Capitol Area Architectural and Planning Board;

(2) one member of the Capitol Area Architectural and Planning Board, appointed by the board;

(3) two members of the house of representatives appointed by the speaker of the house, of whom one must be a member of the majority caucus of the house;

(4) two members of the senate appointed by the majority leader of the senate, of whom one must be a member of the majority caucus of the senate, and one must be a member of the minority caucus of the senate;

(5) four members who are residents, businesspeople, or members of local organizations in the Capitol Area, appointed by the mayor of St. Paul; and

(6) one member of the public appointed by the governor.

(b) The task force must elect a chair and other officers from among its members. Appointments to the task force must be made no later than July 15, 2023. The executive secretary of the Capitol Area Architectural and Planning Board must convene the first meeting of the task force no later than August 15, 2023.

(c) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. <u>Terms: compensation.</u> The terms and compensation of members of the task force are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 3. <u>Administrative support.</u> The Capitol Area Architectural and Planning Board must provide administrative support to assist the task force in its work.

Subd. 4. **Duties; report.** The task force must consider and develop recommendations for the administration, program plan, and oversight of the Capitol Area community vitality account established by this act. The task force must submit its recommendations to the Capitol Area Architectural and Planning Board for approval. A report including the approved recommendations must be submitted by the Capitol Area Architectural and Planning Board for approval. A report to the chairs and ranking minority members of the committees of the legislature with jurisdiction over the board no later than February 1, 2024.

Subd. 5. Expiration. Notwithstanding Minnesota Statutes, section 15.059, subdivision 6, the task force expires upon submission of the report required by subdivision 4.

Subd. 6. Appropriation. \$150,000 in fiscal year 2024 is appropriated from the general fund to the Capitol Area Architectural and Planning Board to support the work of the task force, including but not limited to payment of fees and other expenses necessary to retain appropriate professional consultants, conduct public meetings, and facilitate other activities as requested by the task force.

# Sec. 2. CAPITOL AREA COMMUNITY VITALITY ACCOUNT.

Subdivision 1. Account established; appropriation. (a) A Capitol Area community vitality account is established in the special revenue fund. Money in the account is appropriated to the commissioner of administration to improve the livability, economic health, and safety of communities within the Capitol Area, provided that no funds may be expended until a detailed program and oversight plan to govern their use, in accordance with the spending recommendations of the Capitol Area Community Vitality Task Force as approved by the Capitol Area Architectural and Planning Board, has been further approved by law.

(b) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. <u>Appropriation.</u> \$5,000,000 in fiscal year 2024 is transferred from the general fund to the Capitol Area community vitality account.

### Sec. 3. APPROPRIATION; CAPITOL AREA TRANSPORTATION CORRIDORS.

(a) \$5,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of administration for one or more grants to the city of St. Paul, Ramsey County, or both, for road projects that improve the livability, economic health, and safety of communities within the Capitol Area. Funded projects must be consistent with the recommendations of the Capitol Area Community Vitality Task Force, as approved by the Capitol Area Architectural and Planning Board. This is a onetime appropriation and is available until June 30, 2027.

(b) Funds under this section are available:

(1) for planning, predesign, design, engineering, environmental analysis and mitigation, land acquisition, and reconstruction of streets and highways; and

(2) only upon approval of the expenditure by the Capitol Area Architectural and Planning Board.

(c) For purposes of this section, "Capitol Area" means that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

### ARTICLE 6 APPROPRIATIONS; LABOR

### Section 1. APPROPRIATIONS.

(a) 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 "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

			APPROPRIATIONS Available for the Year Ending June 30 2024 2025	
			2024	2025
Sec. 2. DEPARTMENT	OF LABOR AND I	<u>NDUSTRY</u>		
Subdivision 1. Total Appropriation		<u>\$48,157,000</u>	<u>\$44,412,000</u>	
Appropr	iations by Fund			
	<u>2024</u>	<u>2025</u>		
<u>General</u> <u>Workers' Compensation</u> Workforce Development	7,244,000 30,599,000 10,314,000	<u>4,854,000</u> <u>32,390,000</u> <u>7,168,000</u>		
The amounts that may be sp the following subdivisions.	ent for each purpos	e are specified in		
Subd. 2. General Suppo	<u>rt</u>		8,765,000	<u>9,106,000</u>
This appropriation is from the	e workers' compensa	tion fund.		
Subd. 3. Labor Standar	<u>ds</u>		6,564,000	<u>6,235,000</u>
Appropriations by Fund				
<u>General</u> <u>Workforce Development</u>	<u>5,001,000</u> <u>1,563,000</u>	<u>4,600,000</u> <u>1,635,000</u>		
(a) \$2,046,000 each year is fo	or wage theft prevent	ion.		
(b) \$1,563,000 the first year	and \$1,635,000 the	e second year are		

from the workforce development fund for prevailing wage enforcement.

(d) \$184,000 the first year and \$142,000 the second year are to strengthen workplace protections for agricultural and food processing workers.				
(e) \$50,000 the first year is for outreach and education for the safe and skilled worker act, which establishes minimum training standards for contractors performing work at petroleum refineries in Minnesota.				
(f) \$641,000 the first year and \$322,000 the second year are to perform work for the Nursing Home Workforce Standards Board.				

(g) \$225,000 the first year and \$169,000 the second year are for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act.

(c) \$268,000 the first year and \$276,000 the second year are for outreach and enforcement efforts related to changes to the nursing mothers, lactating employees, and pregnancy accommodations law.

(h) \$27,000 the first year is for the creation and distribution of a veterans' benefits and services poster under Minnesota Statutes, section 181.536.

## Subd. 4. Workers' Compensation

This appropriation is from the workers' compensation fund.

#### Appropriations by Fund

<u>General</u>	2,000,000	<u>-0-</u>
Workers' Compensation	<u>6,644,000</u>	<u>7,559,000</u>

(a) \$477,000 the first year and \$1,128,000 the second year are from the workers' compensation fund for education and outreach, staffing, and technology development of the ergonomics program under Minnesota Statutes, section 182.677. The base appropriation is \$1,487,000 in fiscal year 2026 and \$1,196,000 in fiscal year 2027.

(b) \$2,000,000 the first year is for the ergonomics safety grant program. This appropriation is available until June 30, 2026. This is a onetime appropriation.

(c) \$115,000 the first year and \$91,000 the second year are from the workers' compensation fund for enforcement and other duties related to warehouse distribution workers safety under Minnesota Statutes, section 182.6526.

15,190,000

8,644,000

7,559,000

15,725,000

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Subd. 6. Workforce Development Initiatives		<u>2,359,000</u>	<u>2,371,000</u>	
(a) This appropriation is from the workforce development fund.				
(b) \$300,000 each year is for the pipeline program.	from the workforce development fund			
	from the workforce development fund apetency standards under Minnesota			
	from the workforce development fund ants under Minnesota Statutes, section			
the workforce development	and \$371,000 the second year are from t fund for administration of the youth Minnesota Statutes, section 175.46.			
Subd. 7. Combative Sp	orts	<u>243,000</u>	<u>254,000</u>	
Subd. 8. Apprenticeshi	<u>p</u>	<u>6,392,000</u>	3,162,000	
(a) This appropriation is from	m the workforce development fund.			
•	ar and \$1,534,000 the second year are lopment fund for the apprenticeship tatutes, chapter 178.			
from the workforce develo	ar and \$1,000,000 the second year are opment fund for labor education and nts under Minnesota Statutes, section			
fund for grants to register economy occupations. Of administration and monitori	ar is from the workforce development ed apprenticeship programs for clean this amount, up to five percent is for ang of the program. This appropriation il June 30, 2026. Grant money may be			
(1) purchase equipment or the	raining materials in clean technologies;			
(2) fund instructor professio	nal development in clean technologies;			
(3) design and refine curricu	ulum in clean technologies; and			
(4) train apprentices and technologies.	upskill incumbent workers in clean			

(e) \$400,000 the first year and \$400,000 the second year are from the workforce development fund for a grant to Building Strong Communities, Inc., for a statewide apprenticeship readiness program to prepare women, BIPOC community members, and veterans to enter the building and construction trades. These are onetime appropriations and are not added to the base for this purpose.

(f) \$228,000 the first year and \$228,000 the second year are from the workforce development fund for grants to Building Strong Communities, Inc., for the Helmets to Hardhats Minnesota initiative. The following requirements apply:

(1) grant money must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation in apprenticeship programs registered with the Department of Labor and Industry and connect service members and veterans with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age; and

(2) Building Strong Communities, Inc., must report to the commissioner of labor and industry and the chairs and ranking members of the house of representatives and senate committees overseeing labor and industry policy and finance and veterans affairs policy and finance by January 15 of each year on the Helmets to Hardhats program. The report must include an overview of the program's budget, a detailed explanation of program expenditures, the number of veterans and service members that participated in apprenticeship programs, the number of veterans and service members that received career training, the number of veterans and service members that gained employment in the building and construction industry, and an audit completed by an independent auditor.

(g) \$300,000 the first year is from the workforce development fund for a grant to Independent School District No. 294, Houston, for the Minnesota Virtual Academy's career pathways program with Operating Engineers Local 49. This appropriation does not cancel and is available until June 30, 2025. The following requirements apply:

(1) the career pathways program must encourage, support, and provide continuity for student participation in structured career pathways. The program may include up to five semesters of coursework and must lead to eligibility for the Operating Engineers Local 49 apprenticeship program. The career pathways program must provide outreach to and encourage participation in

the program by students of color, Indigenous students, students from low-income families, students located throughout Minnesota, and underserved students;

(2) the grant may be used to encourage and support student participation in the career pathways program through additional academic, counseling, and other support services provided by the student's enrolling school district. The Minnesota Virtual Academy may contract with a student's enrolling school district to provide these services; and

(3) on January 15 of each year following the receipt of a grant, Independent School District No. 294, Houston, must submit a written report to the legislative committees having jurisdiction over education and workforce development. A grant award and report must be in accordance with the provisions of Minnesota Statutes, sections 3.195 and 127A.20. The report must describe students' experiences with the program; document the program's spending and the number of students participating in the program and entering into the apprenticeship program; include geographic and demographic information on the program participants; make recommendations to improve the support of career pathways programs statewide; and make recommendations to improve student participation in career pathways programs.

# Sec. 3. WORKERS' COMPENSATION COURT OF APPEALS

This appropriation is from the workers' compensation fund.

#### Sec. 4. BUREAU OF MEDIATION SERVICES \$3,707,000 \$3,789,000

\$2,583,000

(a) \$750,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

(b) \$68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(c) \$47,000 each year is for rulemaking, staffing, and other costs associated with peace officer grievance procedures.

## ARTICLE 7 AGRICULTURE AND FOOD PROCESSING WORKERS

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, <u>179.86</u>, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, <u>181.635</u>, 181.722, 181.79, <u>181.85 to 181.89</u>, and

\$2,563,000

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181.939 to 181.943, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the commissioner, the order becomes a final order of the commissioner.

Sec. 2. Minnesota Statutes 2022, section 179.86, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of this section, "employer" means an employer in the meatpacking or poultry processing industry.

Sec. 3. Minnesota Statutes 2022, section 179.86, subdivision 3, is amended to read:

Subd. 3. Information provided to employee by employer. (a) <u>At the start of employment</u>, an employer must provide an explanation in an employee's native language of the employee's rights and duties as an employee either <u>both</u> person to person  $\Theta$  and through written materials that, at a minimum, include:

(1) a complete description of the salary and benefits plans as they relate to the employee;

(2) a job description for the employee's position;

(3) a description of leave policies;

(4) a description of the work hours and work hours policy; and

(5) a description of the occupational hazards known to exist for the position-; and

(6) when workers' compensation insurance coverage is required by chapter 176, the name of the employer's workers' compensation insurance carrier, the carrier's telephone number, and the insurance policy number.

(b) The explanation must also include information on the following employee rights as protected by state or federal law and a description of where additional information about those rights may be obtained:

(1) the right to organize and bargain collectively and refrain from organizing and bargaining collectively;

- (2) the right to a safe workplace; and
- (3) the right to be free from discrimination -; and

(4) the right to workers' compensation insurance coverage.

(c) The Department of Labor and Industry shall provide a standard explanation form for use at the employer's option for providing the information required in this subdivision. The form shall be available in English and Spanish and additional languages upon request.

(d) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 4. Minnesota Statutes 2022, section 179.86, is amended by adding a subdivision to read:

Subd. 5. Civil action. An employee injured by a violation of this section has a cause of action for damages for the greater of \$1,000 per violation or twice the employee's actual damages, plus costs and reasonable attorney fees. A damage award shall be the greater of \$1,400 or three times actual damages for an employee injured by an intentional violation of this section.

Sec. 5. Minnesota Statutes 2022, section 179.86, is amended by adding a subdivision to read:

Subd. 6. Fine. The commissioner of labor and industry shall fine an employer not less than \$400 or more than \$1,000 for each violation of subdivision 3. The fine shall be payable to the employee aggrieved.

Sec. 6. Minnesota Statutes 2022, section 181.14, subdivision 1, is amended to read:

Subdivision 1. **Prompt payment required.** (a) When any such employee quits or resigns employment, the wages or commissions earned and unpaid at the time the employee quits or resigns shall be paid in full not later than the first regularly scheduled payday following the employee's final day of employment, unless an employee is subject to a collective bargaining agreement with a different provision. Wages are earned and unpaid if the employee was not paid for all time worked at the employee's regular rate of pay or at the rate required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater. If the first regularly scheduled payday is less than five calendar days following the employee's final day of employment, full payment may be delayed until the second regularly scheduled payday but shall not exceed a total of 20 calendar days following the employee's final day of employment.

(b) Notwithstanding the provisions of paragraph (a), in the case of migrant workers, as defined in section 181.85, the wages or commissions earned and unpaid at the time the employee quits or resigns shall become due and payable within five three days thereafter.

Sec. 7. Minnesota Statutes 2022, section 181.635, subdivision 1, is amended to read:

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

(a) "Employer" means a person who employs another to perform a service for hire. Employer includes any agent or attorney of an employer who, for money or other valuable consideration paid or promised to be paid, performs any recruiting.

(b) "Person" means a corporation, partnership, limited liability company, limited liability partnership, association, individual, or group of persons.

(c) "Recruits" means to induce an individual, directly or through an agent, to relocate to Minnesota <u>or within</u> <u>Minnesota</u> to work in food processing by an offer of employment <u>or of the possibility of employment</u>.

(d) "Food processing" means canning, packing, or otherwise processing poultry or meat for consumption.

- (e) "Terms and conditions of employment" means the following:
- (1) nature of the work to be performed;
- (2) wage rate, nature and amount of deductions for tools, clothing, supplies, or other items;

(3) anticipated hours of work per week, including overtime;

(4) anticipated slowdown or shutdown or if hours of work per week vary more than 25 percent from clause (3);

(5) duration of the work;

(6) workers' compensation coverage and name, address, and telephone number of insurer and Department of Labor and Industry;

(7) employee benefits available, including any health plans, sick leave, or paid vacation;

(8) transportation and relocation arrangements with allocation of costs between employer and employee;

(9) availability and description of housing and any costs to employee associated with housing; and

(10) any other item of value offered, and allocation of costs of item between employer and employee.

Sec. 8. Minnesota Statutes 2022, section 181.635, subdivision 2, is amended to read:

Subd. 2. **Recruiting; required disclosure.** (a) An employer shall provide written disclosure of the terms and conditions of employment to a person at the time it recruits the person to relocate to work in the food processing industry. The disclosure requirement does not apply to an exempt employee as defined in United States Code, title 29, section 213(a)(1). The disclosure must be written in English and Spanish, <u>or another language if the person's preferred language is not Spanish</u>, dated and signed by the employer and the person recruited, and maintained by the employer for two three years. A copy of the signed and completed disclosure must be delivered immediately to the recruited person. The disclosure may not be construed as an employment contract.

(b) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 9. Minnesota Statutes 2022, section 181.635, subdivision 3, is amended to read:

Subd. 3. **Civil action.** A person injured by a violation of this section has a cause of action for damages for the greater of \$500 \$1,000 per violation or twice their actual damages, plus costs and reasonable attorney's fees. A damage award shall be the greater of \$750 \$1,400 or three times actual damages for a person injured by an intentional violation of this section.

Sec. 10. Minnesota Statutes 2022, section 181.635, subdivision 4, is amended to read:

Subd. 4. Fine. The Department of Labor and Industry shall fine an employer not less than  $\frac{200 \text{ } 400}{100}$  or more than  $\frac{500 \text{ } 1,000}{100}$  for each violation of this section. The fine shall be payable to the employee aggrieved.

Sec. 11. Minnesota Statutes 2022, section 181.635, subdivision 6, is amended to read:

Subd. 6. **Standard disclosure form.** The Department of Labor and Industry shall provide a standard form for use at the employer's option in making the disclosure required in subdivision 2. The form shall be available in English and Spanish <u>and additional languages upon request</u>.

Sec. 12. Minnesota Statutes 2022, section 181.85, subdivision 2, is amended to read:

Subd. 2. Agricultural labor. "Agricultural labor" means field labor associated with the cultivation and harvest of fruits and vegetables and work performed in processing fruits and vegetables for market, as well as labor performed in agriculture as defined in Minnesota Rules, part 5200.0260.

Sec. 13. Minnesota Statutes 2022, section 181.85, subdivision 4, is amended to read:

Subd. 4. **Employer.** "Employer" means a processor of fruits or vegetables an individual, partnership, association, corporation, business trust, or any person or group of persons that employs, either directly or indirectly through a recruiter, more than 30 one or more migrant workers per day for more than seven days in any calendar year.

Sec. 14. Minnesota Statutes 2022, section 181.86, subdivision 1, is amended to read:

Subdivision 1. **Terms.** (a) An employer that recruits a migrant worker shall provide the migrant worker, at the time the worker is recruited, with a written employment statement which shall state clearly and plainly, in English and Spanish, or another language if the worker's preferred language is not Spanish:

(1) the date on which and the place at which the statement was completed and provided to the migrant worker;

(2) the name and permanent address of the migrant worker, of the employer, and of the recruiter who recruited the migrant worker;

(3) the date on which the migrant worker is to arrive at the place of employment, the date on which employment is to begin, the approximate hours of employment, and the minimum period of employment;

(4) the crops and the operations on which the migrant worker will be employed;

(5) the wage rates to be paid;

(6) the payment terms, as provided in section 181.87;

(7) any deduction to be made from wages; and

(8) whether housing will be provided-; and

(9) when workers' compensation insurance coverage is required by chapter 176, the name of the employer's workers' compensation insurance carrier, the carrier's telephone number, and the insurance policy number.

(b) The Department of Labor and Industry shall provide a standard employment statement form for use at the employer's option for providing the information required in subdivision 1. The form shall be available in English and Spanish and additional languages upon request.

(c) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 15. Minnesota Statutes 2022, section 181.87, subdivision 2, is amended to read:

Subd. 2. **Biweekly pay.** The employer shall pay wages due to the migrant worker at least every two weeks, except on termination, when the employer shall pay within three days <u>unless payment is required sooner pursuant to</u> <u>section 181.13</u>.

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Sec. 16. Minnesota Statutes 2022, section 181.87, subdivision 3, is amended to read:

Subd. 3. Guaranteed hours. The employer shall guarantee to each recruited migrant worker a minimum of 70 hours pay for work in any two successive weeks and, should the pay for hours actually offered by the employer and worked by the migrant worker provide a sum of pay less than the minimum guarantee, the employer shall pay the migrant worker the difference within three days after the scheduled payday for the pay period involved. Payment for the guaranteed hours shall be at the hourly wage rate, if any, specified in the employment statement, or the federal, state, or local minimum wage, whichever is higher highest. Any pay in addition to the hourly wage rate specified in the employment statement shall be applied against the guarantee. This guarantee applies for the minimum period of employment specified in the employment statement beginning with the date on which employment is to begin as specified in the employment statement. The date on which employment is to begin may be changed by the employer by written, telephonic, or telegraphic notice to the migrant worker, at the worker's last known physical address or email address, no later than ten days prior to the previously stated beginning date. The migrant worker shall contact the recruiter to obtain the latest information regarding the date upon which employment is to begin no later than five days prior to the previously stated beginning date. This guarantee shall be reduced, when there is no work available for a period of seven or more consecutive days during any two-week period subsequent to the commencement of work, by five hours pay for each such day, when the unavailability of work is caused by climatic conditions or an act of God, provided that the employer pays the migrant worker, on the normal payday, the sum of  $\frac{5}{50}$  for each such day.

Sec. 17. Minnesota Statutes 2022, section 181.87, subdivision 7, is amended to read:

Subd. 7. Statement itemizing deductions from wages. The employer shall provide a written statement at the time wages are paid clearly itemizing each deduction from wages. <u>The written statement shall also comply with all other requirements for an earnings statement in section 181.032.</u>

Sec. 18. Minnesota Statutes 2022, section 181.88, is amended to read:

### 181.88 RECORD KEEPING.

Every employer subject to the provisions of sections 181.85 to 181.90 shall maintain complete and accurate records of the names of, the daily hours worked by, the rate of pay for and the wages paid each pay period to for every individual migrant worker recruited by that employer, as required by section 177.30 and shall preserve the records also maintain the employment statements required under section 181.86 for a period of at least three years.

Sec. 19. Minnesota Statutes 2022, section 181.89, subdivision 2, is amended to read:

Subd. 2. **Judgment; damages.** If the court finds that any defendant has violated the provisions of sections 181.86 to 181.88, the court shall enter judgment for the actual damages incurred by the plaintiff or the appropriate penalty as provided by this subdivision, whichever is greater. The court may also award court costs and a reasonable attorney's fee. The penalties shall be as follows:

(1) whenever the court finds that an employer has violated the record-keeping requirements of section 181.88,  $\frac{50}{200}$ ;

(2) whenever the court finds that an employer has recruited a migrant worker without providing a written employment statement as provided in section 181.86, subdivision 1, \$250 \$800;

(3) whenever the court finds that an employer has recruited a migrant worker after having provided a written employment statement, but finds that the employment statement fails to comply with the requirement of section 181.86, subdivision 1 or section 181.87,  $\frac{$250 \\ \$800}$ ;

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(4) whenever the court finds that an employer has failed to comply with the terms of an employment statement which the employer has provided to a migrant worker or has failed to comply with any payment term required by section 181.87,  $$500 \\ $1,600$ ;

(5) whenever the court finds that an employer has failed to pay wages to a migrant worker within a time period set forth in section 181.87, subdivision 2 or 3,  $\frac{500}{1,600}$ ; and

(6) whenever penalties are awarded, they shall be awarded severally in favor of each migrant worker plaintiff and against each defendant found liable.

Sec. 20. Minnesota Statutes 2022, section 181.89, is amended by adding a subdivision to read:

<u>Subd. 3.</u> <u>Enforcement.</u> In addition to any other remedies available, the commissioner may assess the penalties in subdivision 2 and provide the penalty to the migrant worker aggrieved by the employer's noncompliance.

# ARTICLE 8 NURSING HOME WORKFORCE STANDARDS

## Section 1. TITLE.

# Minnesota Statutes, sections 181.211 to 181.217, shall be known as the "Minnesota Nursing Home Workforce Standards Board Act."

Sec. 2. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), <u>181.214 to 181.217</u>, 181.275, subdivision 2a, 181.722, 181.79, and 181.939 to 181.943, or with any rule promulgated under section 177.28, <u>181.213</u>, or <u>181.215</u>. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, 181.213, or 181.215, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of the section or rule violated. The commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the employee by the employer, and for an additional equal amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to a civil penalty of

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up to \$1,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing damages.

## Sec. 4. [181.211] DEFINITIONS.

Subdivision 1. Application. The terms defined in this section apply to sections 181.211 to 181.217.

Subd. 2. Board. "Board" means the Minnesota Nursing Home Workforce Standards Board established under section 181.212.

<u>Subd. 3.</u> <u>Certified worker organization.</u> <u>"Certified worker organization" means a worker organization that is</u> certified by the board to conduct nursing home worker trainings under section 181.214.

Subd. 4. Commissioner. "Commissioner" means the commissioner of labor and industry.

Subd. 5. <u>Compensation.</u> "Compensation" means all income and benefits paid by a nursing home employer to a nursing home worker or on behalf of a nursing home worker, including but not limited to wages, bonuses, differentials, paid leave, pay for scheduling changes, and pay for training or occupational certification.

Subd. 6. Employer organization. "Employer organization" means:

(1) an organization that is exempt from federal income taxation under section 501(c)(6) of the Internal Revenue Code and that represents nursing home employers; or

(2) an entity that employers, who together employ a majority of nursing home workers in Minnesota, have selected as a representative.

Subd. 7. Nursing home. "Nursing home" means a nursing home licensed under chapter 144A, or a boarding care home licensed under sections 144.50 to 144.56.

Subd. 8. Nursing home employer. "Nursing home employer" means an employer of nursing home workers in a licensed, Medicaid-certified facility that is reimbursed under chapter 256R.

Subd. 9. Nursing home worker. "Nursing home worker" means any worker who provides services in a nursing home in Minnesota, including direct care staff, non-direct care staff, and contractors, but excluding administrative staff, medical directors, nursing directors, physicians, and individuals employed by a supplemental nursing services agency.

Subd. 10. Worker organization. "Worker organization" means an organization that is exempt from federal income taxation under section 501(c)(3), 501(c)(4), or 501(c)(5) of the Internal Revenue Code, that is not interfered with or dominated by any nursing home employer within the meaning of United States Code, title 29, section 158a(2), and that has at least five years of demonstrated experience engaging with and advocating for nursing home workers.

# Sec. 5. [181.212] MINNESOTA NURSING HOME WORKFORCE STANDARDS BOARD; ESTABLISHMENT.

Subdivision 1. **Board established; membership.** (a) The Minnesota Nursing Home Workforce Standards Board is created with the powers and duties established by law. The board is composed of the following voting members:

(1) the commissioner of human services or a designee;

(2) the commissioner of health or a designee;

(3) the commissioner of labor and industry or a designee;

(4) three members who represent nursing home employers or employer organizations, appointed by the governor in accordance with section 15.066; and

(5) three members who represent nursing home workers or worker organizations, appointed by the governor in accordance with section 15.066.

(b) In making appointments under clause (4), the governor shall consider the geographic distribution of nursing homes within the state.

Subd. 2. <u>Terms; vacancies.</u> (a) Board members appointed under subdivision 1, clause (4) or (5), shall serve four-year terms following the initial staggered-lot determination.

(b) For members appointed under subdivision 1, clause (4) or (5), the governor shall fill vacancies occurring prior to the expiration of a member's term by appointment for the unexpired term. A member appointed under subdivision 1, clause (4) or (5), must not be appointed to more than two consecutive terms.

(c) A member serves until a successor is appointed.

<u>Subd. 3.</u> <u>Chairperson.</u> The board shall elect a member by majority vote to serve as its chairperson and shall determine the term to be served by the chairperson.

Subd. 4. Staffing. The commissioner may employ an executive director for the board and other personnel to carry out duties of the board under sections 181.211 to 181.217.

Subd. 5. Board compensation. Compensation of board members is governed by section 15.0575.

Subd. 6. Application of other laws. Meetings of the board are subject to chapter 13D. The board is subject to chapter 13. The board shall comply with section 15.0597.

<u>Subd. 7.</u> <u>Voting.</u> <u>The affirmative vote of five board members is required for the board to take any action, including actions necessary to establish minimum nursing home employment standards under section 181.213.</u>

Subd. 8. Hearings and investigations. To carry out its duties, the board shall hold public hearings on, and conduct investigations into, working conditions in the nursing home industry in accordance with section 181.213.

Subd. 9. **Department support.** The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner shall supply necessary office space and supplies to assist the board in its duties.

<u>Subd. 10.</u> <u>Antitrust compliance.</u> The board shall establish operating procedures that meet all state and federal antitrust requirements and may prohibit board member access to data to meet the requirements of this subdivision.

# Sec. 6. [181.213] DUTIES OF THE BOARD; MINIMUM NURSING HOME EMPLOYMENT STANDARDS.

Subdivision 1. Authority to establish minimum nursing home employment standards. (a) The board must adopt rules establishing minimum nursing home employment standards that are reasonably necessary and appropriate to protect the health and welfare of nursing home workers, to ensure that nursing home workers are properly trained about and fully informed of their rights under sections 181.211 to 181.217, and to otherwise satisfy the purposes of sections 181.211 to 181.217. Standards established by the board must include standards on compensation for nursing home workers, and may include recommendations under paragraph (c). The board may not adopt standards that are less protective of or beneficial to nursing home workers as any other applicable statute or rule or any standard previously established by the board unless there is a determination by the board under subdivision 2 that existing standards exceed the operating payment rate and external fixed costs payment rates included in the most recent budget and economic forecast completed under section 16A.103. In establishing standards under this section, the board must establish statewide standards, and may adopt standards that apply to specific nursing home occupations.

(b) The board must adopt rules establishing initial standards for wages for nursing home workers no later than August 1, 2024. The board may use the authority in section 14.389 to adopt rules under this paragraph. The board shall consult with the department in the development of these standards prior to beginning the rule adoption process.

(c) To the extent that any minimum standards that the board finds are reasonably necessary and appropriate to protect the health and welfare of nursing home workers fall within the jurisdiction of chapter 182, the board shall not adopt rules establishing the standards but shall instead recommend the occupational health and safety standards to the commissioner. The commissioner shall adopt nursing home health and safety standards under section 182.655 as recommended by the board, unless the commissioner determines that the recommended standard is outside the statutory authority of the commissioner, presents enforceability challenges, is infeasible to implement, or is otherwise unlawful and issues a written explanation of this determination.

Subd. 2. Investigation of market conditions. (a) The board must investigate market conditions and the existing wages, benefits, and working conditions of nursing home workers for specific geographic areas of the state and specific nursing home occupations. Based on this information, the board must seek to adopt minimum nursing home employment standards that meet or exceed existing industry conditions for a majority of nursing home workers in the relevant geographic area and nursing home occupation. Except for standards exceeding the threshold determined in paragraph (d), initial employment standards established by the board are effective beginning January 1, 2025, and shall remain in effect until any subsequent standards are adopted by rules.

(b) The board must consider the following types of information in making determinations that employment standards are reasonably necessary to protect the health and welfare of nursing home workers:

(1) wage rate and benefit data collected by or submitted to the board for nursing home workers in the relevant geographic area and nursing home occupations;

(2) statements showing wage rates and benefits paid to nursing home workers in the relevant geographic area and nursing home occupations;

(3) signed collective bargaining agreements applicable to nursing home workers in the relevant geographic area and nursing home occupations;

(4) testimony and information from current and former nursing home workers, worker organizations, nursing home employers, and employer organizations;

(5) local minimum nursing home employment standards;

(6) information submitted by or obtained from state and local government entities; and

(7) any other information pertinent to establishing minimum nursing home employment standards.

(c) In considering wage and benefit increases, the board must determine the impact of nursing home operating payment rates determined pursuant to section 256R.21, subdivision 3, and the employee benefits portion of the external fixed costs payment rate determined pursuant to section 256R.25. If the board, in consultation with the commissioner of human services, determines the operating payment rate and employee benefits portion of the external fixed costs payment rate will increase to comply with the new employment standards, the board shall report to the legislature the increase in funding needed to increase payment rates to comply with the new employment standards contingent upon an appropriation, as determined by sections 256R.21 and 256R.25, to fund the rate increase necessary to comply with the new employment standards.

(d) In evaluating the impact of the employment standards on payment rates determined by sections 256R.21 and 256R.25, the board, in consultation with the commissioner of human services, must consider the following:

(1) the statewide average wage rates for employees pursuant to section 256R.10, subdivision 5, and benefit rates pursuant to section 256R.02, subdivisions 18 and 22, as determined by the annual Medicaid cost report used to determine the operating payment rate and the employee benefits portion of the external fixed costs payment rate for the first day of the calendar year immediately following the date the board has established minimum wage and benefit levels;

(2) compare the results of clause (1) to the operating payment rate and employee benefits portion of the external fixed costs payment rate increase for the first day of the second calendar year after the adoption of any nursing home employment standards included in the most recent budget and economic forecast completed under section 16A.103; and

(3) if the established nursing home employment standards result in an increase in costs that exceed the operating payment rate and external fixed costs payment rate increase included in the most recent budget and economic forecast completed under section 16A.103, effective on the proposed implementation date of the new nursing home employment standards, the board must determine the rates will need to be increased to meet the new employment standards and the standards must not be effective until an appropriation sufficient to cover the rate increase and federal approval of the rate increase is obtained.

(e) The budget and economic forecasts completed under section 16A.103 shall not assume an increase in payment rates determined under chapter 256R resulting from the new employment standards until the board certifies the rates will need to be increased and the legislature appropriates funding for the increase in payment rates.

Subd. 3. Review of standards. At least once every two years, the board shall:

(1) conduct a full review of the adequacy of the minimum nursing home employment standards previously established by the board; and

(2) following that review, adopt new rules, amend or repeal existing rules, or make recommendations to adopt new rules or amend or repeal existing rules for minimum nursing home employment standards using the expedited rulemaking process in section 14.389, as appropriate to meet the purposes of sections 181.211 to 181.217.

Subd. 4. Variance and waiver. The board shall adopt procedures for considering temporary variances and waivers of the established standards for individual nursing homes based on the board's evaluation of the risk of closure due to compliance with all or part of an applicable standard.

Subd. 5. <u>Conflict.</u> (a) In the event of a conflict between a standard established by the board in rule and a rule adopted by another state agency, the rule adopted by the board shall apply to nursing home workers and nursing home employers.

(b) Notwithstanding paragraph (a), in the event of a conflict between a standard established by the board in rule and a rule adopted by another state agency, the rule adopted by the other state agency shall apply to nursing home workers and nursing home employers if the rule adopted by the other state agency is adopted after the board's standard and the rule adopted by the other state agency is more protective or beneficial than the board's standard.

(c) Notwithstanding paragraph (a), if the commissioner of health determines that a standard established by the board in rule or recommended by the board conflicts with requirements in federal regulations for nursing home certification or with state statutes or rules governing licensure of nursing homes, the federal regulations or state nursing home licensure statutes or rules shall take precedence, and the conflicting board standard or rule shall not apply to nursing home workers or nursing home employers.

Subd. 6. Effect on other agreements. Nothing in sections 181.211 to 181.217 shall be construed to:

(1) limit the rights of parties to a collective bargaining agreement to bargain and agree with respect to nursing home employment standards; or

(2) diminish the obligation of a nursing home employer to comply with any contract, collective bargaining agreement, or employment benefit program or plan that meets or exceeds, and does not conflict with, the minimum standards and requirements in sections 181.211 to 181.217 or established by the board.

# Sec. 7. [181.214] DUTIES OF THE BOARD; TRAINING FOR NURSING HOME WORKERS.

Subdivision 1. Certification of worker organizations. The board shall certify worker organizations that it finds are qualified to provide training to nursing home workers according to this section. The board shall by rule establish certification criteria that a worker organization must meet in order to be certified and provide a process for renewal of certification upon the board's review of the worker organization's compliance with this section. In adopting rules to establish certification criteria under this subdivision, the board may use the authority in section 14.389. The criteria must ensure that a worker organization, if certified, is able to provide:

(1) effective, interactive training on the information required by this section; and

(2) follow-up written materials and responses to inquiries from nursing home workers in the languages in which nursing home workers are proficient.

Subd. 2. <u>Curriculum.</u> (a) The board shall establish requirements for the curriculum for the nursing home worker training required by this section. A curriculum must at least provide the following information to nursing home workers:

(1) the applicable compensation and working conditions in the minimum standards or local minimum standards established by the board:

(2) the antiretaliation protections established in section 181.216;

(3) information on how to enforce sections 181.211 to 181.217 and on how to report violations of sections 181.211 to 181.217 or of standards established by the board, including contact information for the Department of Labor and Industry, the board, and any local enforcement agencies, and information on the remedies available for violations:

(4) the purposes and functions of the board and information on upcoming hearings, investigations, or other opportunities for nursing home workers to become involved in board proceedings;

(5) other rights, duties, and obligations under sections 181.211 to 181.217;

(6) any updates or changes to the information provided according to clauses (1) to (5) since the most recent training session;

(7) any other information the board deems appropriate to facilitate compliance with sections 181.211 to 181.217; and

(8) information on labor standards in other applicable local, state, and federal laws, rules, and ordinances regarding nursing home working conditions or nursing home worker health and safety.

(b) Before establishing initial curriculum requirements, the board must hold at least one public hearing to solicit input on the requirements.

<u>Subd. 3.</u> <u>Topics covered in training session.</u> <u>A certified worker organization is not required to cover all of the topics listed in subdivision 2 in a single training session. A curriculum used by a certified worker organization may provide instruction on each topic listed in subdivision 2 over the course of up to three training sessions.</u>

Subd. 4. Annual review of curriculum requirements. The board must review the adequacy of its curriculum requirements at least annually and must revise the requirements as appropriate to meet the purposes of sections 181.211 to 181.217. As part of each annual review of the curriculum requirements, the board must hold at least one public hearing to solicit input on the requirements.

Subd. 5. Duties of certified worker organizations. A certified worker organization:

(1) must use a curriculum for its training sessions that meets requirements established by the board;

(2) must provide trainings that are interactive and conducted in the languages in which the attending nursing home workers are proficient;

(3) must, at the end of each training session, provide attending nursing home workers with follow-up written or electronic materials on the topics covered in the training session, in order to fully inform nursing home workers of their rights and opportunities under sections 181.211 to 181.217;

(4) must make itself reasonably available to respond to inquiries from nursing home workers during and after training sessions; and

(5) may conduct surveys of nursing home workers who attend a training session to assess the effectiveness of the training session and industry compliance with sections 181.211 to 181.217 and other applicable laws, rules, and ordinances governing nursing home working conditions or worker health and safety.

Subd. 6. Nursing home employer duties regarding training. (a) A nursing home employer must submit written documentation to the board to certify that every two years each of its nursing home workers completes one hour of training that meets the requirements of this section and is provided by a certified worker organization. A nursing home employer may but is not required to host training sessions on the premises of the nursing home.

(b) If requested by a certified worker organization, a nursing home employer must, after a training session provided by the certified worker organization, provide the certified worker organization with the names and contact information of the nursing home workers who attended the training session, unless a nursing home worker opts out according to paragraph (c).

(c) A nursing home worker may opt out of having the worker's nursing home employer provide the worker's name and contact information to a certified worker organization that provided a training session attended by the worker by submitting a written statement to that effect to the nursing home employer.

Subd. 7. **Training compensation.** A nursing home employer must compensate its nursing home workers at their regular hourly rate of wages and benefits for each hour of training completed as required by this section and reimburse any reasonable travel expenses associated with attending training sessions not held on the premises of the nursing home.

# Sec. 8. [181.215] REQUIRED NOTICES.

Subdivision 1. **Provision of notice.** (a) Nursing home employers must provide notices informing nursing home workers of the rights and obligations provided under sections 181.211 to 181.217 of applicable minimum nursing home employment standards and local minimum standards and that for assistance and information, nursing home workers should contact the Department of Labor and Industry. A nursing home employer must provide notice using the same means that the nursing home employer uses to provide other work-related notices to nursing home workers. Provision of notice must be at least as conspicuous as:

(1) posting a copy of the notice at each work site where nursing home workers work and where the notice may be readily seen and reviewed by all nursing home workers working at the site; or

(2) providing a paper or electronic copy of the notice to all nursing home workers and applicants for employment as a nursing home worker.

(b) The notice required by this subdivision must include text provided by the board that informs nursing home workers that they may request the notice to be provided in a particular language. The nursing home employer must provide the notice in the language requested by the nursing home worker. The board must assist nursing home employers in translating the notice in the languages requested by their nursing home workers.

Subd. 2. Minimum content and posting requirements. The board must adopt rules under section 14.389 specifying the minimum content and posting requirements for the notices required in subdivision 1. The board must make available to nursing home employers a template or sample notice that satisfies the requirements of this section and rules adopted under this section.

# Sec. 9. [181.216] RETALIATION PROHIBITED.

(a) A nursing home employer shall not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against a nursing home worker because the person has exercised or attempted to exercise rights protected under this act, including but not limited to:

(1) exercising any right afforded to the nursing home worker under sections 181.211 to 181.217;

(2) participating in any process or proceeding under sections 181.211 to 181.217, including but not limited to board hearings, board or department investigations, or other related proceedings;

(3) attending or participating in the training required by section 181.214;

(4) informing another employer that a nursing home worker has engaged in activities protected under sections 181.211 to 181.217; or

(5) reporting or threatening to report the actual or suspected citizenship or immigration status of a nursing home worker, former nursing home worker, or family member of a nursing home worker to a federal, state, or local agency for exercising or attempting to exercise any right protected under this act.

(b) A nursing home worker found to have experienced retaliation in violation of this section shall be entitled to reinstatement to the worker's previous position, wages, benefits, hours, and other conditions of employment.

# Sec. 10. [181.217] ENFORCEMENT.

Subdivision 1. Minimum nursing home employment standards. Except as provided in section 181.213, subdivision 4, paragraph (b) or (c), the minimum wages and other compensation established by the board in rule as minimum nursing home employment standards shall be the minimum wages and other compensation for nursing home workers or a subgroup of nursing home workers as a matter of state law. Except as provided in section 181.213, subdivision 4, paragraph (b) or (c), it shall be unlawful for a nursing home employer to employ a nursing home worker for lower wages or other compensation than that established as the minimum nursing home employment standards.

Subd. 2. **Investigations.** The commissioner may investigate possible violations of sections 181.214 to 181.217 or of the minimum nursing home employment standards established by the board whenever it has cause to believe that a violation has occurred, either on the basis of a report of a suspected violation or on the basis of any other credible information, including violations found during the course of an investigation.

Subd. 3. Civil action by nursing home worker. (a) One or more nursing home workers may bring a civil action in district court seeking redress for violations of sections 181.211 to 181.217 or of any applicable minimum nursing home employment standards or local minimum nursing home employment standards. Such an action may be filed in the district court of the county where a violation or violations are alleged to have been committed or where the nursing home employer resides, or in any other court of competent jurisdiction, and may represent a class of similarly situated nursing home workers.

(b) Upon a finding of one or more violations, a nursing home employer shall be liable to each nursing home worker for the full amount of the wages, benefits, and overtime compensation, less any amount the nursing home employer is able to establish was actually paid to each nursing home worker, and for an additional equal amount as liquidated damages. In an action under this subdivision, nursing home workers may seek damages and other appropriate relief provided by section 177.27, subdivision 7, or otherwise provided by law, including reasonable costs, disbursements, witness fees, and attorney fees. A court may also issue an order requiring compliance with sections 181.211 to 181.217 or with the applicable minimum nursing home employment standards or local minimum nursing home employment standards. A nursing home worker found to have experienced retaliation in violation of section 181.216 shall be entitled to reinstatement to the worker's previous position, wages, benefits, hours, and other conditions of employment.

(c) An agreement between a nursing home employer and nursing home worker or labor union that fails to meet the minimum standards and requirements in sections 181.211 to 181.217 or established by the board is not a defense to an action brought under this subdivision.

### Sec. 11. INITIAL APPOINTMENTS.

(a) The governor shall make initial appointments to the Minnesota Nursing Home Workforce Standards Board under Minnesota Statutes, section 181.212, no later than August 1, 2023.

(b) Notwithstanding Minnesota Statutes, section 181.212, subdivision 2, the initial terms of members appointed under Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall be determined by lot by the secretary of state and shall be as follows:

(1) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall serve a two-year term;

(2) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall serve a three-year term; and

(3) one member appointed under each of Minnesota Statutes, section 181.212, subdivision 1, paragraph (a), clauses (4) and (5), shall serve a four-year term.

The commissioner of labor and industry must convene the first meeting within 30 days after the governor completes appointments to the board. The board must elect a chair at its first meeting.

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

# ARTICLE 9 PETROLEUM REFINERY SKILLED WORKERS

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, and 181.939 to 181.943, and 181.987, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the commissioner, the order becomes a final order of the commissioner.

# **EFFECTIVE DATE.** This section is effective January 1, 2024.

# Sec. 2. [181.987] USE OF SKILLED AND TRAINED CONTRACTOR WORKFORCES AT PETROLEUM REFINERIES.

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

(b) "Contractor" means a vendor that enters into or seeks to enter into a contract with an owner or operator of a petroleum refinery to perform construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery. Contractor includes all contractors or subcontractors of any tier performing work as described in this paragraph at the site of the petroleum refinery. Contractor does not include employees of the owner or operator of a petroleum refinery.

(c) "Registered apprenticeship program" means an apprenticeship program registered with the Department of Labor and Industry under chapter 178 or with the United States Department of Labor Office of Apprenticeship or a recognized state apprenticeship agency under Code of Federal Regulations, title 29, parts 29 and 30.

(d) "Skilled and trained workforce" means a workforce in which each employee of the contractor or subcontractor of any tier working at the site of the petroleum refinery in an apprenticeable occupation in the building and construction trades meets one of the following criteria:

(1) is currently registered as an apprentice in a registered apprenticeship program in the applicable trade;

(2) has graduated from a registered apprenticeship program in the applicable trade;

(3) has completed all of the related instruction and on-the-job learning requirements needed to graduate from the registered apprenticeship program their employer participates in; or

(4) has at least five years of experience working in the applicable trade and is currently participating in journeyworker upgrade training in a registered apprenticeship program in the applicable trade or has completed any training identified as necessary by the registered apprenticeship training program for the employee to become a qualified journeyworker in the applicable trade.

(e) "Petroleum refinery" means a facility engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oil, lubricants, or other products through distillation of petroleum or through redistillation, cracking, or reforming of unfinished petroleum derivatives. Petroleum refinery includes fluid catalytic cracking unit catalyst regenerators, fluid catalytic cracking unit incinerator-waste heat boilers, fuel gas combustion devices, and indirect heating equipment associated with the refinery.

(f) "Apprenticeable occupation" means any trade, form of employment, or occupation approved for apprenticeship by the commissioner of labor and industry or the United States Secretary of Labor.

(g) "OEM" means original equipment manufacturer and refers to organizations that manufacture or fabricate equipment for sale directly to purchasers or other resellers.

Subd. 2. Use of contractors by owner, operator; requirement. (a) An owner or operator of a petroleum refinery shall, when contracting with contractors for the performance of construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery, require that the contractors performing that work, and any subcontractors of any tier, use a skilled and trained workforce when performing that work at the site of the petroleum refinery. The requirement to use a safe and skilled workforce under this section shall apply to each contractor and subcontractor of any tier when performing construction, alteration, demolition, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery.

(b) The requirement under this subdivision applies only when each contractor and subcontractor of any tier is performing work at the site of the petroleum refinery.

(c) The requirement under this subdivision does not apply when an owner or operator contracts with contractors or subcontractors hired to install OEM equipment and to perform OEM work to comply with equipment warranty requirements.

(d) A contractor's workforce must meet the requirements of subdivision 1, paragraph (d), according to the following schedule:

(1) 30 percent by January 1, 2024;

(2) 45 percent by January 1, 2025; and

(3) 60 percent by January 1, 2026.

(e) If a contractor is required under a collective bargaining agreement to hire workers referred by a labor organization for the petroleum refinery worksite, and the labor organization is unable to refer sufficient workers for the contractor to comply with the applicable percentage provided in subdivision 2, paragraph (d), within 48 hours of the contractor's request excluding Saturdays, Sundays, and holidays, the contractor shall be relieved of the obligation to comply with the applicable percentage and shall use the maximum percentage of a skilled and trained workforce that is available to the contractor from the labor organization's referral procedure. The contractor shall comply with the applicable percentage provided in subdivision 2, paragraph (d), once the labor organization is able to refer sufficient workers for the contractor to comply with the applicable percentage.

(f) This section shall not apply to a contractor to the extent that an emergency makes compliance with this section impracticable for the contractor because the emergency requires immediate action by the contractor to prevent harm to public health or safety or to the environment. The requirements of this section shall apply to the contractor once the emergency ends or it becomes practicable for the contractor to obtain a skilled and trained workforce for the refinery worksite, whichever occurs sooner.

(g) An owner or operator is exempt from this section if:

(1) the owner or operator has entered into a project labor agreement with a council of building trades labor organizations requiring participation in registered apprenticeship programs, or all contractors and subcontractors of any tier have entered into bona fide collective bargaining agreements with labor organizations requiring participation in registered apprenticeship programs; and

(2) all contracted work at the petroleum refinery that is subject to this section is also subject to the project labor agreement or collective bargaining agreements requiring participation in such registered apprenticeship programs.

Subd. 3. <u>Penalties.</u> (a) The Division of Labor Standards shall receive complaints of violations of this section. The commissioner of labor and industry shall fine an owner or operator, contractor, or subcontractor of any tier not less than \$5,000 nor more than \$10,000 for each violation of the requirements in this section. An owner or operator, contractor, or subcontractor of any tier shall be considered an employer for purposes of section 177.27.

(b) An owner or operator shall be found in violation of this section, and subject to fines and other penalties, for failing to:

(1) require a skilled and trained workforce in its contracts and subcontracts as required by subdivision 2, paragraph (a); or

(2) enforce the requirement of use of a skilled and trained workforce as required by subdivision 2, paragraph (a).

(c) A contractor or subcontractor shall be found in violation of this section, and subject to fines and other penalties, if the contractor or subcontractor fails to use a skilled and trained workforce as required by subdivision 2, paragraph (a).

(d) Each shift on which a violation of this section occurs shall be considered a separate violation. This fine is in addition to any penalties provided under section 177.27, subdivision 7. In determining the amount of a fine under this subdivision, the appropriateness of the fine to the size of the violator's business and the gravity of the violation shall be considered.

**EFFECTIVE DATE.** This section is effective January 1, 2024, and applies to contracts entered into, extended, or renewed on or after that date. Existing contracts entered into before January 1, 2024, must be renegotiated to comply with Minnesota Statutes, section 181.987, by January 1, 2025.

# ARTICLE 10 COMBATIVE SPORTS

Section 1. Minnesota Statutes 2022, section 341.21, subdivision 2a, is amended to read:

Subd. 2a. **Combatant.** "Combatant" means an individual who employs the act of attack and defense as a <u>professional</u> boxer, <u>professional or amateur</u> tough person, <u>martial artist professional or amateur kickboxer</u>, or <u>professional or amateur</u> mixed martial artist while engaged in a combative sport.

Sec. 2. Minnesota Statutes 2022, section 341.21, subdivision 2b, is amended to read:

Subd. 2b. **Combative sport.** "Combative sport" means a sport that employs the act of attack and defense with the fists, with or without using padded gloves, or feet that is practiced as a sport under the rules of the Association of Boxing Commissions, unified rules for mixed martial arts, or their equivalent. Combative sports include professional boxing and, professional and amateur tough person, professional or amateur kickboxing, and professional and amateur mixed martial arts contests.

Sec. 3. Minnesota Statutes 2022, section 341.21, subdivision 2c, is amended to read:

Subd. 2c. **Combative sports contest.** "Combative sports contest" means a professional boxing, a professional or amateur tough person, <u>a professional or amateur kickboxing</u>, or a professional or amateur <del>martial art contest or</del> mixed martial arts contest, bout, competition, match, or exhibition.

Sec. 4. Minnesota Statutes 2022, section 341.21, subdivision 4f, is amended to read:

Subd. 4f. **Martial art.** "Martial art" means a variety of weaponless disciplines of combat or self-defense that utilize physical skill and coordination, and are practiced as combat sports. The disciplines include, but are not limited to, Wing Chun, kickboxing, Tae kwon do, savate, karate, Muay Thai, sanshou, Jiu Jitsu, judo, ninjitsu, kung fu, Brazilian Jiu Jitsu, wrestling, grappling, tai chi, and other weaponless martial arts disciplines.

Sec. 5. Minnesota Statutes 2022, section 341.21, is amended by adding a subdivision to read:

Subd. 4i. Kickboxing. "Kickboxing" means the act of attack and defense with the fists using padded gloves and bare feet.

Sec. 6. Minnesota Statutes 2022, section 341.21, subdivision 7, is amended to read:

Subd. 7. **Tough person contest.** "Tough person contest," including contests marketed as tough man or tough woman contests, means a contest of two minute rounds consisting of not more than four rounds between two or more individuals who use their hands, or their feet, or both in any manner. Tough person contest includes kickboxing and other recognized martial art contest boxing match or similar contest where each combatant wears headgear and gloves that weigh at least 12 ounces.

Sec. 7. Minnesota Statutes 2022, section 341.221, is amended to read:

# 341.221 ADVISORY COUNCIL.

(a) The commissioner must appoint a Combative Sports Advisory Council to advise the commissioner on the administration of duties under this chapter.

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(b) The council shall have <u>nine five</u> members appointed by the commissioner. One member must be a retired judge of the Minnesota District Court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals. At least four <u>All five</u> members must have knowledge of the boxing industry. At least four members must have knowledge of the mixed martial arts industry combative sports. The commissioner shall make serious efforts to appoint qualified women to serve on the council.

(c) Council members shall serve terms of four years with the terms ending on the first Monday in January.

(d) (c) The council shall annually elect from its membership a chair.

(e) (d) Meetings shall be convened by the commissioner, or by the chair with the approval of the commissioner.

(f) The commissioner shall designate two of the members to serve until the first Monday in January 2013; two members to serve until the first Monday in January 2014; two members to serve until the first Monday in January 2015; and three members to serve until the first Monday in January 2016.

(e) Appointments to the council and the terms of council members are governed by sections 15.059 and 15.0597.

(g) (f) Removal of members, filling of vacancies, and compensation of members shall be as provided in section 15.059.

(g) Meetings convened for the purpose of advising the commissioner on issues related to a challenge filed under section 341.345 are exempt from the open meeting requirements of chapter 13D.

Sec. 8. Minnesota Statutes 2022, section 341.25, is amended to read:

# 341.25 RULES.

(a) The commissioner may adopt rules that include standards for the physical examination and condition of combatants and referees.

(b) The commissioner may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of all combative sport contests and their manner, supervision, time, and place.

(c) The commissioner must adopt unified rules for mixed martial arts contests.

(d) The commissioner may adopt the rules of the Association of Boxing Commissions, with amendments.

(e) (c) The most recent version of the Unified Rules of Mixed Martial Arts, as promulgated by the Association of Boxing Commissions and amended August 2, 2016, are, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2202. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(d) The most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2201. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(e) The most recent version of the Unified Rules of Kickboxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and any applicable Minnesota Rules. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

Sec. 9. Minnesota Statutes 2022, section 341.27, is amended to read:

# 341.27 COMMISSIONER DUTIES.

The commissioner shall:

(1) issue, deny, renew, suspend, or revoke licenses;

(2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;

(3) keep public records of the council open to inspection at all reasonable times;

(4) develop rules to be implemented under this chapter;

(5) conform to the rules adopted under this chapter;

(6) develop policies and procedures for regulating boxing, kickboxing, and mixed martial arts;

(7) approve regulatory bodies to oversee martial arts and amateur boxing contests under section 341.28, subdivision 5;

(7) (8) immediately suspend an individual license for a medical condition, including but not limited to a medical condition resulting from an injury sustained during a match, bout, or contest that has been confirmed by the ringside physician. The medical suspension must be lifted after the commissioner receives written information from a physician licensed in the home state of the licensee indicating that the combatant may resume competition, and any other information that the commissioner may by rule require. Medical suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69; and

(8) (9) immediately suspend an individual combatant license for a mandatory rest period, which must commence at the conclusion of every combative sports contest in which the license holder competes and does not receive a medical suspension. A rest suspension must automatically lift after 14 calendar days from the date the combative sports contest passed without notice or additional proceedings. Rest suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69.

Sec. 10. Minnesota Statutes 2022, section 341.28, subdivision 2, is amended to read:

Subd. 2. **Regulatory authority; tough person contests.** All professional and amateur tough person contests are subject to this chapter. All tough person contests are subject to the most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions rules. Every contestant in a tough person contest shall have a physical examination prior to their bouts. Every contestant in a tough person contest shall wear headgear and padded gloves that weigh at least 12 ounces. All tough person bouts are limited to two minute rounds and a maximum of four total rounds. Officials at all tough person contests shall be licensed under this chapter.

Sec. 11. Minnesota Statutes 2022, section 341.28, subdivision 3, is amended to read:

Subd. 3. **Regulatory authority; mixed martial arts contests; similar sporting events.** All professional and amateur mixed martial arts contests, martial arts contests except amateur contests regulated by the Minnesota State High School League (MSHSL), recognized martial arts studios and schools in Minnesota, and recognized national martial arts organizations holding contests between students, ultimate fight contests, and similar sporting events are subject to this chapter and all officials at these events must be licensed under this chapter.

Sec. 12. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 4. <u>Regulatory authority; kickboxing contests.</u> All professional and amateur kickboxing contests are subject to this chapter and all officials at these events must be licensed under this chapter.

Sec. 13. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

<u>Subd. 5.</u> <u>Regulatory authority; martial arts and amateur boxing.</u> (a) Unless this chapter specifically states otherwise, contests or exhibitions for martial arts and amateur boxing are exempt from the requirements of this chapter and officials at these events are not required to be licensed under this chapter.

(b) Martial arts and amateur boxing contests, unless subject to the exceptions set forth in subdivision 6, must be regulated by a nationally recognized organization approved by the commissioner. The organization must have a set of written standards, procedures, or rules used to sanction the combative sports it oversees.

(c) Any regulatory body overseeing a martial arts or amateur boxing event must submit bout results to the commissioner within 72 hours after the event. If the regulatory body issues suspensions, the regulatory body must submit to the commissioner a list of any suspensions resulting from the event within 72 hours after the event. Regulatory bodies that oversee combative sports or martial arts contests under subdivision 6 are not subject to this paragraph.

Sec. 14. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 6. **Regulatory authority; certain students.** Combative sports or martial arts contests regulated by the Minnesota State High School League, National Collegiate Athletic Association, National Junior Collegiate Athletic Association, National Association of Intercollegiate Athletics, or any similar organization that governs interscholastic athletics are not subject to this chapter and officials at these events are not required to be licensed under this chapter.

Sec. 15. Minnesota Statutes 2022, section 341.30, subdivision 4, is amended to read:

Subd. 4. **Prelicensure requirements.** (a) Before the commissioner issues a promoter's license to an individual, corporation, or other business entity, the applicant shall, a minimum of six weeks before the combative sport contest is scheduled to occur, complete a licensing application on the Office of Combative Sports website or on forms furnished or approved prescribed by the commissioner and shall:

(1) provide the commissioner with a copy of any agreement between a combatant and the applicant that binds the applicant to pay the combatant a certain fixed fee or percentage of the gate receipts;

(2) (1) show on the licensing application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(3) (2) provide the commissioner with a copy of the latest financial statement of the applicant;

(4) provide the commissioner with a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter;

(5) (3) provide proof, where applicable, of authorization to do business in the state of Minnesota; and

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(6) (4) deposit with the commissioner a cash bond or surety bond in an amount set by the commissioner, which must not be less than \$10,000. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it.

(b) Before the commissioner issues a license to a combatant, the applicant shall:

(1) submit to the commissioner the results of a current medical examination <u>examinations</u> on forms furnished or <u>approved prescribed</u> by the commissioner <u>that state that the combatant is cleared to participate in a combative sport</u> <u>contest</u>. The medical examination must include an ophthalmological and neurological examination, and documentation of test results for HBV, HCV, and HIV, and any other blood test as the commissioner by rule may require. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by combative sports. The neurological examination must include an electroencephalogram or medically superior test if the combatant has been knocked unconscious in a previous contest. The commissioner may also order an electroencephalogram or other appropriate neurological or physical examination before any contest if it determines that the examination is desirable to protect the health of the combatant. The commissioner shall not issue a license to an applicant submitting positive test results for HBV, HCV, or HIV; The applicant must undergo and submit the results of the following medical examinations, which do not exempt a combatant from the requirements in section 341.33:

(i) a physical examination performed by a licensed medical doctor, doctor of osteopathic medicine, advance practice nurse practitioner, or a physician assistant. Physical examinations are valid for one year from the date of the exam;

(ii) an ophthalmological examination performed by an ophthalmologist or optometrist that includes dilation designed to detect any retinal defects or other damage or a condition of the eye that could be aggravated by combative sports. Ophthalmological examinations are valid for one year from the date of the exam;

(iii) blood work results for HBsAg (Hepatitis B surface antigen), HCV (Hepatitis C antibody), and HIV. Blood work results are good for one year from the date blood was drawn. The commissioner shall not issue a license to an applicant submitting positive test results for HBsAg, HCV, or HIV; and

(iv) other appropriate neurological or physical examinations before any contest, if the commissioner determines that the examination is desirable to protect the health of the combatant;

(2) complete a licensing application on the Office of Combative Sports website or on forms furnished or approved prescribed by the commissioner; and

(3) provide proof that the applicant is 18 years of age. Acceptable proof is a photo driver's license, state photo identification card, passport, or birth certificate combined with additional photo identification.

(c) Before the commissioner issues a license to a referee, judge, or timekeeper, the applicant must submit proof of qualifications that may include certified training from the Association of Boxing Commissions, licensure with other regulatory bodies, professional references, or a log of bouts worked.

(d) Before the commissioner issues a license to a ringside physician, the applicant must submit proof that they are licensed to practice medicine in the state of Minnesota and in good standing.

Sec. 16. Minnesota Statutes 2022, section 341.32, subdivision 2, is amended to read:

Subd. 2. **Expiration and application.** Licenses <u>issued on or after January 1, 2023, shall</u> expire <del>annually on December 31</del> <u>one year after the date of issuance</u>. A license may be applied for each year by filing an application for licensure and satisfying all licensure requirements established in section 341.30, and submitting payment of the license fees established in section 341.321. An application for a license and renewal of a license must be on a form provided by the commissioner.

Sec. 17. Minnesota Statutes 2022, section 341.321, is amended to read:

#### 341.321 FEE SCHEDULE.

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

(1) referees, \$25;

(2) promoters, \$700 \$500;

(3) judges and knockdown judges, \$25;

(4) trainers and seconds, \$80 \$40;

(5) timekeepers, \$25;

(6) professional combatants, \$70 \$55;

(7) amateur combatants, \$50 \$35; and

(8) ringside physicians, \$25.

License fees for promoters are due at least six weeks prior to the combative sport contest. All other license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all prelicensure requirements in section 341.30 are satisfied and fees are paid.

(b) The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The <u>A promoter or event organizer of an event regulated by the</u> <u>Department of Labor and Industry must pay, per event, a</u> combative sport contest fee is \$1,500 per event of \$500 or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled. The fee must be paid as follows:

(c) A professional or amateur combative sport contest fee is nonrefundable and shall be paid as follows:

(1) \$500 at the time the combative sport contest is scheduled; and

#### (2) \$1,000 at the weigh in prior to the contest.

(2) if four percent of the gross ticket sales is greater than \$500, the balance is due to the commissioner within 14 days of the completed contest; and

(3) the value of all complimentary tickets distributed for an event, to the extent they exceed five percent of total event attendance, counts toward gross tickets sales for the purposes of determining a combative sports contest fee. For purposes of this clause, the lowest advertised ticket price shall be used to calculate the value of complimentary tickets.

If four percent of the gross ticket sales is greater than \$1,500, the balance is due to the commissioner within seven days of the completed contest.

#### (d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.

(e) (c) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

## Sec. 18. [341.322] PAYMENT SCHEDULE.

The commissioner may establish a schedule of payments to be paid by a promoter to referees, judges and knockdown judges, timekeepers, and ringside physicians.

## Sec. 19. [341.323] EVENT APPROVAL.

Subdivision 1. Preapproval documentation. Before the commissioner approves a combative sports contest, the promoter shall provide the commissioner, at least six weeks before the combative sport contest is scheduled to occur, information about the time, date, and location of the contest and at least 72 hours before the combative sport contest is scheduled to occur:

(1) a copy of any agreement between a combatant and the promoter that binds the promoter to pay the combatant a certain fixed fee or percentage of the gate receipts;

(2) a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter;

(3) proof acceptable to the commissioner that the promoter will provide, at the cost of the promoter, at least one uniformed security guard or uniformed off-duty member of law enforcement to provide security at any event regulated by the Department of Labor and Industry. The commissioner may require a promoter to take additional security measures to ensure the safety of participants and spectators at an event; and

(4) proof acceptable to the commissioner that the promoter will provide an ambulance service as required by section 341.324.

<u>Subd. 2.</u> <u>Proper licensure.</u> Before the commissioner approves a combative sport contest, the commissioner must ensure that the promoter is properly licensed under this chapter. The promoter must maintain proper licensure from the time it schedules a combative sports contest through the date of the contest.

Subd. 3. Discretion. Nothing in this section limits the commissioner's discretion in deciding whether to approve a combative sport contest or event.

# Sec. 20. [341.324] AMBULANCE.

A promoter must ensure, at the cost of the promoter, that a licensed ambulance service with two emergency medical technicians is on the premises during a combative sports contest.

Sec. 21. Minnesota Statutes 2022, section 341.33, is amended to read:

### 341.33 PHYSICAL EXAMINATION REQUIRED; FEES.

Subdivision 1. Examination by physician. All combatants must be examined by a physician licensed by this state within 36 hours before entering the ring, and the examining physician shall immediately file with the commissioner a written report of the examination. Each female combatant shall take and submit a negative pregnancy test as part of the examination. The physician's examination may report on the condition of the combatant's heart and general physical and general neurological condition. The physician's report may record the condition of the combatant's nervous system and brain as required by the commissioner. The physician may prohibit the combatant from entering the ring if, in the physician's professional opinion, it is in the best interest of the combatant's health. The cost of the examination is payable by the promoter conducting the contest or exhibition.

Subd. 2. Attendance of physician. A promoter holding or sponsoring a combative sport contest shall have in attendance a physician licensed by this state <u>Minnesota</u>. The commissioner may establish a schedule of fees to be paid to each attending physician by the promoter holding or sponsoring the contest.

## Sec. 22. [341.331] PROHIBITED PERFORMANCE ENHANCING SUBSTANCES AND TESTING.

<u>Subdivision 1.</u> <u>Performance enhancing substances and masking agents prohibited.</u> <u>All combatants are prohibited from using the substances listed in the following classes contained in the World Anti-Doping Code published by the World Anti-Doping Agency, unless a combatant meets an applicable exception set forth therein:</u>

(1) S0, nonapproved substances;

(2) S1, anabolic agents;

(3) S2, peptide hormones, growth factors, and related substances and mimetics;

(4) S3, beta-2 agonists;

(5) S4, hormone and metabolic modulators; and

(6) S5, diuretics and masking agents.

Subd. 2. <u>Testing.</u> The commissioner may administer drug testing to discover violations of subdivision 1 as follows:

(a) The commissioner may require a combatant to submit to a drug test to determine if substances are present in the combatant's system in violation of subdivision 1. This testing may occur at any time after the official weigh-in, on the day of the contest in which the combatant is participating, or within 24 hours of competing in a combative sports contest in a manner prescribed by the commissioner. The commissioner may require testing based on reasonable cause or random selection. Grounds for reasonable cause includes observing or receiving credible information that a combatant has used prohibited performance enhancing drugs. If testing is based on random selection, both combatants competing in a selected bout shall submit to a drug test.

(b) Specimens may include urine, hair samples, or blood. Specimens shall be tested at a facility acceptable to the commissioner. Results of all drug tests shall be submitted directly to the commissioner.

(c) The promoter shall pay the costs relating to drug testing combatants. Any requests for follow-up or additional testing must be paid by the combatant.

Subd. 3. **Discipline.** (a) If a combatant fails to provide a sample for drug testing when required, and the request is made before a bout, the combatant shall not be allowed to compete in the bout. If the request is made after a bout, and the combatant fails to provide a sample for drug testing, the combatant shall be subject to disciplinary action under section 341.29.

(b) If a combatant's specimen tests positive for any prohibited substances, the combatant shall be subject to disciplinary action under section 341.29.

(c) A combatant who is disciplined and was the winner of a bout shall be disqualified and the decision shall be changed to no contest. The results of a bout shall remain unchanged if a combatant who is disciplined was the loser of the bout.

# Sec. 23. [341.345] CHALLENGING THE OUTCOME OF A COMBATIVE SPORT CONTEST.

Subdivision 1. Challenge. (a) If a combatant disagrees with the outcome of a combative sport contest regulated by the Department of Labor and Industry in which the combatant participated, the combatant may challenge the outcome.

(b) If a third party makes a challenge on behalf of a combatant, the third party must provide written confirmation that they are authorized to make the challenge on behalf of the combatant. The written confirmation must contain the combatant's signature and must be submitted with the challenge.

Subd. 2. Form. A challenge must be submitted on a form prescribed by the commissioner, set forth all relevant facts and the basis for the challenge, and state what remedy is being sought. A combatant may submit photos, videos, documents, or any other evidence the combatant would like the commissioner to consider in connection to the challenge. A combatant may challenge the outcome of a contest only if it is alleged that:

(1) the referee made an incorrect call or missed a rule violation that directly affected the outcome of the contest;

(2) there was collusion amongst officials to affect the outcome of the contest; or

(3) scores were miscalculated.

Subd. 3. Timing. A challenge must be submitted within ten days of the contest.

(a) For purposes of this subdivision, the day of the contest shall not count toward the ten-day period. If the tenth day falls on a Saturday, Sunday, or legal holiday, then a combatant shall have until the next day that is not a Saturday, Sunday, or legal holiday to submit a challenge.

(b) The challenge must be submitted to the commissioner at the address, fax number, or email address designated on the commissioner's website. The date on which a challenge is submitted by mail shall be the postmark date on the envelope in which the challenge is mailed. If the challenge is faxed or emailed, it must be received by the commissioner by 4:30 p.m. Central Time on the day the challenge is due.

Subd. 4. **Opponent's response.** If the requirements of subdivisions 1 to 3 are met, the commissioner shall send a complete copy of the challenge documents, along with any supporting materials submitted, to the opposing combatant by mail, fax, or email. The opposing combatant has 14 days from the date the commissioner sends the challenge and supporting materials to submit a response to the commissioner. Additional response time is not added when the commissioner sends the challenge to the opposing combatant by mail. The opposing combatant may submit photos, videos, documents, or any other evidence the opposing combatant would like the commissioner to consider in connection to the challenge. The response must be submitted to the commissioner at the address, fax number, or email address designated on the commissioner's website. The date on which a response is submitted by mail is the postmark date on the envelope in which the response is mailed. If the response is faxed or emailed, it must be received by the commissioner by 4:30 p.m. Central Time on the day the response is due.

Subd. 5. Licensed official review. The commissioner may, if the commissioner determines it would be helpful in resolving the issues raised in the challenge, send a complete copy of the challenge or response, along with any supporting materials submitted, to any licensed official involved in the combative sport contest at issue by mail, fax, or email and request the official's views on the issues raised in the challenge.

Subd. 6. Order. The commissioner shall issue an order on the challenge within 60 days after receiving the opposing combatant's response. If the opposing combatant does not submit a response, the commissioner shall issue an order on the challenge within 75 days after receiving the challenge.

Subd. 7. Nonacceptance. If the requirements of subdivisions 1 through 3 are not met, the commissioner must not accept the challenge and may send correspondence to the person who submitted the challenge stating the reasons for nonacceptance of the challenge. A combatant has no further appeal rights if the combatant's challenge is not accepted by the commissioner.

<u>Subd. 8.</u> <u>Administrative hearing.</u> After the commissioner issues an order under subdivision 6, each combatant under section 326B.082, subdivision 8, has 30 days after service of the order to submit a request for hearing before an administrative law judge.

Sec. 24. Minnesota Statutes 2022, section 341.355, is amended to read:

## 341.355 CIVIL PENALTIES.

When the commissioner finds that a person has violated one or more provisions of any statute, rule, or order that the commissioner is empowered to regulate, enforce, or issue, the commissioner may impose, for each violation, a civil penalty of up to \$10,000 for each violation, or a civil penalty that deprives the person of any economic advantage gained by the violation, or both. The commissioner may also impose these penalties against a person who has violated section 341.28, subdivision 5, paragraph (b) or (c).

#### ARTICLE 11 MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 175.16, subdivision 1, is amended to read:

Subdivision 1. **Established.** The Department of Labor and Industry shall consist of the following divisions: Division of Workers' Compensation, Division of Construction Codes and Licensing, Division of Occupational Safety and Health, Division of Statistics, Division of Labor Standards, and <u>Division of</u> Apprenticeship, and such other divisions as the commissioner of the Department of Labor and Industry may deem necessary and establish. Each division of the department and persons in charge thereof shall be subject to the supervision of the commissioner of the Department of Labor and Industry and, in addition to such duties as are or may be imposed on them by statute, shall perform such other duties as may be assigned to them by the commissioner. Notwithstanding any other law to the contrary, the commissioner is the administrator and supervisor of all of the department's dispute resolution functions and personnel and may delegate authority to compensation judges and others to make determinations under sections 176.106, 176.238, and 176.239 and to approve settlement of claims under section 176.521.

Sec. 2. Minnesota Statutes 2022, section 177.26, subdivision 1, is amended to read:

Subdivision 1. **Creation.** The Division of Labor Standards and Apprenticeship in the Department of Labor and Industry is supervised and controlled by the commissioner of labor and industry.

Sec. 3. Minnesota Statutes 2022, section 177.26, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The Division of Labor Standards and Apprenticeship shall administer this chapter and chapters 178, 181, 181A, and 184.

Sec. 4. Minnesota Statutes 2022, section 178.01, is amended to read:

### 178.01 PURPOSES.

The purposes of this chapter are: to open to all people regardless of race, sex, creed, color or national origin, the opportunity to obtain training and on-the-job learning that will equip them for profitable employment and citizenship; to establish as a means to this end, a program of voluntary apprenticeship under approved apprenticeship

agreements providing facilities for their training and guidance in the arts, skills, and crafts of industry and trade or occupation, with concurrent, supplementary instruction in related subjects; to promote apprenticeship opportunities under conditions providing adequate training and on-the-job learning and reasonable earnings; to relate the supply of skilled workers to employment demands; to establish standards for apprentice training; to establish an Apprenticeship Board and apprenticeship committees to assist in effectuating the purposes of this chapter; to provide for a Division of Labor Standards and Apprenticeship within the Department of Labor and Industry; to provide for reports to the legislature regarding the status of apprentice training in the state; to establish a procedure for the determination of apprenticeship agreement controversies; and to accomplish related ends.

Sec. 5. Minnesota Statutes 2022, section 178.011, subdivision 7, is amended to read:

Subd. 7. **Division.** "Division" means the department's Labor Standards and Apprenticeship Division, established under sections 175.16 and 178.03, and the State Apprenticeship Agency as defined in Code of Federal Regulations, title 29, part 29, section 29.2.

Sec. 6. Minnesota Statutes 2022, section 178.03, subdivision 1, is amended to read:

Subdivision 1. **Establishment of division.** There is established a Division of Labor Standards and Apprenticeship in the Department of Labor and Industry. This division shall be administered by a director, and be under the supervision of the commissioner.

Sec. 7. Minnesota Statutes 2022, section 178.11, is amended to read:

# 178.11 LABOR EDUCATION ADVANCEMENT GRANT PROGRAM.

The commissioner shall establish the labor education advancement grant program for the purpose of facilitating the participation <u>or retention</u> of <u>minorities people of color</u>, <u>Indigenous people</u>, and women in <u>apprenticeable trades</u> and <u>occupations registered apprenticeship programs</u>. The commissioner shall award grants to community-based <u>and</u> <u>nonprofit</u> organizations <u>and Minnesota Tribal governments as defined in section 10.65</u>, serving the targeted populations on a competitive request-for-proposal basis. Interested organizations shall apply for the grants in a form prescribed by the commissioner. As part of the application process, applicants must provide a statement of need for the grant, a description of the targeted population and apprenticeship opportunities, a description of activities to be funded by the grant, evidence supporting the ability to deliver services, information related to coordinating grant activities with other employment and learning programs, identification of matching funds, a budget, and performance objectives. Each submitted application shall be evaluated for completeness and effectiveness of the proposed grant activity.

## Sec. 8. [181.536] POSTING OF VETERANS' BENEFITS AND SERVICES.

<u>Subdivision 1.</u> <u>Poster creation; content.</u> (a) The commissioner shall consult with the commissioner of veterans affairs to create and distribute a veterans' benefits and services poster.

(b) The poster must, at a minimum, include information regarding the following benefits and services available to veterans:

(1) contact and website information for the Department of Veterans Affairs and the department's veterans' services program;

(2) substance use disorder and mental health treatment;

(3) educational, workforce, and training resources;

(4) tax benefits;

(5) Minnesota state veteran drivers' licenses and state identification cards;

(6) eligibility for unemployment insurance benefits under state and federal law;

(7) legal services; and

(8) contact information for the U.S. Department of Veterans Affairs Veterans Crisis Line.

(c) The commissioner must annually review the poster's content and update the poster to include the most current information available.

Subd. 2. <u>Mandatory posting.</u> Every employer in the state with more than 50 full-time equivalent employees shall display the poster created pursuant to this section in a conspicuous place accessible to employees in the workplace.

Sec. 9. Minnesota Statutes 2022, section 181.9435, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** The Division of Labor Standards and Apprenticeship shall receive complaints of employees against employers relating to sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436 and investigate informally whether an employer may be in violation of sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436. The division shall attempt to resolve employee complaints by informing employees and employers of the provisions of the law and directing employers to comply with the law. For complaints related to section 181.939, the division must contact the employer within two business days and investigate the complaint within ten days of receipt of the complaint.

Sec. 10. Minnesota Statutes 2022, section 181.9436, is amended to read:

# 181.9436 POSTING OF LAW.

The Division of Labor Standards and Apprenticeship shall develop, with the assistance of interested business and community organizations, an educational poster stating employees' rights under sections 181.940 to 181.9436. The department shall make the poster available, upon request, to employers for posting on the employer's premises.

Sec. 11. Minnesota Statutes 2022, section 182.666, subdivision 1, is amended to read:

Subdivision 1. **Willful or repeated violations.** Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed  $\frac{70,000}{156,259}$  for each violation. The minimum fine for a willful violation is  $\frac{5,000}{11,162}$ .

Sec. 12. Minnesota Statutes 2022, section 182.666, subdivision 2, is amended to read:

Subd. 2. **Serious violations.** Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed  $\frac{57,000}{15,625}$  for each violation. If a serious violation under section 182.653, subdivision 2, causes or contributes to the death of an employee, the employer shall be assessed a fine of up to  $\frac{525,000}{525,000}$  for each violation.

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Subd. 3. **Nonserious violations.** Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to  $\frac{57,000}{15,625}$  for each violation.

Sec. 14. Minnesota Statutes 2022, section 182.666, subdivision 4, is amended to read:

Subd. 4. **Failure to correct a violation.** Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the commissioner in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than  $\frac{57,000}{15,625}$  for each day during which the failure or violation continues.

Sec. 15. Minnesota Statutes 2022, section 182.666, subdivision 5, is amended to read:

Subd. 5. **Posting violations.** Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to  $\frac{7,000}{15,625}$  for each violation.

Sec. 16. Minnesota Statutes 2022, section 182.666, is amended by adding a subdivision to read:

Subd. 6a. Increases for inflation. (a) Each year, beginning in 2023, the commissioner shall determine the percentage change in the Minneapolis-St. Paul-Bloomington, MN-WI, Consumer Price Index for All Urban Consumers (CPI-U) from the month of October in the preceding calendar year to the month of October in the current calendar year.

(b) The commissioner shall increase the fines in subdivisions 1 to 5, except for the fine for a serious violation under section 182.653, subdivision 2, that causes or contributes to the death of an employee, by the percentage change determined by the commissioner under paragraph (a), if the percentage change is greater than zero. The fines shall be increased to the nearest one dollar.

(c) If the percentage change determined by the commissioner under paragraph (a) is not greater than zero, the commissioner shall not change any of the fines in subdivisions 1 to 5.

(d) A fine increased under this subdivision takes effect on the next January 15 after the commissioner determines the percentage change under paragraph (a) and applies to all fines assessed on or after the next January 15.

(e) No later than December 1 of each year, the commissioner shall give notice in the State Register of any increase to the fines in subdivisions 1 to 5.

## Sec. 17. [182.677] ERGONOMICS.

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

(b) "Health care facility" means a hospital with a North American Industrial Classification system code of 622110, 622210, or 622310; an outpatient surgical center with a North American Industrial Classification system code of 621493; and a nursing home with a North American Industrial Classification system code of 623110.

(c) "Warehouse distribution center" means an employer with 100 or more employees in Minnesota and a North American Industrial Classification system code of 493110, 423110 to 423990, 424110 to 424990, 454110, or 492110.

(d) "Meatpacking site" means a meatpacking or poultry processing site with 100 or more employees in Minnesota and a North American Industrial Classification system code of 311611 to 311615, except 311613.

(e) "Musculoskeletal disorder" or "MSD" means a disorder of the muscles, nerves, tendons, ligaments, joints, cartilage, blood vessels, or spinal discs.

Subd. 2. Ergonomics program required. (a) Every licensed health care facility, warehouse distribution center, or meatpacking site in the state shall create and implement an effective written ergonomics program establishing the employer's plan to minimize the risk of its employees developing or aggravating musculoskeletal disorders by utilizing an ergonomics process. The ergonomics program shall focus on eliminating the risk. To the extent risk exists, the ergonomics program must include feasible administrative or engineering controls to reduce the risk.

(b) The program shall include:

(1) an assessment of hazards with regard to prevention of musculoskeletal disorders;

(2) an initial and ongoing training of employees on ergonomics and its benefits, including the importance of reporting early symptoms of musculoskeletal disorders;

(3) a procedure to ensure early reporting of musculoskeletal disorders to prevent or reduce the progression of symptoms, the development of serious injuries, and lost-time claims;

(4) a process for employees to provide possible solutions that may be implemented to reduce, control, or eliminate workplace musculoskeletal disorders;

(5) procedures to ensure that physical plant modifications and major construction projects are consistent with program goals; and

(6) annual evaluations of the ergonomics program and whenever a change to the work process occurs.

Subd. 3. <u>Annual evaluation of program required.</u> There must be an established procedure to annually assess the effectiveness of the ergonomics program, including evaluation of corrective actions taken in response to reporting of symptoms by employees. The annual assessment shall determine the success of the implemented ergonomic solutions and whether goals set by the ergonomics program have been met.

Subd. 4. Employee training. (a) An employer subject to this section must train all new and existing employees on the following:

(1) the name of each individual on the employer's safety committee;

(2) the facility's hazard prevention and control plan;

(3) the early signs and symptoms of musculoskeletal injuries and the procedures for reporting them;

(4) the procedures for reporting injuries and other hazards;

(5) any administrative or engineering controls related to ergonomic hazards that are in place or will be implemented at the facility;

(6) how to use personal protective equipment, whether it is available, and where it is located; and

(7) the requirements of subdivision 9.

(b) New and current employees must be trained according to paragraph (a) prior to starting work. The employer must provide the training during working hours and compensate the employee for attending the training at the employee's standard rate of pay. All training must be in a language and with vocabulary that the employee can understand.

(c) Updates to the information conveyed in the training shall be communicated to employees as soon as practicable.

Subd. 5. **Involvement of employees.** Employers subject to this section must solicit feedback for its ergonomics program through its safety committee required by section 182.676, in addition to any other opportunities for employee participation the employer may provide. The safety committee must be directly involved in ergonomics worksite assessments and participate in the annual evaluation required by subdivision 3.

Subd. 6. Workplace program or AWAIR. An employer subject to this section must reference its ergonomics program in a written Workplace Accident and Injury Reduction (AWAIR) program required by section 182.653, subdivision 8.

Subd. 7. Recordkeeping. An employer subject to this section must maintain:

(1) a written certification dated and signed by each person who provides training and each employee who receives training pursuant to this section. The certification completed by the training providers must state that the employer has provided training consistent with the requirements of this section;

(2) a record of all worker visits to on-site medical or first aid personnel for the last five years, regardless of severity or type of illness or injury; and

(3) a record of all ergonomic injuries suffered by employees for the last five years.

<u>Subd. 8.</u> <u>Availability of records.</u> (a) The employer must ensure that the certification records required by subdivision 7, clause (1), are up to date and available to the commissioner, employees, and authorized employee representatives, if any, upon request.

(b) Upon the request of the commissioner, an employee, or an authorized employee representative, the employer must provide the requestor a redacted version of the medical or first aid records and records of all ergonomic injuries. The name, contact information, and occupation of an employee, and any other information that would reveal the identity of an employee, must be removed in the redacted version. The redacted version must only include, to the extent it would not reveal identity of an employee, the location where the employee worked, the date of the injury or visit, a description of the medical treatment or first aid provided, and a description of the injury suffered.

(c) The employer must also make available to the commissioner the unredacted medical or first aid records and unredacted records of ergonomic injuries required by subdivision 7, clause (2), upon request.

Subd. 9. **Reporting encouraged.** Any employer subject to this section must not institute or maintain any program, policy, or practice that discourages employees from reporting injuries, hazards, or safety and health standard violations, including ergonomic-related hazards and symptoms of musculoskeletal disorders.

Subd. 10. **Training materials.** The commissioner shall make training materials on implementation of this section available to all employers, upon request, at no cost as part of the duties of the commissioner under section 182.673.

Subd. 11. Enforcement. This section shall be enforced by the commissioner under sections 182.66 and 182.661. A violation of this section is subject to the penalties provided under section 182.666.

Subd. 12. Grant program. (a) The commissioner shall establish an ergonomics grant program to provide matching funding for employers who are subject to this section to make ergonomic improvements recommended by an on-site safety survey. Minnesota Rules, chapter 5203, applies to the administration of the grant program.

(b) To be eligible for a grant under this section, an employer must:

(1) be a licensed health care facility, warehouse distribution center, or meatpacking site as defined by subdivision 1;

(2) have current workers' compensation insurance provided through the assigned risk plan, provided by an insurer subject to penalties under chapter 176, or as an approved self-insured employer; and

(3) have an on-site safety survey with results that recommend specific equipment or practices that will reduce the risk of injury or illness to employees and prevent musculoskeletal disorders. This survey must have been conducted by a Minnesota occupational safety and health compliance investigator or workplace safety consultant, an in-house safety and health committee, a workers' compensation insurance underwriter, a private consultant, or a person under contract with the assigned risk plan.

(c) Grant funds may be used for all or part of the cost of the following:

(1) purchasing and installing recommended equipment intended to prevent musculoskeletal disorders;

(2) operating or maintaining recommended equipment intended to prevent musculoskeletal disorders;

(3) property, if the property is necessary to meet the recommendations of the on-site safety survey that are related to prevention of musculoskeletal disorders;

(4) training required to operate recommended safety equipment to prevent musculoskeletal disorders; and

(5) tuition reimbursement for educational costs related to identifying ergonomic-related issues that are related to the recommendations of the on-site safety survey.

(d) The commissioner shall evaluate applications, submitted on forms developed by the commissioner, based on whether the proposed project:

(1) is technically and economically feasible;

(2) is consistent with the recommendations of the on-site safety survey and the objective of reducing risk of injury or illness to employees and preventing musculoskeletal disorders;

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(3) was submitted by an applicant with sufficient experience, knowledge, and commitment for the project to be implemented in a timely manner;

(4) has the necessary financial commitments to cover all project costs;

(5) has the support of all public entities necessary for its completion; and

(6) complies with federal, state, and local regulations.

(e) Grants under this section shall provide a match of up to \$10,000 for private funds committed by the employer to implement the recommended ergonomics-related equipment or practices.

(f) Grants will be awarded to all applicants that meet the eligibility and evaluation criteria under paragraphs (b), (c), and (d) until funding is depleted. If there are more eligible requests than funding, awards will be prorated.

(g) Grant recipients are not eligible to apply for another grant under chapter 176 until two years after the date of the award.

Subd. 13. Standard development. The commissioner may propose an ergonomics standard using the authority provided in section 182.655.

**EFFECTIVE DATE.** This section is effective November 1, 2023, except subdivisions 9 and 12 are effective July 1, 2023.

Sec. 18. Minnesota Statutes 2022, section 326B.092, subdivision 6, is amended to read:

Subd. 6. **Fees nonrefundable.** Application and examination fees, license fees, license renewal fees, and late fees are nonrefundable except for:

(1) license renewal fees received more than two years after expiration of the license, as described in section 326B.094, subdivision 2;

(2) any overpayment of fees; and

(3) if the license is not <u>issued or</u> renewed, the contractor recovery fund fee and any additional assessment paid under subdivision 7, paragraph (e).

Sec. 19. Minnesota Statutes 2022, section 326B.096, is amended to read:

# 326B.096 REINSTATEMENT OF LICENSES.

Subdivision 1. **Reinstatement after revocation.** (a) If a license is revoked under this chapter and if an applicant for a license needs to pass an examination administered by the commissioner before becoming licensed, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) retake the examination and achieve a passing score; and

(2) meet all other requirements for an initial license, including payment of the application and examination fee and the license fee. The person holding the revoked license is not eligible for Minnesota licensure without examination based on reciprocity. (b) If a license is revoked under a chapter other than this chapter, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) apply for reinstatement to the commissioner no later than two years after the effective date of the revocation;

(2) pay a \$100 \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order revoking the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the revocation.

Subd. 2. **Reinstatement after suspension.** If a license is suspended, then, in order to have the license reinstated, the person who holds the suspended license must:

(1) apply for reinstatement to the commissioner no later than two years after the completion of the suspension period;

(2) pay a \$100 \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order suspending the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the suspension.

Subd. 3. **Reinstatement after voluntary termination.** A licensee who is not an individual may voluntarily terminate a license issued to the person under this chapter. If a licensee has voluntarily terminated a license under this subdivision, then, in order to have the license reinstated, the person who holds the terminated license must:

(1) apply for reinstatement to the commissioner no later than the date that the license would have expired if it had not been terminated;

(3) meet all applicable requirements for licensure, except that the applicant does not need to repay a license fee that was paid before the termination.

Sec. 20. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

Subd. 6a. Electric vehicle capable space. "Electric vehicle capable space" means a designated automobile parking space that has electrical infrastructure, including but not limited to raceways, cables, electrical capacity, and panelboard or other electrical distribution space necessary for the future installation of an electric vehicle charging station.

Sec. 21. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

Subd. 6b. <u>Electric vehicle charging station.</u> "Electric vehicle charging station" means a designated automobile parking space that has a dedicated connection for charging an electric vehicle.

Sec. 22. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

Subd. 6c. <u>Electric vehicle ready space.</u> "Electric vehicle ready space" means a designated automobile parking space that has a branch circuit capable of supporting the installation of an electric vehicle charging station.

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Sec. 23. Minnesota Statutes 2022, section 326B.103, is amended by adding a subdivision to read:

## Subd. 10a. Parking facilities. "Parking facilities" includes parking lots, garages, ramps, or decks.

Sec. 24. Minnesota Statutes 2022, section 326B.103, subdivision 13, is amended to read:

Subd. 13. **State licensed facility.** "State licensed facility" means a building and its grounds that are licensed by the state as a hospital, nursing home, supervised living facility, <u>assisted living facility</u>, <u>including assisted living</u>, <u>including assisted living facility</u>, <u>including assisted living</u>, <u>including assisted livin</u>

Sec. 25. Minnesota Statutes 2022, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. Adoption of code. (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. <u>The commissioner shall consider amendments to the model energy codes that mitigate the impact of climate change and reduce greenhouse gas emissions by increasing and optimizing energy efficiency and improving resiliency of new buildings and existing buildings undergoing additions, alterations, and changes of use. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.</u>

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(e) Beginning in 2024, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard. The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that incrementally move toward achieving the 80 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall make a report on progress under this section to the legislative committees with jurisdiction over the energy code.

(f) Nothing in this section shall be interpreted to limit the ability of a public utility to offer code support programs, or to claim energy savings resulting from such programs, through its energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241.

Sec. 26. Minnesota Statutes 2022, section 326B.106, subdivision 4, is amended to read:

Subd. 4. **Special requirements.** (a) **Space for commuter vans.** The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) **Smoke detection devices.** The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) **Doors in nursing homes and hospitals.** The State Building Code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) **Child care facilities in churches; ground level exit.** A licensed day care center serving fewer than 30 preschool age persons and which is located in a belowground space in a church building is exempt from the State Building Code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) **Family and group family day care.** Until the legislature enacts legislation specifying appropriate standards, the definition of dwellings constructed in accordance with the International Residential Code as adopted as part of the State Building Code applies to family and group family day care homes licensed by the Department of Human Services under Minnesota Rules, chapter 9502.

(f) **Enclosed stairways.** No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(g) **Double cylinder dead bolt locks.** No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(h) **Relocated residential buildings.** A residential building relocated within or into a political subdivision of the state need not comply with the State Energy Code or section 326B.439 provided that, where available, an energy audit is conducted on the relocated building.

(i) Automatic garage door opening systems. The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

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(j) **Exterior wood decks, patios, and balconies.** The code must permit the decking surface and upper portions of exterior wood decks, patios, and balconies to be constructed of (1) heartwood from species of wood having natural resistance to decay or termites, including redwood and cedars, (2) grades of lumber which contain sapwood from species of wood having natural resistance to decay or termites, including redwood and cedars, or (3) treated wood. The species and grades of wood products used to construct the decking surface and upper portions of exterior decks, patios, and balconies must be made available to the building official on request before final construction approval.

(k) **Bioprocess piping and equipment.** No permit fee for bioprocess piping may be imposed by municipalities under the State Building Code, except as required under section 326B.92 subdivision 1. Permits for bioprocess piping shall be according to section 326B.92 administered by the Department of Labor and Industry. All data regarding the material production processes, including the bioprocess system's structural design and layout, are nonpublic data as provided by section 13.7911.

(1) **Use of ungraded lumber.** The code must allow the use of ungraded lumber in geographic areas of the state where the code did not generally apply as of April 1, 2008, to the same extent that ungraded lumber could be used in that area before April 1, 2008.

(m) Window cleaning safety. The code must require the installation of dedicated anchorages for the purpose of suspended window cleaning on (1) new buildings four stories or greater; and (2) buildings four stories or greater, only on those areas undergoing reconstruction, alteration, or repair that includes the exposure of primary structural components of the roof. The commissioner shall adopt rules, using the expedited rulemaking process in section 14.389, requiring window cleaning safety features that comply with a nationally recognized standard as part of the State Building Code. Window cleaning safety features shall be provided for all windows on:

(1) new buildings where determined by the code; and

(2) existing buildings undergoing alterations where both of the following conditions are met:

(i) the windows do not currently have safe window cleaning features; and

(ii) the proposed work area being altered can include provisions for safe window cleaning.

The commissioner may waive all or a portion of the requirements of this paragraph related to reconstruction, alteration, or repair, if the installation of dedicated anchorages would not result in significant safety improvements due to limits on the size of the project, or other factors as determined by the commissioner.

(n) <u>Adult-size changing facilities.</u> The commissioner shall adopt rules requiring adult-size changing facilities as part of the State Building Code.

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

Sec. 27. Minnesota Statutes 2022, section 326B.106, is amended by adding a subdivision to read:

Subd. 16. Electric vehicle charging. The code shall require a minimum number of electric vehicle ready spaces, electric vehicle capable spaces, and electric vehicle charging stations either within or adjacent to new commercial and multifamily structures that provide on-site parking facilities. Residential structures with fewer than four dwelling units are exempt from this subdivision.

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Subd. 15. Special skill. "Special skill" means one of the following eight categories:

- (a) Excavation. Excavation includes work in any of the following areas:
- (1) excavation;
- (2) trenching;
- (3) grading; and
- (4) site grading.
- (b) Masonry and concrete. Masonry and concrete includes work in any of the following areas:
- (1) drain systems;
- (2) poured walls;
- (3) slabs and poured-in-place footings;
- (4) masonry walls;
- (5) masonry fireplaces;
- (6) masonry veneer; and
- (7) water resistance and waterproofing.
- (c) Carpentry. Carpentry includes work in any of the following areas:
- (1) rough framing;
- (2) finish carpentry;
- (3) doors, windows, and skylights;
- (4) porches and decks, excluding footings;
- (5) wood foundations; and
- (6) drywall installation, excluding taping and finishing.
- (d) Interior finishing. Interior finishing includes work in any of the following areas:
- (1) floor covering;
- (2) wood floors;
- (3) cabinet and counter top installation;

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- (4) insulation and vapor barriers;
- (5) interior or exterior painting;
- (6) ceramic, marble, and quarry tile;
- (7) ornamental guardrail and installation of prefabricated stairs; and
- (8) wallpapering.
- (e) Exterior finishing. Exterior finishing includes work in any of the following areas:
- (1) siding;
- (2) soffit, fascia, and trim;
- (3) exterior plaster and stucco;
- (4) painting; and
- (5) rain carrying systems, including gutters and down spouts.
- (f) Drywall and plaster. Drywall and plaster includes work in any of the following areas:
- (1) installation;
- (2) taping;
- (3) finishing;
- (4) interior plaster;
- (5) painting; and
- (6) wallpapering.
- (g) **Residential roofing.** Residential roofing includes work in any of the following areas:
- (1) roof coverings;
- (2) roof sheathing;
- (3) roof weatherproofing and insulation; and
- (4) repair of roof support system, but not construction of new roof support system-; and
- (5) penetration of roof coverings for purposes of attaching a solar photovoltaic system.
- (h) General installation specialties. Installation includes work in any of the following areas:
- (1) garage doors and openers;

- (2) pools, spas, and hot tubs;
- (3) fireplaces and wood stoves;
- (4) asphalt paving and seal coating; and
- (5) ornamental guardrail and prefabricated stairs-; and
- (6) assembly of the support system for a solar photovoltaic system.

### Sec. 29. RULEMAKING AUTHORITY.

<u>The commissioner of labor and industry shall adopt rules, using the expedited rulemaking process in Minnesota</u> <u>Statutes, section 14.389, that set forth adult-size changing facilities to conform with the addition of Minnesota</u> <u>Statutes, section 326B.106, subdivision 4, paragraph (n), under this act.</u>

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

### Sec. 30. REPEALER.

Minnesota Statutes 2022, section 177.26, subdivision 3, is repealed.

# ARTICLE 12 PUBLIC EMPLOYMENT RELATIONS BOARD

Section 1. Minnesota Statutes 2022, section 13.43, subdivision 6, is amended to read:

Subd. 6. Access by labor organizations, Bureau of Mediation Services, Public Employment Relations Board. Personnel data may be disseminated to labor organizations and the Public Employment Relations Board to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, notify employees of fair share fee assessments, and implement the provisions of chapters 179 and 179A. Personnel data shall be disseminated to labor organizations, the Public Employment Relations Board, and to the Bureau of Mediation Services to the extent the dissemination is ordered or authorized by the commissioner of the Bureau of Mediation Services or the Public Employment Relations Board or its employees or agents.

### Sec. 2. [13.7909] PUBLIC EMPLOYMENT RELATIONS BOARD DATA.

Subdivision 1. Definition. For purposes of this section, "board" means the Public Employment Relations Board.

Subd. 2. Charge and complaint data. (a) Except as provided in paragraphs (b) and (c), all data maintained by the board about a charge of unfair labor practices and appeals of determinations of the commissioner under section 179A.12, subdivision 11, are classified as protected nonpublic data or confidential data prior to being admitted into evidence at a hearing conducted pursuant to section 179A.13. Data that are admitted into evidence at a hearing conducted pursuant to section 179A.13 are public unless subject to a protective order as determined by the board or a hearing officer.

(b) Statements by individuals that are provided to the board are private data on individuals, as defined by section 13.02, subdivision 12, prior to being admitted into evidence at a hearing conducted pursuant to section 179A.13, and become public once admitted into evidence.

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(c) The following data are public at all times:

(1) the filing date of unfair labor practice charges;

(2) the status of unfair labor practice charges as an original or amended charge;

(3) the names and job classifications of charging parties and charged parties;

(4) the provisions of law alleged to have been violated in unfair labor practice charges;

(5) the complaint issued by the board; and

(6) unless subject to a protective order:

(i) the full and complete record of an evidentiary hearing before a hearing officer, including the hearing transcript, exhibits admitted into evidence, and posthearing briefs;

(ii) recommended decisions and orders of hearing officers pursuant to section 179A.13, subdivision 1, paragraph (i);

(iii) exceptions to the hearing officer's recommended decision and order filed with the board pursuant to section 179A.13, subdivision 1, paragraph (k);

(iv) party and nonparty briefs filed with the board; and

(v) decisions and orders issued by the board.

(d) The board may make any data classified as private, protected nonpublic, or confidential pursuant to this subdivision accessible to any person or party if the access will aid the implementation of chapters 179 and 179A or ensure due process protection of the parties.

Sec. 3. Minnesota Statutes 2022, section 179A.041, is amended by adding a subdivision to read:

Subd. 10. **Open Meeting Law; exceptions.** Chapter 13D does not apply to meetings of the board when it is deliberating on the merits of unfair labor practice charges under sections 179.11, 179.12, and 179A.13; reviewing a recommended decision and order of a hearing officer under section 179A.13; or reviewing decisions of the commissioner of the Bureau of Mediation Services relating to unfair labor practices under section 179A.12, subdivision 11.

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

# ARTICLE 13 MEAT AND POULTRY PROCESSING

Section 1. [179.87] TITLE.

Sections 179.87 to 179.8757 may be titled the "Safe Workplaces for Meat and Poultry Processing Workers Act."

Sec. 2. [179.871] DEFINITIONS.

Subdivision 1. Definitions. For purposes of sections 179.87 to 179.8757, the terms in this section have the meanings given.

Subd. 2. <u>Authorized employee representative.</u> "Authorized employee representative" has the meaning given in section 182.651, subdivision 22.

Subd. 3. <u>Commissioner.</u> "Commissioner" means the commissioner of labor and industry or the commissioner's designee.

Subd. 4. <u>Coordinator.</u> <u>"Coordinator" means the meatpacking industry worker rights coordinator or the coordinator's designee.</u>

Subd. 5. Meat-processing worker. "Meat-processing worker" or "worker" means any individual who a meat-processing employer suffers or permits to work directly in contact with raw meatpacking products in a meatpacking operation, including independent contractors and persons performing work for an employer through a temporary service or staffing agency. Workers in a meatpacking operation who inspect or package meatpacking products and workers who clean, maintain, or sanitize equipment or surfaces are included in the definition of a meat-processing worker.

Subd. 6. Meatpacking operation. "Meatpacking operation" or "meat-processing employer" means a meatpacking or poultry processing site with 100 or more employees in Minnesota and a North American Industrial Classification system code of 311611 to 311615, except 311613. Meatpacking operation or meat-processing employer does not mean a grocery store, deli, restaurant, or other business preparing meatpacking products for immediate consumption.

Subd. 7. <u>Meatpacking products.</u> "Meatpacking products" means meat food products and poultry food products as defined in section 31A.02, subdivision 10.

### Sec. 3. [179.8715] WORKER RIGHTS COORDINATOR.

(a) The commissioner must appoint a meatpacking industry worker rights coordinator in the Department of Labor and Industry and provide the coordinator with necessary office space, furniture, equipment, supplies, and assistance.

(b) The commissioner must enforce sections 179.87 to 179.8757, including inspecting, reviewing, and recommending improvements to the practices and procedures of meatpacking operations in Minnesota. A meat-processing employer must grant the commissioner full access to all meatpacking operations in this state at any time that meatpacking products are being processed or meat-processing workers are on the job.

(c) No later than December 1 each year, beginning December 1, 2024, the coordinator must submit a report to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over labor. The report must include recommendations to promote better treatment of meat-processing workers. The coordinator shall also post the report on the Department of Labor and Industry's website.

### Sec. 4. [179.872] REFUSAL TO WORK UNDER DANGEROUS CONDITIONS.

A meat-processing worker has the right to refuse to work under dangerous conditions in accordance with section 182.654, subdivision 11. Pursuant to section 182.654, subdivision 11, the worker shall continue to receive pay and shall not be subject to discrimination.

# Sec. 5. [179.875] ENFORCEMENT AND COMPLIANCE.

Subdivision 1. Administrative enforcement. The commissioner, either on the commissioner's initiative or in response to a complaint, may inspect a meatpacking operation and subpoena records and witnesses as provided in sections 175.20, 177.27, and 182.659. If a meat-processing employer does not comply with the commissioner's inspection, the commissioner may seek relief as provided in this section or chapter 175 or 182.

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Subd. 2. Compliance authority. The commissioner may issue a compliance order under section 177.27, subdivision 4, requiring an employer to comply with sections 179.8755, paragraphs (b) and (c); 179.8756, subdivisions 1 to 3 and 4, paragraphs (f) and (g); and 179.8757. The commissioner also has authority, pursuant to section 182.662, subdivision 1, to issue a stop-work or business-closure order when there is a condition or practice that could result in death or serious physical harm.

Subd. 3. Private civil action. If a meat-processing employer does not comply with a provision in sections 179.87 to 179.8757, an aggrieved worker, authorized employee representative, or other person may bring a civil action in a court of competent jurisdiction within three years of an alleged violation and, upon prevailing, must be awarded the relief provided in this section. Pursuing administrative relief is not a prerequisite for bringing a civil action.

Subd. 4. Other government enforcement. The attorney general may enforce sections 179.87 to 179.8757 under section 8.31. A city or county attorney may also enforce these sections. Such law enforcement agencies may inspect meatpacking operations and subpoena records and witnesses and, where such agencies determine that a violation has occurred, may bring a civil action as provided in this section.

Subd. 5. <u>Relief.</u> (a) In a civil action or administrative proceeding brought to enforce sections 179.87 to 179.8757, the court or commissioner must order relief as provided in this subdivision.

(b) For any violation of sections 179.87 to 179.8757:

(1) an injunction to order compliance and restrain continued violations;

(2) payment to a prevailing worker by a meat-processing employer of reasonable costs, disbursements, and attorney fees; and

(3) a civil penalty payable to the state of not less than \$100 per day per worker affected by the meat-processing employer's noncompliance with sections 179.87 to 179.8757.

(c) Any worker who brings a complaint under sections 179.87 to 179.8757 and suffers retaliation is entitled to treble damages in addition to lost pay and recovery of attorney fees and costs.

(d) Any company who is found to have retaliated against a meat-processing worker must pay a fine of up to \$10,000 to the commissioner, in addition to other penalties available under the law.

Subd. 6. Whistleblower enforcement; penalty distribution. (a) The relief provided in this section may be recovered through a private civil action brought on behalf of the commissioner in a court of competent jurisdiction by another individual, including an authorized employee representative, pursuant to this subdivision.

(b) The individual must give written notice to the coordinator of the specific provision or provisions of sections 179.87 to 179.8757 alleged to have been violated. The individual or representative organization may commence a civil action under this subdivision if no enforcement action is taken by the commissioner within 30 days.

(c) Civil penalties recovered pursuant to this subdivision must be distributed as follows:

(1) 70 percent to the commissioner for enforcement of sections 179.87 to 179.8757; and

(2) 30 percent to the individual or authorized employee representative.

(d) The right to bring an action under this subdivision shall not be impaired by private contract. A public enforcement action must be tried promptly, without regard to concurrent adjudication of a private claim for the same alleged violation.

# Sec. 6. [179.8755] RETALIATION AGAINST EMPLOYEES AND WHISTLEBLOWERS PROHIBITED.

(a) Pursuant to section 182.669, no meat-processing employer or other person may discharge or discriminate against a worker because the worker has raised a concern about a meatpacking operation's health and safety practices to the employer or otherwise exercised any right authorized under sections 182.65 to 182.674.

(b) No meat-processing employer or other person may attempt to require any worker to sign a contract or other agreement that would limit or prevent the worker from disclosing information about workplace health and safety practices or hazards, or to otherwise abide by a workplace policy that would limit or prevent such disclosures. Any such agreements or policies are hereby void and unenforceable as contrary to the public policy of this state. An employer's attempt to impose such a contract, agreement, or policy shall constitute an adverse action enforceable under section 179.875.

(c) Reporting or threatening to report a meat-processing worker's suspected citizenship or immigration status, or the suspected citizenship or immigration status of a family member of the worker, to a federal, state, or local agency because the worker exercises a right under sections 179.87 to 179.8757 constitutes an adverse action for purposes of establishing a violation of that worker's rights. For purposes of this paragraph, "family member" means a spouse, parent, sibling, child, uncle, aunt, niece, nephew, cousin, grandparent, or grandchild related by blood, adoption, marriage, or domestic partnership.

## Sec. 7. [179.8756] MEATPACKING WORKER CHRONIC INJURIES AND WORKPLACE SAFETY.

Subdivision 1. Facility committee. (a) The meat-processing employer's ergonomics program under section 182.677, subdivision 2, must be developed and implemented by a committee of individuals who are knowledgeable of the tasks and work processes performed by workers at the employer's facility. The committee must include:

(1) a certified professional ergonomist;

(2) a licensed, board-certified physician, with preference given to a physician who has specialized experience and training in occupational medicine; and

(3) at least three workers employed in the employer's facility who have completed a general industry outreach course approved by the commissioner, one of whom must be an authorized employee representative if the employer is party to a collective bargaining agreement.

(b) If it is not practicable for a certified professional ergonomist or a licensed, board-certified physician to be a member of the committee required by paragraph (a), the meatpacking employer must have their safe-worker program reviewed by a certified professional ergonomist and a licensed, board-certified physician prior to implementation of the program and annually thereafter.

Subd. 2. New task and annual safety training. (a) Meat-processing employers must provide every worker who is assigned a new task if the worker has no previous work experience with training on how to safely perform the task, the ergonomic and other hazards associated with the task, and training on the early signs and symptoms of musculoskeletal injuries and the procedures for reporting them. The employer must give a worker an opportunity within 30 days of receiving the new task training to receive refresher training on the topics covered in the new task training. The employer must provide this training in a language and with vocabulary that the employee can understand.

(b) Meat-processing employers must provide each worker with no less than eight hours of safety training each year. This annual training must address health and safety topics that are relevant to the establishment and the worker's job assignment, such as cuts, lacerations, amputations, machine guarding, biological hazards,

lockout/tagout, hazard communication, ergonomic hazards, and personal protective equipment. At least two of the eight hours of annual training must be on topics related to the facility's ergonomic injury prevention program, including the assessment of surveillance data, the ergonomic hazard prevention and control plan, and the early signs and symptoms of musculoskeletal disorders and the procedures for reporting them. The employer must provide this training in a language and with vocabulary that the employee can understand.

Subd. 3. Medical services and qualifications. (a) Meat-processing employers must ensure that:

(1) all first-aid providers, medical assistants, nurses, and physicians engaged by the employer are licensed and perform their duties within the scope of their licensed practice;

(2) medical management of musculoskeletal disorders is under direct supervision of a licensed physician specializing in occupational medicine who will advise on best practices for management and prevention of work-related musculoskeletal disorders; and

(3) medical management of musculoskeletal injuries follows the most current version of the American College of Occupational and Environmental Medicine practice guidelines.

(b) The coordinator may compile, analyze, and publish annually, either in summary or detailed form, all reports or information obtained under sections 179.87 to 179.8757, including information about ergonomics programs, and may cooperate with the United States Department of Labor in obtaining national summaries of occupational deaths, injuries, and illnesses. The coordinator and authorized employee representative must preserve the anonymity of each employee with respect to whom medical reports or information is obtained.

<u>Subd. 4.</u> <u>Pandemic protections.</u> (a) This subdivision applies during a peacetime public health emergency declared under section 12.31, subdivision 2, that involves airborne transmission.

(b) Meat-processing employers must maintain at least a six-foot radius of space around and between each worker unless a nonporous barrier separates the workers. An employer may accomplish such distancing by increasing physical space between workstations, slowing production speeds, staggering shifts and breaks, adjusting shift size, or a combination thereof. The employer must reconfigure common or congregate spaces to allow for such distancing, including lunch rooms, break rooms, and locker rooms. The employer must reinforce social distancing by allowing workers to maintain six feet of distance along with the use of nonporous barriers.

(c) Meat-processing employers must provide employees with face masks and must make face shields available on request. Face masks, including replacement face masks, and face shields must be provided at no cost to the employee. All persons present at the meatpacking operation must wear face masks in the facility except in those parts of the facility where infection risk is low because workers work in isolation.

(d) Meat-processing employers must provide all meat-processing workers with the ability to frequently and routinely sanitize their hands with either hand-washing or hand-sanitizing stations. The employer must ensure that restrooms have running hot and cold water and paper towels and are in sanitary condition. The employer must provide gloves to those who request them.

(e) Meat-processing employers must clean and regularly disinfect all frequently touched surfaces in the workplace, such as workstations, training rooms, machinery controls, tools, protective garments, eating surfaces, bathrooms, showers, and other similar areas. Employers must install and maintain ventilation systems that ensure unidirectional air flow, outdoor air, and filtration in both production areas and common areas such as cafeterias and locker rooms.

(f) Meat-processing employers must disseminate all required communications, notices, and any published materials regarding these protections in English, Spanish, and other languages as required for employees to understand the communication.

(g) Consistent with sections 177.253 and 177.254, meat-processing employers must provide adequate break time for workers to use the bathroom, wash their hands, and don and doff protective equipment. Nothing in this subdivision relieves an employer of its obligation to comply with federal and state wage and hour laws.

(h) Meat-processing employers must provide sufficient personal protective equipment for each employee for each shift, plus replacements, at no cost to the employee. Meat-processing employers must provide training in proper use of personal protective equipment, safety procedures, and sanitation.

(i) Meat-processing employers must record all injuries and illnesses in the facility and make these records available upon request to the health and safety committee. The name, contact information, and occupation of an employee, and any other information that would reveal the identity of an employee, must be removed. The redacted records must only include, to the extent it would not reveal the identity of an employee, the location where the employee worked, the date of the injury or visit, a description of the medical treatment or first aid provided, and a description of the injury suffered. The employer also must make its records available to the commissioner, and where there is a collective bargaining agreement, to the authorized bargaining representative.

(j) Except for paragraphs (f) and (g), this subdivision shall be enforced by the commissioner under sections 182.66 and 182.661. A violation of this subdivision is subject to the penalties provided under section 182.666. Paragraphs (f) and (g) are enforceable by the commissioner as described in section 179.875, subdivision 2.

(k) The entirety of this subdivision may also be enforced as described in section 179.875, subdivisions 3 to 6.

**EFFECTIVE DATE.** This section is effective November 1, 2023, except subdivision 4, which is effective July 1, 2023.

### Sec. 8. [179.8757] NOTIFICATION REQUIRED.

(a) Meat-processing employers must provide written information and notifications about employee rights under section 179.86 and sections 179.87 to 179.8757 to workers in their language of fluency at least annually. If a worker is unable to understand written information and notifications, the employer must provide such information and notices orally in the worker's language of fluency.

(b) The coordinator must notify covered employers of the provisions of sections 179.87 to 179.8757 and any recent updates at least annually.

(c) The coordinator must place information explaining sections 179.87 to 179.8757 on the Department of Labor and Industry's website in at least English, Spanish, and any other language that at least ten percent of meat-processing workers communicate in fluently. The coordinator must also make the information accessible to persons with impaired visual acuity.

#### **EFFECTIVE DATE.** This section is effective November 1, 2023.

Sec. 9. Minnesota Statutes 2022, section 182.654, subdivision 11, is amended to read:

Subd. 11. **Refusal to work under dangerous conditions.** An employee acting in good faith has the right to refuse to work under conditions which the employee reasonably believes present an imminent danger of death or serious physical harm to the employee.

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A reasonable belief of imminent danger of death or serious physical harm includes but is not limited to a reasonable belief of the employee that the employee has been assigned to work in an unsafe or unhealthful manner with a hazardous substance, harmful physical agent or infectious agent.

An employer may not discriminate against an employee for a good faith refusal to perform assigned tasks if the employee has requested that the employer correct the hazardous conditions but the conditions remain uncorrected.

An employee who has refused in good faith to perform assigned tasks and who has not been reassigned to other tasks by the employer shall, in addition to retaining a right to continued employment, receive pay for the tasks which would have been performed if (1) the employee requests the commissioner to inspect and determine the nature of the hazardous condition, and (2) the commissioner determines that the employee, by performing the assigned tasks, would have been placed in imminent danger of death or serious physical harm.

Additionally, an administrative law judge may order, in addition to the relief found in section 182.669:

(1) reinstatement of the worker to the same position held before any adverse personnel action or to an equivalent position; reinstatement of full fringe benefits and seniority rights; compensation for unpaid wages, benefits, and other remuneration; or front pay in lieu of reinstatement; and

(2) compensatory damages payable to the aggrieved worker equal to the greater of \$5,000 or twice the actual damages, including unpaid wages, benefits, and other remuneration and punitive damages.

# ARTICLE 14 WAREHOUSE WORKERS

# Section 1. [182.6526] WAREHOUSE DISTRIBUTION WORKER SAFETY.

Subdivision 1. Definitions. (a) The terms defined in this subdivision have the meanings given them.

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

(c)(1) Except as provided in clause (2), "employee" means a nonexempt employee who works at a warehouse distribution center.

(2) For the purposes of subdivisions 2, 3, and 4 only, "employee" means a nonexempt employee performing warehouse work occurring on the property of a warehouse distribution center, and does not include a nonexempt employee performing solely manufacturing, administrative, sales, accounting, human resources, or driving work at a warehouse distribution center.

(d) "Work speed data" means information an employer collects, stores, analyzes, or interprets relating to an individual employee's or group of employees' pace of work, including but not limited to quantities of tasks performed, quantities of items or materials handled or produced, rates or speeds of tasks performed, measurements or metrics of employee performance in relation to a quota, and time categorized as performing tasks or not performing tasks.

(e) "Employer" means a person who directly or indirectly, or through an agent or any other person, including through the services of a third-party employer, temporary service, or staffing agency or similar entity, employs or exercises control over the wages, hours, or working conditions of 250 or more employees at a single warehouse distribution center or 1,000 or more employees at one or more warehouse distribution centers in the state. For purposes of this paragraph, all employees of an employer's unitary business, as that term is defined in section 290.17, subdivision 4, shall be counted in determining the number of employees employed at a single warehouse distribution center or at one or more warehouse distribution centers in the state.

(f) "Warehouse distribution center" means an establishment as defined by any of the following North American Industry Classification System (NAICS) codes:

(1) 493110 for General Warehousing and Storage;

(2) 423 for Merchant Wholesalers, Durable Goods;

(3) 424 for Merchant Wholesalers, Nondurable Goods;

(4) 454110 for Electronic Shopping and Mail-Order Houses; and

(5) 492110 for Couriers and Express Delivery Services.

(g) "Quota" means a work standard under which:

(1) an employee or group of employees is assigned or required to perform at a specified productivity speed, or perform a quantified number of tasks, or handle or produce a quantified amount of material, or perform without a certain number of errors or defects, as measured at the individual or group level within a defined time period; or

(2) an employee's actions are categorized between time performing tasks and not performing tasks, and the employee's failure to complete a task performance standard or recommendation may have an adverse impact on the employee's continued employment.

Subd. 2. Written description required. (a) Each employer shall provide to each employee a written description of each quota to which the employee is subject and how it is measured, including the quantified number of tasks to be performed or materials to be produced or handled or the limit on time categorized as not performing tasks, within the defined time period, and any potential adverse employment action that could result from failure to meet the quota.

(b) The written description must be understandable in plain language and in the employee's language of preference.

(c) The written description must be provided:

(1) upon hire or within 30 days of the effective date of this section; and

(2) no fewer than two working days prior to the effective date of any modification of existing quotas.

(d) An employer shall not take adverse employment action against an employee for failure to meet a quota that has not been disclosed to the employee.

Subd. 3. Breaks. An employee shall not be required to meet a quota that prevents compliance with meal or rest or prayer periods, use of restroom facilities, including reasonable travel time to and from restroom facilities as provided under section 177.253, subdivision 1, or occupational health and safety standards under this chapter or Minnesota Rules, chapter 5205. An employee shall not take adverse employment action against an employee for failure to meet a quota that does not allow a worker to comply with meal or rest or prayer periods, or occupational health and safety standards under this chapter.

Subd. 4. Work speed data. (a) Employees have the right to request orally or in writing from any supervisor, and the employer shall provide within 72 hours: (1) a written description of each quota to which the employee is subject; (2) a copy of the most recent 90 days of the employee's own personal work speed data; and (3) a copy of the prior six months of aggregated work speed data for similar employees at the same work site.

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The written description of each quota must meet the requirements of subdivision 2, paragraph (b), and the work speed data must be provided in a manner understandable to the employee. An employee may make a request under this paragraph no more than four times per year.

(b) If an employer disciplines an employee for failure to meet a quota, the employer must, at the time of discipline, provide the employee with a written copy of the most recent 90 days of the employee's own personal work speed data. If an employer dismisses an employee for any reason, they must, at the time of firing, provide the employee with a written copy of the most recent 90 days of the employee's own personal work speed data. An employee shall not retaliate against an employee for requesting data under this subdivision.

Subd. 5. High rates of injury. If a particular work site or employer is found to have an employee incidence rate in a given year, based on data reported to the federal Occupational Safety and Health Administration, of at least 30 percent higher than that year's average incidence rate for the relevant NAICS code's nonfatal occupational injuries and illnesses by industry and case types, released by the United States Bureau of Labor Statistics, the commissioner shall open an investigation of violations under this section. The employer must also hold its safety committee meetings as provided under section 182.676 monthly until, for two consecutive years, the work site or employer does not have an employee incidence rate 30 percent higher than the average yearly incidence rate for the relevant NAICS code.

<u>Subd. 6.</u> <u>Enforcement.</u> (a) Subdivision 2, paragraphs (a) to (c), subdivision 4, and subdivision 5 shall be enforced by the commissioner under sections 182.66, 182.661, and 182.669. A violation of this section is subject to the penalties provided under sections 182.666 and 182.669.

(b) A current or former employee aggrieved by a violation of this section may bring a civil cause of action for damages and injunctive relief to obtain compliance with this section, may receive other equitable relief as determined by a court, including reinstatement with back pay, and may, upon prevailing in the action, recover costs and reasonable attorney fees in that action. A cause of action under this section must be commenced within one year of the date of the violation.

(c) Nothing in this section shall be construed to prevent local enforcement of occupational health and safety standards that are more restrictive than this section.

# Sec. 2. SEVERABILITY.

If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application.

# ARTICLE 15 CONSTRUCTION WORKER WAGE PROTECTIONS

Section 1. Minnesota Statutes 2022, section 177.27, subdivision 1, is amended to read:

Subdivision 1. **Examination of records.** The commissioner may enter during reasonable office hours or upon request and inspect the place of business or employment of any employer of employees working in the state, to examine and inspect books, registers, payrolls, and other records of any employer that in any way relate to wages, hours, and other conditions of employment of any employees. The commissioner may transcribe any or all of the books, registers, payrolls, and other records as the commissioner deems necessary or appropriate and may question the employees to ascertain compliance with sections 177.21 to 177.435 and 181.165. The commissioner may investigate wage claims or complaints by an employee against an employer if the failure to pay a wage may violate Minnesota law or an order or rule of the department.

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Sec. 2. Minnesota Statutes 2022, section 177.27, subdivision 4, is amended to read:

Subd. 4. Compliance orders. The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.165, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, and 181.939 to 181.943, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 or 181.165 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 or 181.165 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69 or 181.165. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner. For the purposes of this subdivision, an employer includes a contractor that has assumed a subcontractor's liability within the meaning of section 181.165.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 8, is amended to read:

Subd. 8. **Court actions; suits brought by private parties.** An employee may bring a civil action seeking redress for a violation or violations of sections 177.21 to 177.44 and 181.165 directly to district court. An employer who pays an employee less than the wages and overtime compensation to which the employee is entitled under sections 177.21 to 177.44 or a contractor that has assumed a subcontractor's liability as required by section 181.165, is liable to the employee for the full amount of the wages, gratuities, and overtime compensation, less any amount the employer or contractor is able to establish was actually paid to the employee may seek damages and other appropriate relief provided by subdivision 7 and otherwise provided by law. An agreement between the employee and the employee to work for less than the applicable wage is not a defense to the action.

Sec. 4. Minnesota Statutes 2022, section 177.27, subdivision 9, is amended to read:

Subd. 9. **District court jurisdiction.** Any action brought under subdivision 8 may be filed in the district court of the county wherein a violation or violations of sections 177.21 to 177.44 or 181.165 are alleged to have been committed, where the respondent resides or has a principal place of business, or any other court of competent jurisdiction. The action may be brought by one or more employees.

Sec. 5. Minnesota Statutes 2022, section 177.27, subdivision 10, is amended to read:

Subd. 10. Attorney fees and costs. In any action brought pursuant to subdivision 8, the court shall order an employer who is found to have committed a violation or violations of sections 177.21 to 177.44 or 181.165 to pay to the employee or employees reasonable costs, disbursements, witness fees, and attorney fees.

## Sec. 6. [181.165] WAGE PROTECTION; CONSTRUCTION WORKERS.

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

(b) "Claimant" means any person claiming unpaid wages, fringe benefits, penalties, or resulting liquidated damages that are owed as required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority.

#### (c) "Commissioner" refers to the commissioner of labor and industry.

(d) "Construction contract" means a written or oral agreement for the construction, reconstruction, erection, alteration, remodeling, repairing, maintenance, moving, or demolition of any building, structure, or improvement, or relating to the excavation of or development or improvement to land. For purposes of this section, a construction contract shall not include a home improvement contract for the performance of a home improvement between a home improvement contractor and the owner of an owner-occupied dwelling, and a home construction contract for one- or two-family dwelling units except where such contract or contracts results in the construction of more than ten one- or two-family owner-occupied dwellings at one project site annually.

(e) "Contractor" means any person, firm, partnership, corporation, association, company, organization, or other entity, including a construction manager, general or prime contractor, joint venture, or any combination thereof, along with their successors, heirs, and assigns, which enters into a construction contract with an owner. An owner shall be deemed a contractor and liable as such under this section if said owner has entered into a construction contract with more than one contractor or subcontractor on any construction site.

(f) "Owner" means any person, firm, partnership, corporation, association, company, organization, or other entity, or a combination of any thereof, with an ownership interest, whether the interest or estate is in fee, as vendee under a contract to purchase, as lessee or another interest or estate less than fee that causes a building, structure, or improvement, new or existing, to be constructed, reconstructed, erected, altered, remodeled, repaired, maintained, moved, or demolished or that causes land to be excavated or otherwise developed or improved.

(g) "Subcontractor" means any person, firm, partnership, corporation, company, association, organization or other entity, or any combination thereof, that is a party to a contract with a contractor or party to a contract with the contractor's subcontractors at any tier to perform any portion of work within the scope of the contractor's construction contract with the owner, including where the subcontractor has no direct privity of contract with the contractor. When the owner is deemed a contractor, subcontractor also includes the owner's contractors.

Subd. 2. Assumption of liability. (a) A contractor entering into a construction contract shall assume and is liable for any unpaid wages, fringe benefits, penalties, and resulting liquidated damages owed to a claimant or third party acting on the claimant's behalf by a subcontractor at any tier acting under, by, or for the contractor or its subcontractors for the claimant's performance of labor.

(b) A contractor or any other person shall not evade or commit any act that negates the requirements of this section. No agreement by an employee or subcontractor to indemnify a contractor or otherwise release or transfer liability assigned to a contractor under this section shall be valid. However, if a contractor has satisfied unpaid wage claims of an employee and incurred fees and costs in doing so, such contractor may then pursue actual and liquidated damages from any subcontractor who caused the contractor to incur those damages.

(c) A contractor shall not evade liability under this section by claiming that a person is an independent contractor rather than an employee of a subcontractor unless the person meets the criteria required by section 181.723, subdivision 4.

Subd. 3. Enforcement. (a) In the case of a complaint filed with the commissioner under section 177.27, subdivision 1, or a private civil action by an employee under section 177.27, subdivision 8, such employee may designate any person, organization, or collective bargaining agent authorized to file a complaint with the commissioner or in court pursuant to this section to make a wage claim on the claimant's behalf.

(b) In the case of an action against a subcontractor, the contractor shall be jointly and severally liable for any unpaid wages, benefits, penalties, and any other remedies available pursuant to this section.

(c) Claims shall be brought consistent with section 541.07, clause (5), for the initiation of such claim under this section in a court of competent jurisdiction or the filing of a complaint with the commissioner or attorney general. The provisions of this section do not diminish, impair, or otherwise infringe on any other right of an employee to bring an action or file a complaint against any employer.

<u>Subd. 4.</u> **Payroll records; data.** (a) Within 15 days of a request by a contractor to a subcontractor, the subcontractor, and any other subcontractors hired under contract to the subcontractor shall provide payroll records, which, at minimum, contain all lawfully required information for all workers providing labor on the project. The payroll records shall contain sufficient information to apprise the contractor or subcontractor of such subcontractor's payment of wages and fringe benefit contributions to a third party on the workers' behalf. Payroll records shall be marked or redacted to an extent only to prevent disclosure of the employee's Social Security number.

(b) Within 15 days of a request of a contractor or a contractor's subcontractor, any subcontractor that performs any portion of work within the scope of the contractor's construction contract with an owner shall provide:

(1) the names of all employees and independent contractors of the subcontractor on the project, including the names of all those designated as independent contractors and, when applicable, the name of the contractor's subcontractor with whom the subcontractor is under contract;

(2) the anticipated contract start date;

(3) the scheduled duration of work;

(4) when applicable, local unions with which such subcontractor is a signatory contractor; and

(5) the name and telephone number of a contact for the subcontractor.

(c) Unless otherwise required by law, a contractor or subcontractor shall not disclose an individual's personal identifying information to the general public, except that the contractor or subcontractor can confirm that the individual works for them and provide the individual's full name.

Subd. 5. Payments to contractors and subcontractors. Nothing in this section shall alter the owner's obligation to pay a contractor, or a contractor's obligation to pay a subcontractor as set forth in section 337.10, except as expressly permitted by this section.

Subd. 6. Exemptions. (a) Nothing in this section shall be deemed to diminish the rights, privileges, or remedies of any employee under any collective bargaining agreement. This section shall not apply to any contractor or subcontractor that is a signatory to a bona fide collective bargaining agreement with a building and construction trade labor organization that: (1) contains a grievance procedure that may be used to recover unpaid wages on behalf of employees covered by the agreement; and (2) provides for collection of unpaid contributions to fringe benefit trust funds established pursuant to United States Code, title 29, section 186(c)(5)-(6), by or on behalf of such trust funds.

(b) This section does not apply to work for which prevailing wage rates apply under sections 177.41 to 177.44.

Sec. 7. Minnesota Statutes 2022, section 181.171, subdivision 4, is amended to read:

Subd. 4. **Employer; definition.** "Employer" means any person having one or more employees in Minnesota and includes the state or a contractor that has assumed a subcontractor's liability within the meaning of section 181.165 and any political subdivision of the state. This definition applies to this section and sections 181.02, 181.03, 181.031, 181.032, 181.06, 181.063, 181.10, 181.101, 181.13, 181.14, and 181.16.

#### Sec. 8. EFFECTIVE DATE.

Sections 1 to 7 are effective August 1, 2023, and apply to contracts or agreements entered into, renewed, modified, or amended on or after that date."

5876

Delete the title and insert:

"A bill for an act relating to state government; establishing a biennial budget for the Department of Labor and Industry, Department of Employment and Economic Development, Bureau of Mediation Services, Public Employment Relations Board, Workers' Compensation Court of Appeals, and Explore Minnesota; making economic development, labor, and workforce development policy changes; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 13.43, subdivision 6; 116J.5492, subdivisions 8, 10; 116J.55, subdivisions 1, 5, 6; 116J.871, subdivisions 1, 2; 116J.8748, subdivisions 3, 4, 6, by adding a subdivision; 116J.9924, subdivision 4; 116L.361, subdivision 7; 116L.362, subdivision 1; 116L.364, subdivision 3; 116L.365, subdivision 1; 116L.56, subdivision 2; 116L.561, subdivision 5; 116L.562, subdivision 2; 175.16, subdivision 1; 177.26, subdivisions 1, 2; 177.27, subdivisions 1, 4, 7, 8, 9, 10; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 1, 3, by adding subdivisions; 179A.041, by adding a subdivision; 181.14, subdivision 1; 181.171, subdivision 4; 181.635, subdivisions 1, 2, 3, 4, 6; 181.85, subdivisions 2, 4; 181.86, subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.9435, subdivision 1; 181.9436; 182.654, subdivision 11; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 268.035, subdivision 20; 268A.15, by adding a subdivision; 326B.092, subdivision 6; 326B.096; 326B.103, subdivision 13, by adding subdivisions; 326B.106, subdivisions 1, 4, by adding a subdivision; 326B.802, subdivision 15; 341.21, subdivisions 2a, 2b, 2c, 4f, 7, by adding a subdivision; 341.221; 341.25; 341.27; 341.28, subdivisions 2, 3, by adding subdivisions; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; 357.021, subdivision 1a; 469.40, subdivision 11; 469.47, subdivisions 1, 5; 517.08, subdivision 1c; proposing coding for new law in Minnesota Statutes, chapters 13; 116J; 116L; 179; 181; 182; 341; repealing Minnesota Statutes 2022, sections 116J.9924, subdivision 6; 177.26, subdivision 3; Laws 2019, First Special Session chapter 7, article 2, section 8, as amended."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

## SECOND READING OF SENATE BILLS

S. F. No. 3035 was read for the second time.

# INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Novotny; Joy; Daniels; Mueller; Backer; Engen; Davis; Skraba; Murphy; Petersburg; Mekeland; Harder; Bliss; Anderson, P. H.; Daudt and Nelson, N., introduced:

H. F. No. 3273, A bill for an act relating to state government; modifying requirements related to use of the governor's residence by the governor or a member of the governor's family; amending Minnesota Statutes 2022, section 16B.27, subdivision 1.

The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy.

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Sencer-Mura; Gomez; Lee, F.; Hassan and Frazier introduced:

H. F. No. 3274, A bill for an act relating to government data practices; defining "disciplinary action" for peace officer personnel data; amending Minnesota Statutes 2022, section 13.43, subdivision 2.

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

Hansen, R.; Lee, F.; Becker-Finn; Hornstein; Agbaje; Kraft; Vang; Pérez-Vega; Pursell; Bierman; Jordan; Curran; Nelson, M., and Frazier introduced:

H. F. No. 3275, A resolution memorializing Congress that the Legislature of the State of Minnesota reaffirms its ratification of the Child Labor Amendment to the United States Constitution.

The bill was read for the first time and referred to the Committee on Labor and Industry Finance and Policy.

# **MESSAGES FROM THE SENATE**

The following message was received from the Senate:

#### Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2995.

THOMAS S. BOTTERN, Secretary of the Senate

# FIRST READING OF SENATE BILLS

S. F. No. 2995, A bill for an act relating to state government; modifying provisions governing child care, child safety and permanency, child support, economic assistance, deep poverty, housing and homelessness, behavioral health, the medical education and research cost account, MinnesotaCare, medical assistance, background studies, and human services licensing; establishing the Department of Children, Youth, and Families; making technical and conforming changes; establishing requirements for hospital nurse staffing committees and hospital nurse workload committees; modifying requirements of hospital core staffing plans; modifying requirements related to hospital preparedness and incident response action plans to acts of violence; modifying eligibility for the health professional education loan forgiveness program; establishing the Health Care Affordability Board and Health Care Affordability Advisory Council; establishing prescription contraceptive supply requirement; requiring health plan coverage of prescription contraceptives, certain services provided by a pharmacist, infertility treatment, treatment of rare diseases and conditions, and biomarker testing; modifying managed care withhold requirements; establishing filing requirements for a health plan's prescription drug formulary and for items and services provided by medical and dental practices; establishing notice and disclosure requirements for certain health care transactions; extending moratorium on certain conversion transactions; requiring disclosure of facility fees for telehealth; modifying provisions relating to the eligibility of undocumented children for MinnesotaCare and of children for medical assistance; prohibiting a medical assistance benefit plan from including cost-sharing provisions; authorizing a MinnesotaCare buy-in option; assessing alternative payment methods in rural health care; assessing feasibility for a health care provider directory; requiring compliance with the No Surprises Act in billing; modifying prescription drug price provisions and continuity of care provisions; compiling health encounter data; modifying all-payer claims data provisions; establishing certain advisory councils, committees, public awareness campaigns, apprenticeship programs, and grant programs; modifying lead testing and remediation requirements; establishing Minnesota One Health Microbial Stewardship Collaborative and cultural communications program; providing for clinical health care training; establishing a climate resiliency program; changing assisted living provisions; establishing a program to monitor long COVID, a 988 suicide crisis lifeline, school-based health centers, Healthy Beginnings, Healthy Families Act, and Comprehensive and Collaborative Resource and Referral System for Children; establishing a moratorium on green burials; regulating submerged closed-loop exchanger systems; establishing a tobacco use prevention account; amending provisions relating to adoptee birth records access; establishing Office of African American Health; establishing Office of American Indian Health; changing certain health board fees; establishing easy enrollment health insurance outreach program; establishing a state-funded cost-sharing reduction program for eligible persons enrolled in certain qualified health plans; setting certain fees; requiring reports; authorizing attorney general and commissioner of health review and enforcement of certain health care transactions; authorizing rulemaking; transferring money; allocating funds for a specific purpose; making forecast adjustments; appropriating money for the Department of Human Services, Department of Health, health-related boards, emergency medical services regulatory board, ombudsperson for families, ombudsperson for American Indian families, Office of the Foster Youth Ombudsperson, Rare Disease Advisory Council, Department of Revenue, Department of Management and Budget, Department of Children, Youth and Families, Department of Commerce, and Health Care Affordability Board; amending Minnesota Statutes 2022, sections 4.045; 10.65, subdivision 2; 13.10, subdivision 5; 13.46, subdivision 4; 13.465, subdivision 8; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 16A.151, subdivision 2; 43A.08, subdivision 1a; 62A.02, subdivision 1; 62A.045; 62A.15, subdivision 4, by adding a subdivision; 62A.30, by adding subdivisions; 62A.673, subdivision 2; 62J.497, subdivisions 1, 3; 62J.692, subdivisions 1, 3, 4, 5, 8; 62J.824; 62J.84, subdivisions 2, 3, 4, 6, 7, 8, 9, by adding subdivisions; 62K.10, subdivision 4; 62K.15; 62U.04, subdivisions 4, 5, 5a, 11, by adding subdivisions; 62U.10, subdivision 7; 103I.005, subdivisions 17a, 20a, by adding a subdivision; 103I.208, subdivision 2; 119B.011, subdivisions 2, 5, 13, 19a; 119B.025, subdivision 4; 119B.03, subdivision 4a; 119B.125, subdivisions 1, 1a, 1b, 2, 3, 4, 6, 7; 119B.13, subdivisions 1, 6; 119B.16, subdivisions 1a, 1c, 3; 119B.161, subdivisions 2, 3; 119B.19, subdivision 7; 121A.335, subdivisions 3, 5, by adding a subdivision; 144.05, by adding a subdivision; 144.122; 144.1501, subdivisions 1, 2, 3, 4, 5; 144.1506, subdivision 4; 144.218, subdivisions 1, 2; 144.225, subdivision 2; 144.2252; 144.226, subdivisions 3, 4; 144.566; 144.608, subdivision 1; 144.651, by adding a subdivision; 144.653, subdivision 5; 144.7055; 144.7067, subdivision 1; 144.9501, subdivision 9; 144E.001, subdivision 1, by adding a subdivision; 144E.35; 145.4716, subdivision 3; 145.87, subdivision 4; 145.924; 145A.131, subdivisions 1, 2, 5; 145A.14, by adding a subdivision; 147A.08; 148.56, subdivision 1; 148B.392, subdivision 2; 150A.08, subdivisions 1, 5; 150A.091, by adding a subdivision; 150A.13, subdivision 10; 151.065, subdivisions 1, 2, 3, 4, 6; 151.071, subdivision 2; 151.555; 151.74, subdivisions 3, 4; 152.126, subdivisions 4, 5, 6, 9; 245.095; 245.4663, subdivision 4; 245.4889, subdivision 1; 245.735, subdivisions 3, 6, by adding a subdivision; 245A.02, subdivision 2c; 245A.04, subdivisions 1, 7a; 245A.05; 245A.055, subdivision 2; 245A.06, subdivisions 1, 2, 4; 245A.07, subdivision 3; 245A.16, by adding a subdivision; 245A.50, subdivisions 3, 4, 5, 6, 9; 245C.02, subdivision 13e, by adding subdivisions; 245C.03, subdivisions 1, 1a; 245C.031, subdivision 1; 245C.04, subdivision 1; 245C.05, subdivisions 1, 2c, 4; 245C.08, subdivision 1; 245C.10, subdivisions 2, 2a, 3, 4, 5, 6, 8, 9, 9a, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21; 245C.15, subdivision 2, by adding a subdivision; 245C.17, subdivisions 2, 3, 6; 245C.21, subdivisions 1a, 2; 245C.22, subdivision 7; 245C.23, subdivisions 1, 2; 245C.24, subdivision 2; 245C.30, subdivision 2; 245C.32, subdivision 2; 245E.06, subdivision 3; 245G.03, subdivision 1; 245H.01, subdivision 3, by adding a subdivision; 245H.03, subdivisions 2, 4; 245H.06, subdivisions 1, 2; 245H.07, subdivisions 1, 2; 245I.011, subdivision 3; 245I.20, subdivisions 10, 13, 14, 16; 254B.02, subdivision 5; 256.01, by adding a subdivision; 256.014, subdivisions 1, 2; 256.046, subdivision 3; 256.0471, subdivision 1; 256.962, subdivision 5: 256.9655, by adding a subdivision; 256.969, subdivisions 2b, 9, 25, by adding a subdivision; 256.983, subdivision 5; 256B.04, by adding a subdivision; 256B.055, subdivision 17; 256B.056, subdivision 7; 256B.0625, subdivisions 9, 13, 13c, 13f, 13g, 28b, 30, 31, 34, 49, by adding subdivisions; 256B.0631, subdivision 2, by adding a subdivision; 256B.0941, by adding a subdivision; 256B.196, subdivision 2; 256B.69, subdivisions 4, 5a, 6d, 28, 36,

by adding subdivisions; 256B.692, subdivision 1; 256B.75; 256B.758; 256B.76, as amended; 256B.761; 256B.764; 256D.01, subdivision 1a; 256D.024, subdivision 1; 256D.03, by adding a subdivision; 256D.06, subdivision 5; 256D.44, subdivision 5; 256D.63, subdivision 2; 256E.34, subdivision 4; 256E.35, subdivisions 1, 2, 3, 4a, 6, 7; 256I.03, subdivisions 7, 13; 256I.04, subdivision 1; 256I.06, subdivisions 6, 8, by adding a subdivision; 256J.08, subdivisions 71, 79; 256J.11, subdivision 1; 256J.21, subdivisions 3, 4; 256J.26, subdivision 1; 256J.33, subdivisions 1, 2; 256J.35; 256J.37, subdivisions 3, 3a; 256J.425, subdivisions 1, 4, 5, 7; 256J.46, subdivisions 1, 2, 2a; 256J.95, subdivision 19; 256L.03, subdivision 5; 256L.04, subdivisions 7a, 10, by adding a subdivision; 256L.07, subdivision 1; 256L.15, subdivision 2; 256N.26, subdivision 12; 256P.01, by adding subdivisions; 256P.02, subdivision 2, by adding subdivisions; 256P.04, subdivisions 4, 8; 256P.06, subdivision 3, by adding a subdivision; 256P.07, subdivisions 1, 2, 3, 4, 6, 7, by adding subdivisions; 259.83, subdivisions 1, 1a, 1b, by adding a subdivision; 260.761, subdivision 2, as amended; 260C.007, subdivisions 6, 14; 260C.317, subdivision 4; 260C.80, subdivision 1; 260E.01; 260E.02, subdivision 1; 260E.03, subdivision 22, by adding subdivisions; 260E.09; 260E.14, subdivisions 2, 5; 260E.17, subdivision 1; 260E.18; 260E.20, subdivision 2; 260E.24, subdivisions 2, 7; 260E.33, subdivision 1; 260E.35, subdivision 6; 270B.14, subdivision 1, by adding a subdivision; 297F.10, subdivision 1; 403.161, subdivisions 1, 3, 5, 6, 7; 403.162, subdivisions 1, 2, 5; 518A.31; 518A.32, subdivisions 3, 4; 518A.34; 518A.41; 518A.42, subdivisions 1, 3; 518A.65; 518A.77; 524.5-118; 609B.425, subdivision 2; 609B.435, subdivision 2; Laws 2017, First Special Session chapter 6, article 5, section 11, as amended; Laws 2021, First Special Session chapter 7, article 6, section 26; article 16, sections 2, subdivision 32, as amended; 3, subdivision 2, as amended; article 17, section 5, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62A; 62D; 62J; 62O; 62V; 103I; 119B; 144; 144E; 145; 148; 245; 245C; 256B; 256E; 256K; 256N; 256P; 260; 290; proposing coding for new law as Minnesota Statutes, chapter 143; repealing Minnesota Statutes 2022, sections 62J.692, subdivisions 4a, 7, 7a; 119B.03, subdivision 4; 137.38, subdivision 1; 144.059, subdivision 10; 144.212, subdivision 11; 245C.02, subdivision 14b; 245C.031, subdivisions 5, 6, 7; 245C.032; 245C.11, subdivision 3; 245C.30, subdivision 1a; 256.8799; 256.9864; 256B.0631, subdivisions 1, 2, 3; 256B.69, subdivision 5c; 256J.08, subdivisions 10, 53, 61, 62, 81, 83; 256J.30, subdivisions 5, 7, 8; 256J.33, subdivisions 3, 4, 5; 256J.34, subdivisions 1, 2, 3, 4; 256J.37, subdivision 10; 256J.425, subdivision 6; 259.83, subdivision 3; 259.89; 260C.637.

The bill was read for the first time and referred to the Committee on Ways and Means.

Long 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 Wolgamott.

## REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Long from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Monday, April 24, 2023 and established a prefiling requirement for amendments offered to the following bills:

S. F. No. 10; H. F. No. 36; S. F. No. 3035; and H. F. No. 100.

Jordan was excused between the hours of 1:25 p.m. and 2:30 p.m.

# CALENDAR FOR THE DAY

S. F. No. 1955 was reported to the House.

Harder moved to amend S. F. No. 1955, the unofficial engrossment, as follows:

Page 71, line 12, after "2023" insert ". The commissioner of agriculture must not require the payment or collection of grain indemnity premiums under this section before July 1, 2024"

The motion prevailed and the amendment was adopted.

Anderson, P. H., moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 37, after line 26, insert:

"Sec. 8. Minnesota Statutes 2022, section 17.133, subdivision 2, is amended to read:

Subd. 2. **Grants.** The commissioner must award farm down payment assistance grants of up to \$15,000 per eligible farmer <u>purchasing less than 80 acres of farmland</u>, and up to \$30,000 per eligible farmer <u>purchasing 80 acres</u> or more of farmland. An eligible farmer must match the grant with at least an equivalent amount of other funding. An eligible farmer must commit to own and farm the land purchased with assistance provided under this section for at least five years. For each year that a grant recipient does not own and farm the land during the five-year period, the grant recipient must pay a penalty to the commissioner equal to 20 percent of the grant amount."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Anderson, P. H., amendment and the roll was called. There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf Anderson, P. E.	Daudt Davis	Heintzeman Hudella	Mekeland Mueller	O'Driscoll Olson, B.	Skraba Swedzinski
Anderson, P. H.	Dotseth	Hudson	Murphy	O'Neill	Torkelson
Backer	Engen	Igo	Myers	Perryman	Urdahl
Bakeberg	Fogelman	Jacob	Nadeau	Petersburg	West
Baker	Franson	Johnson	Nash	Quam	Wiener
Bennett	Garofalo	Joy	Nelson, N.	Robbins	Wiens
Bliss	Gillman	Knudsen	Neu Brindley	Schomacker	Witte
Burkel	Grossell	Koznick	Niska	Schultz	Zeleznikar
Daniels	Harder	Kresha	Novotny	Scott	

Acomb	Edelson	Hassan	Koegel	Newton	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Kotyza-Witthuhn	Noor	Smith
Bahner	Feist	Her	Kozlowski	Norris	Stephenson
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Tabke
Berg	Fischer	Hill	Lee, F.	Pelowski	Vang
Bierman	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Keeler	Moller	Reyer	
Curran	Hanson, J.	Klevorn	Nelson, M.	Richardson	

Those who voted in the negative were:

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

Burkel moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 56, lines 20 to 21, reinstate the stricken language and delete the new language

A roll call was requested and properly seconded.

The question was taken on the Burkel amendment and the roll was called. There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Daudt	Heintzeman	Mekeland	O'Driscoll	Skraba
Anderson, P. E.	Davis	Hudella	Mueller	Olson, B.	Swedzinski
Anderson, P. H.	Dotseth	Hudson	Murphy	O'Neill	Torkelson
Backer	Engen	Igo	Myers	Perryman	Urdahl
Bakeberg	Fogelman	Jacob	Nadeau	Petersburg	West
Baker	Franson	Johnson	Nash	Quam	Wiener
Bennett	Garofalo	Joy	Nelson, N.	Robbins	Wiens
Bliss	Gillman	Knudsen	Neu Brindley	Schomacker	Witte
Burkel	Grossell	Koznick	Niska	Schultz	Zeleznikar
Daniels	Harder	Kresha	Novotny	Scott	

Those who voted in the negative were:

Acomb Agbaje	Clardy Coulter	Frederick Freiberg	Hicks Hill	Koegel Kotyza-Witthuhn	Long Moller
Bahner	Curran	Gomez	Hollins	Kozlowski	Nelson, M.
Becker-Finn	Edelson	Greenman	Hornstein	Kraft	Newton
Berg	Elkins	Hansen, R.	Howard	Lee, F.	Noor
Bierman	Feist	Hanson, J.	Huot	Lee, K.	Norris
Brand	Finke	Hassan	Hussein	Liebling	Olson, L.
Carroll	Fischer	Hemmingsen-Jaeger	Keeler	Lillie	Pelowski
Cha	Frazier	Her	Klevorn	Lislegard	Pérez-Vega

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Pinto	Rehm	Sencer-Mura	Tabke	Xiong
Pryor	Reyer	Smith	Vang	Youakim
Pursell	Richardson	Stephenson	Wolgamott	Spk. Hortman

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

Jacob moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 34, delete section 1

Page 45, delete section 22

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Jacob amendment and the roll was called. There were 61 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Hudson	Myers	Perryman	West
Anderson, P. E.	Dotseth	Igo	Nadeau	Petersburg	Wiener
Anderson, P. H.	Engen	Jacob	Nash	Quam	Wiens
Backer	Fogelman	Johnson	Nelson, N.	Robbins	Witte
Bakeberg	Franson	Joy	Neu Brindley	Schomacker	Youakim
Baker	Garofalo	Knudsen	Niska	Schultz	Zeleznikar
Bennett	Gillman	Koznick	Novotny	Scott	
Bliss	Grossell	Kresha	O'Driscoll	Skraba	
Burkel	Harder	Mekeland	Olson, B.	Swedzinski	
Daniels	Heintzeman	Mueller	O'Neill	Torkelson	
Daudt	Hudella	Murphy	Pelowski	Urdahl	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Koegel	Newton	Smith
Agbaje	Elkins	Hemmingsen-Jaeger	Kotyza-Witthuhn	Noor	Stephenson
Bahner	Feist	Her	Kozlowski	Norris	Tabke
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Vang
Berg	Fischer	Hill	Lee, F.	Pérez-Vega	Wolgamott
Bierman	Frazier	Hollins	Lee, K.	Pinto	Xiong
Brand	Frederick	Hornstein	Liebling	Pryor	Spk. Hortman
Carroll	Freiberg	Howard	Lillie	Pursell	
Cha	Gomez	Huot	Lislegard	Rehm	
Clardy	Greenman	Hussein	Long	Reyer	
Coulter	Hansen, R.	Keeler	Moller	Richardson	
Curran	Hanson, J.	Klevorn	Nelson, M.	Sencer-Mura	

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

Burkel moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 2, line 22, delete "29,666,000" and insert "29,816,000" and delete "17,610,000" and insert "17,760,000"

Page 3, line 15, delete "\$175,000" and insert "\$250,000" and delete "\$175,000" and insert "\$250,000"

Page 3, line 34, delete "\$155,000" and insert "\$230,000" and delete "\$155,000" and insert "\$230,000"

Page 13, line 20, delete "21,557,000" and insert "21,407,000" and delete "16,673,000" and insert "16,523,000"

Page 20, delete lines 1 to 12

Reletter the paragraphs in sequence

A roll call was requested and properly seconded.

The question was taken on the Burkel amendment and the roll was called. There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Daudt	Heintzeman	Mekeland	O'Driscoll	Skraba
Anderson, P. E.	Davis	Hudella	Mueller	Olson, B.	Swedzinski
Anderson, P. H.	Dotseth	Hudson	Murphy	O'Neill	Torkelson
Backer	Engen	Igo	Myers	Perryman	Urdahl
Bakeberg	Fogelman	Jacob	Nadeau	Petersburg	West
Baker	Franson	Johnson	Nash	Quam	Wiener
Bennett	Garofalo	Joy	Nelson, N.	Robbins	Wiens
Bliss	Gillman	Knudsen	Neu Brindley	Schomacker	Witte
Burkel	Grossell	Koznick	Niska	Schultz	Zeleznikar
Daniels	Harder	Kresha	Novotny	Scott	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Koegel	Newton	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Kotyza-Witthuhn	Noor	Smith
Bahner	Feist	Her	Kozlowski	Norris	Stephenson
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Tabke
Berg	Fischer	Hill	Lee, F.	Pelowski	Vang
Bierman	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Keeler	Moller	Reyer	
Curran	Hanson, J.	Klevorn	Nelson, M.	Richardson	

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

Anderson, P. H., moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 3, line 5, delete "\$2,500,000" and insert "\$1,000,000"

Page 18, line 26, delete "\$3,000,000" and insert "\$5,500,000"

Page 20, line 28, delete "\$2,500,000" and insert "\$2,000,000" and delete "\$2,500,000" and insert "\$2,000,000"

Adjust amounts accordingly

A roll call was requested and properly seconded.

Anderson, P. H., moved to amend the Anderson P. H., amendment to S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 1, after line 2, insert:

"Page 6, line 30, delete "\$11,740,000" and insert "\$11,240,000" and delete "\$10,740,000" and insert "\$10,240,000"

Page 8, line 17, after the semicolon, insert "and"

Page 8, line 23, delete "; and" and insert a period

Page 8, delete lines 24 to 29"

Page 1, delete lines 4 and 5

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Anderson, P. H., amendment, as amended, and the roll was called. There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf Anderson, P. E. Anderson, P. H. Backer Bakeberg Baker Bennett Bliss Burkel Daniels	Daudt Davis Dotseth Engen Fogelman Franson Garofalo Gillman Grossell Harder	Heintzeman Hudella Hudson Igo Jacob Johnson Joy Knudsen Koznick Kresha	Mekeland Mueller Murphy Myers Nadeau Nash Nelson, N. Neu Brindley Niska Novotny	O'Driscoll Olson, B. O'Neill Perryman Petersburg Quam Robbins Schomacker Schultz Scott	Skraba Swedzinski Torkelson Urdahl West Wiener Wiens Witte Zeleznikar		
Those who voted in the negative were:							
Acomb Agbaje Bahner	Becker-Finn Berg Bierman	Brand Carroll Cha	Clardy Coulter Curran	Edelson Elkins Feist	Finke Fischer Frazier		

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Frederick Freiberg	Hicks Hill	Koegel Kotyza-Witthuhn	Long Moller	Pinto Pryor	Tabke Vang
Gomez	Hollins	Kozlowski	Nelson, M.	Pursell	Wolgamott
Greenman	Hornstein	Kraft	Newton	Rehm	Xiong
Hansen, R.	Howard	Lee, F.	Noor	Reyer	Youakim
Hanson, J.	Huot	Lee, K.	Norris	Richardson	Spk. Hortman
Hassan	Hussein	Liebling	Olson, L.	Sencer-Mura	
Hemmingsen-Jaeger	Keeler	Lillie	Pelowski	Smith	
Her	Klevorn	Lislegard	Pérez-Vega	Stephenson	

The motion did not prevail and the amendment, as amended, was not adopted.

Anderson, P. H., moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 5, line 24, delete "4,365,000" and insert "4,615,000" and delete "4,365,000" and insert "4,615,000"

Page 6, after line 27, insert:

"(f) \$250,000 the first year and \$250,000 the second year are for mental health outreach and support to farmers, ranchers, and others in the agricultural community and for farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Of this amount, up to \$100,000 each year is for a grant to the Minnesota FFA Foundation to engage FFA chapters in creating education, training, or outreach projects that respond to community needs to mitigate stress and promote mental health. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year."

Page 13, line 20, delete "21,557,000" and insert "21,307,000" and delete "16,673,000" and insert "16,423,000"

Page 16, line 22, delete "\$400,000" and insert "\$150,000" and delete "\$400,000" and insert "\$150,000"

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Anderson, P. H., amendment and the roll was called. There were 60 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Altendorf	Baker	Daniels	Fogelman	Harder	Jacob
Anderson, P. E.	Bennett	Daudt	Franson	Heintzeman	Johnson
Anderson, P. H.	Bliss	Davis	Garofalo	Hudella	Joy
Backer	Brand	Dotseth	Gillman	Hudson	Knudsen
Bakeberg	Burkel	Engen	Grossell	Igo	Koznick

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Kresha	Nadeau	Novotny	Petersburg	Scott	West
Mekeland	Nash	O'Driscoll	Quam	Skraba	Wiener
Mueller	Nelson, N.	Olson, B.	Robbins	Swedzinski	Wiens
Murphy	Neu Brindley	O'Neill	Schomacker	Torkelson	Witte
Myers	Niska	Perryman	Schultz	Urdahl	Zeleznikar

Those who voted in the negative were:

Acomb	Elkins	Hemmingsen-Jaeger	Kotyza-Witthuhn	Noor	Smith
Agbaje	Feist	Her	Kozlowski	Norris	Stephenson
Bahner	Finke	Hicks	Kraft	Olson, L.	Tabke
Becker-Finn	Fischer	Hill	Lee, F.	Pelowski	Vang
Berg	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Bierman	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Keeler	Moller	Reyer	
Curran	Hanson, J.	Klevorn	Nelson, M.	Richardson	
Edelson	Hassan	Koegel	Newton	Sencer-Mura	

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

Anderson, P. H., moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 4, line 20, delete "\$5,000,000" and insert "\$9,988,000"

Page 5, delete lines 14 to 17

Reletter the paragraphs in sequence

Page 12, line 15, delete "\$1,000,000" and insert "\$800,000" and delete "\$1,000,000" and insert "\$800,000"

Page 12, line 25, delete "\$1,000,000" and insert "\$600,000" and delete "\$1,000,000" and insert "\$600,000"

Page 12, line 29, delete "\$500,000" and insert "\$450,000" and delete "\$500,000" and insert "\$450,000"

Page 20, delete lines 33 to 35

Page 21, delete lines 1 to 14

Reletter the paragraphs in sequence

Page 45, delete section 21

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Anderson, P. H., amendment and the roll was called. There were 55 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Hudson	Murphy	O'Neill	West
Anderson, P. E.	Dotseth	Igo	Myers	Perryman	Wiener
Anderson, P. H.	Engen	Jacob	Nadeau	Petersburg	Wiens
Backer	Fogelman	Johnson	Nash	Quam	Witte
Bakeberg	Franson	Joy	Nelson, N.	Robbins	Zeleznikar
Bennett	Gillman	Knudsen	Neu Brindley	Schomacker	
Bliss	Grossell	Koznick	Niska	Skraba	
Burkel	Harder	Kresha	Novotny	Swedzinski	
Daniels	Heintzeman	Mekeland	O'Driscoll	Torkelson	
Daudt	Hudella	Mueller	Olson, B.	Urdahl	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Koegel	Newton	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Kotyza-Witthuhn	Noor	Smith
Bahner	Feist	Her	Kozlowski	Norris	Stephenson
Becker-Finn	Finke	Hicks	Kraft	Olson, L.	Tabke
Berg	Fischer	Hill	Lee, F.	Pelowski	Vang
Bierman	Frazier	Hollins	Lee, K.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Liebling	Pinto	Xiong
Carroll	Freiberg	Howard	Lillie	Pryor	Youakim
Cha	Gomez	Huot	Lislegard	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Long	Rehm	
Coulter	Hansen, R.	Keeler	Moller	Reyer	
Curran	Hanson, J.	Klevorn	Nelson, M.	Richardson	

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

Schultz was excused between the hours of 2:00 p.m. and 3:25 p.m.

Nelson, N., moved to amend S. F. No. 1955, the unofficial engrossment, as amended, as follows:

Page 33, delete lines 25 to 29

Page 34, line 1, delete "(c)" and insert "(b)"

Page 34, line 4, delete "(a)" and delete "partner"

Page 34, line 5, delete "organizations to"

Page 34, delete lines 11 to 14

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

S. F. No. 1955, A bill for an act relating to state government; establishing a budget for the Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, and the Office of Broadband Development; making policy and technical changes to agriculture provisions; making policy and technical changes to broadband provisions; providing civil penalties; appropriating money; requiring reports; transferring money to the border-to-border broadband fund account; creating the grain indemnity account;

transferring money to the grain indemnity account; amending Minnesota Statutes 2022, sections 17.1016, subdivision 2; 17.133, subdivision 2; 28A.152, subdivision 2; 41A.14, subdivision 2; 41A.19; 116J.395, subdivision 7; 116J.396, subdivision 2; 223.16, by adding a subdivision; 223.17, subdivisions 6, 7, 7a; 223.175; 223.19; 232.22, subdivision 5; Laws 2021, First Special Session chapter 3, article 1, section 2, subdivision 5, as amended; Laws 2022, chapter 95, article 2, section 29, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 17; 116J; 223; repealing Minnesota Statutes 2022, sections 17.055, subdivision 2; 41A.12, subdivision 4; 41A.21; 223.17, subdivisions 4, 8; 232.22, subdivisions 4, 6, 6a, 7.

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 58 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	•
Curran	Hanson, J.	Keeler	Moller	Reyer	

Those who voted in the negative were:

Altendorf	Daudt	Heintzeman	Mekeland	O'Driscoll	Swedzinski
Anderson, P. E.	Davis	Hudella	Mueller	Olson, B.	Torkelson
Anderson, P. H.	Dotseth	Hudson	Murphy	O'Neill	Urdahl
Backer	Engen	Igo	Myers	Perryman	West
Bakeberg	Fogelman	Jacob	Nadeau	Petersburg	Wiener
Baker	Franson	Johnson	Nash	Quam	Wiens
Bennett	Garofalo	Joy	Nelson, N.	Robbins	Witte
Bliss	Gillman	Knudsen	Neu Brindley	Schomacker	Zeleznikar
Burkel	Grossell	Koznick	Niska	Scott	
Daniels	Harder	Kresha	Novotny	Skraba	

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

H. F. No. 1587 was reported to the House.

Pursell moved to amend H. F. No. 1587, the first engrossment, as follows:

Page 24, delete section 61 and insert:

"Sec. 61. Minnesota Statutes 2022, section 18H.14, is amended to read:

#### 18H.14 LABELING AND ADVERTISING OF NURSERY STOCK.

(a) Plants, plant materials, or nursery stock must not be labeled or advertised with false or misleading information including, but not limited to, <u>the</u> scientific name, variety, place of origin, <u>and</u> hardiness zone as defined by the United States Department of Agriculture, and growth habit.

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(b) All nonhardy nursery stock as designated by the commissioner must be labeled correctly for hardiness or be labeled "nonhardy" in Minnesota.

(c) A person An entity may not offer for distribution plants, plant materials, or nursery stock, represented by some specific or special form of notation, including, but not limited to, "free from" or "grown free of," unless the plants are produced under a specific program approved by the commissioner to address the specific plant properties addressed in the special notation claim.

(d) Nursery stock collected from the wild state must be inspected and certified prior to sale and at the time of sale must be labeled "Collected from the Wild." The label must remain on each plant or clump of plants while it is offered for sale and during the distribution process. The collected stock may be grown in nursery rows at least two years, after which the plants may be sold without the labeling required by this paragraph.

(e) A person selling at retail or providing to an end user <u>An entity</u> may not label or advertise an annual plant, bedding plant, or other plant, plant material, or nursery stock as beneficial to pollinators if the annual plant, bedding plant, plant material, or nursery stock has:

(1) been treated with a systemic insecticide that:

(i) has a pollinator protection box on the label; or

(ii) has a pollinator, bee, or honey bee precautionary statement in the environmental hazards section of the insecticide product label; and

(2) a concentration in its flowers or leaves greater than the no-observed adverse effect level of a systemic insecticide reference value.

The commissioner shall enforce this paragraph as provided in chapter 18J.

(f) For the purposes of paragraph (e):

(1) "systemic insecticide" means an insecticide that is both absorbed by the plant and translocated through the plant's vascular system; and

(2) "no observed adverse effect level" means the level established by the United States Environmental Protection Agency for acute oral toxicity for adult honeybees "reference value" means the most appropriate value determined by the commissioner of agriculture based on the commissioner's review of pollinator protective reference values published or approved by the United States Environmental Protection Agency. If a United States Environmental Protection Agency reference value is not available for a specific systemic insecticide or is not appropriate for use in Minnesota or for a specific type of plant, plant material, or nursery stock, the commissioner may consider reference values from other states, peer-reviewed literature, or other appropriate sources."

The motion prevailed and the amendment was adopted.

H. F. No. 1587, A bill for an act relating to agriculture; modifying restricted species provisions; prohibiting certain provisions in carbon storage contracts; prohibiting false labeling of certain pesticide-treated plants as pollinator friendly; modifying genetically engineered organisms provisions; modifying nursery and plant protection provisions; modifying provisions regulating the dairy industry; modifying control and eradication of nonnative Phragmites; amending Minnesota Statutes 2022, sections 17.457; 17.710; 17.983, subdivision 1; 18.78, subdivision

2; 18F.01; 18F.02, by adding subdivisions; 18F.07; 18F.13; 18G.02, subdivisions 2, 6, 14, 15, 16, 20, 22, 24, 30, by adding a subdivision; 18G.03, subdivision 1; 18G.04, subdivision 2; 18G.05; 18G.06, subdivisions 2, 5; 18G.10, subdivisions 4, 5, 6; 18G.11, subdivision 1; 18G.12, subdivisions 1, 2; 18H.02, subdivisions 2, 3, 8, 9, 12, 12b, 12c, 14, 16, 18, 20, 24, 24a, 25, 26, 28, 32, 33, by adding a subdivision; 18H.03, subdivision 6; 18H.04; 18H.05; 18H.06, subdivision 2; 18H.07, subdivision 4, by adding a subdivision; 18H.08, subdivision 1; 18H.09; 18H.10; 18H.12; 18H.13; 18H.14; 18H.15; 18H.18; 32D.02, subdivision 2; 32D.09, subdivision 2; 34A.04, subdivision 1; repealing Minnesota Statutes 2022, sections 17.984; 18F.02, subdivisions 2, 9; 18F.12; 18G.02, subdivisions 12, 17, 21, 25, 29; 18H.02, subdivisions 10, 12a, 29, 31, 32a, 34; 18H.06, subdivision 1; 32D.03, subdivision 5.

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 87 yeas and 39 nays as follows:

Those who voted in the affirmative were:

Acomb	Coulter	Harder	Kotyza-Witthuhn	Newton	Skraba
Agbaje	Curran	Hassan	Kozlowski	Noor	Smith
Anderson, P. H.	Edelson	Hemmingsen-Jaeger	Kraft	Norris	Stephenson
Backer	Elkins	Her	Lee, F.	Olson, L.	Tabke
Bahner	Feist	Hicks	Lee, K.	Pelowski	Urdahl
Baker	Finke	Hill	Liebling	Pérez-Vega	Vang
Becker-Finn	Fischer	Hollins	Lillie	Perryman	West
Bennett	Franson	Hornstein	Lislegard	Pinto	Wiens
Berg	Frazier	Howard	Long	Pryor	Wolgamott
Bierman	Frederick	Huot	Moller	Pursell	Xiong
Brand	Freiberg	Hussein	Mueller	Rehm	Youakim
Burkel	Gomez	Jordan	Myers	Reyer	Spk. Hortman
Carroll	Greenman	Keeler	Nadeau	Richardson	
Cha	Hansen, R.	Klevorn	Nelson, M.	Robbins	
Clardy	Hanson, J.	Koegel	Nelson, N.	Sencer-Mura	

Those who voted in the negative were:

Altendorf Anderson, P. E. Bakeberg Bliss Daniels Daudt Davis	Dotseth Engen Fogelman Garofalo Gillman Grossell Usiataman	Hudella Hudson Igo Jacob Joy Koznick	Mekeland Murphy Nash Neu Brindley Niska Novotny O'Drisecell	Olson, B. O'Neill Petersburg Quam Schomacker Scott	Torkelson Wiener Witte Zeleznikar
Davis	Heintzeman	Kresha	O'Driscoll	Swedzinski	

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

H. F. No. 2497 was reported to the House.

Kresha moved to amend H. F. No. 2497, the third engrossment, as follows:

Delete everything after the enacting clause and insert:

# "ARTICLE 1 GENERAL EDUCATION

Section 1. Minnesota Statutes 2022, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** (a) 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 2021 is \$6,567. The formula allowance for fiscal year 2022 is \$6,728.

(b) The formula allowance for fiscal year 2023 and later is \$6,863. The formula allowance for fiscal year 2024 is \$7,206. The formula allowance for fiscal year 2025 and later is \$7,566.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 2. Minnesota Statutes 2022, section 126C.10, subdivision 18a, is amended to read:

Subd. 18a. **Pupil transportation adjustment.** (a) An independent, common, or special school district's transportation sparsity revenue under subdivision 18 is increased by the greater of zero or  $\frac{18.2}{70}$  percent of the difference between:

(1) the lesser of the district's total cost for regular and excess pupil transportation under section 123B.92, subdivision 1, paragraph (b), including depreciation, for the previous fiscal year or 105 percent of the district's total cost for the second previous fiscal year; and

(2) the sum of:

(i) 4.66 percent of the district's basic revenue for the previous fiscal year;

(ii) transportation sparsity revenue under subdivision 18 for the previous fiscal year;

(iii) the district's charter school transportation adjustment for the previous fiscal year; and

(iv) the district's reimbursement for transportation provided under section 123B.92, subdivision 1, paragraph (b), clause (1), item (vi).

(b) A charter school's pupil transportation adjustment equals the school district per pupil adjustment under paragraph (a).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

Sec. 3. Minnesota Statutes 2022, section 126C.44, is amended to read:

#### 126C.44 SAFE SCHOOLS LEVY REVENUE.

<u>Subdivision 1.</u> <u>Safe schools revenue for school districts.</u> (a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$36 multiplied by the district's adjusted pupil units for the school year A school district's safe schools revenue equals the sum of its safe schools aid.

Subd. 2. Safe schools aid. Safe schools aid for a school district and a charter school equals \$100 times the district's adjusted pupil units for the school year.

Subd. 3. Safe schools revenue for intermediate school districts. (a) Safe schools aid for a cooperative unit serving students under section 123A.24, subdivision 2, equals \$45 times the adjusted pupil units of the member districts.

(b) Revenue raised under this subdivision must be transferred to the intermediate school district.

Subd. 4. Fiscal year 2024 only. A charter school's safe schools aid for fiscal year 2024 only equals \$36 times its adjusted pupil units for that year.

Subd. 5. Use of safe schools revenue. The proceeds of the levy (a) Safe schools revenue must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and substance use disorder counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; or

(9) to pay costs for colocating and collaborating with mental health professionals who are not district employees or contractors.

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(c) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$15 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

**EFFECTIVE DATE.** Subdivisions 1, 2, 3, and 5 are effective for fiscal year 2025 and later. Subdivision 4 is effective for fiscal year 2024.

### Sec. 4. BASE BUDGET APPROPRIATIONS.

Subdivision 1. Base budget authorized. Notwithstanding any law to the contrary, for any early education or K12 education program without an appropriation specified in this act, the base budget amounts are approved for fiscal years 2024 and 2025.

Subd. 2. Appropriations. For fiscal years 2024 and 2025 only, there is annually appropriated from the general fund to the commissioner of education the amounts necessary to fund the base budget for all K12 and early education programs identified in Laws 2021 First special session chapter 13, as documented in the February 2023 Forecast General Fund Balance Analysis for fiscal years 2024 and 2025.

Subd. 3. <u>Allocations among recipients.</u> The commissioner of education must distribute the state aid appropriated in subdivision 2 to school districts, charter schools, cooperative units, state agencies and boards, and all other recipients of base budget amounts according to each statutorily specified formula. For any amount where the aid or grant recipient is not identified in law, the commissioner may allocate the funds to the recipients in the same manner as for the 2022-2023 biennium.

#### Sec. 5. APPROPRIATION; GENERAL EDUCATION AID.

Subdivision 1. Department of Education. The sum indicated in this section is appropriated from the general fund to the Department of Education in the fiscal year designated.

Subd. 2. <u>General education aid.</u> (a) For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$8,065,575,000</u>	<u></u>	2024
<u>\$8,454,192,000</u>	<u></u>	2025

(b) The 2024 appropriation includes \$707,254,000 for 2023 and \$7,358,321,000 for 2024.

(c) The 2025 appropriation includes \$817,591,000 for 2024 and \$7,636,601,000 for 2025.

Subd. 3. Safe schools aid. (a) For safe schools aid under Minnesota Statutes, section 126C.44:

<u>\$2,473,000</u>	<u></u>	<u>2024</u>
<u>\$107,066,000</u>	<u></u>	<u>2025</u>

(b) The 2024 appropriation includes \$0 for 2024 and \$2,473,000 for 2025.

(c) The 2025 appropriation includes \$274,000 for 2024 and \$106,792,000 for 2025.

# ARTICLE 2 LITERACY AND LEARNING

# Section 1. [120B.116] SCIENCE OF READING.

Subdivision 1. <u>Policy.</u> It is the intent of the legislature that public schools promote foundational literacy and grade-level reading proficiency through the use of curriculum, textbooks, instructional materials, instructional practices, interventions, and teacher development and training based solely on the science of reading.

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Subd. 2. Science of reading defined. (a) "Science of reading" means explicit, systematic evidence-based reading instruction using reliable, trustworthy, and valid evidence consistent with science-based reading research. This includes developing foundational reading skills relying on phonemic/phonological awareness, phonics and decoding, fluency, vocabulary, and comprehension that can be differentiated to meet the needs of individual students.

(b) The science of reading does not include using visual memory as the primary basis for teaching word recognition and does not include the use of the three-cueing system model, based on meaning, structure/syntax, and visual, also known as MSV, as a method to teach students to read.

Subd. 3. Other definitions. (a) The terms defined in this section have the meanings given them.

(b) "Comprehension" is the purpose of reading: the ability to understand, remember, and make meaning of what has been read.

(c) "Fluency" is the ability to read text with speed, accuracy, and proper expression, either to oneself or aloud.

(d) "Phonemic/phonological awareness" is the ability of students to hear, identify, manipulate, and substitute individual sounds, word parts, and syllables in spoken words.

(e) "Phonics" is the understanding that there are systematic and predictable relationships between phonemes (sounds) and graphemes (the letters that represent those sounds in written language) and to apply that knowledge to decode unfamiliar printed words. This process is commonly known as sounding out words.

(f) "Science-based reading research" means research that:

(1) applies rigorous, systematic, and objective observational or experimental procedures to obtain knowledge relevant to reading development, reading instruction, and reading and writing difficulties; and

(2) explains how proficient reading and writing develop, why some children have difficulties developing key literacy skills, and how schools can best assess and instruct early literacy, including the use of evidence-based literacy instruction practices to promote reading and writing achievement.

(g) "Vocabulary" is the process of acquiring new words that students understand and use in their conversation (oral vocabulary) and recognize in print (reading vocabulary) through direct and indirect instruction.

Sec. 2. Minnesota Statutes 2022, section 120B.12, is amended to read:

# 120B.12 READING PROFICIENTLY NO LATER THAN THE END OF GRADE 3.

Subdivision 1. Literacy goal. The legislature seeks to have every child reading at or above grade level no later than the end of grade 3, including English learners, and that teachers provide comprehensive, scientifically based reading instruction based on the science of reading consistent with section 122A.06, subdivision 4 120B.116.

Subd. 2. **Identification; report.** (a) Each school district must identify before the end of kindergarten, grade 1, and grade 2 all students who are not reading at grade level. Students identified as not reading at grade level by the end of kindergarten, grade 1, and grade 2 must be screened, in a locally determined manner, for characteristics of dyslexia.

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(b) Students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher must be screened, in a locally determined manner, for characteristics of dyslexia, unless a different reason for the reading difficulty has been identified.

(c) Reading assessments in English, and in the predominant languages of district students where practicable, must identify and evaluate students' areas of academic need related to literacy. The district also must monitor the progress and provide reading instruction appropriate to the specific needs of English learners. The district must use a locally adopted, developmentally appropriate, and culturally responsive assessment and annually report summary assessment results to the commissioner by July 1.

(d) The district also must annually report to the commissioner by July 1 a summary of the district's efforts to screen and identify students who demonstrate characteristics of dyslexia using screening tools such as those recommended by the department's dyslexia specialist. With respect to students screened or identified under paragraph (a), the report must include:

(1) a summary of the district's efforts to screen for dyslexia;

(2) the number of students screened for that reporting year; and

(3) the number of students demonstrating characteristics of dyslexia for that year.

(e) A student identified under this subdivision must be provided with alternate instruction under section 125A.56, subdivision 1.

Subd. 2a. **Parent notification and involvement.** Schools, at least annually, must give <u>clear notice to</u> the parent of each student who is not reading at or above grade level <u>that the student is not reading at or above grade level</u>, and <u>provide the parent</u> timely information about:

(1) the student's reading proficiency as measured by a locally adopted assessment;

(2) reading-related services currently being provided to the student and the student's progress; and

(3) strategies for parents to use at home in helping their student succeed in becoming grade-level proficient in reading in English and in their native language; the strategies must align with the interventions identified in the improvement plan under subdivision 3.

A district may not use this section to deny a student's right to a special education evaluation.

Subd. 3. **Intervention.** (a) For each student identified under subdivision 2, the district shall provide reading intervention to accelerate student growth and reach the goal of reading at or above grade level by the end of the current grade and school year. If a student does not read at or above grade level by the end of grade 3, the district must continue to provide reading intervention until the student reads at grade level. District intervention methods shall encourage family engagement and, where possible, collaboration with appropriate school and community programs. Intervention methods may include, but are not limited to, requiring attendance in summer school <u>or a summer reading program or camp</u>, intensified reading instruction that may require that the student be removed from the regular classroom for part of the school day, extended-day programs, or programs that strengthen students' cultural connections.

(b) A school district or charter school is strongly encouraged to provide a personal learning plan for a student who is unable to demonstrate grade-level proficiency, as measured by the statewide reading assessment in grade grades 3 and 4. The district or charter school must determine the format of the personal learning plan in

collaboration with the student's educators and other appropriate professionals. The school must develop the learning plan in consultation with the student's parent or guardian. The personal learning plan must address knowledge gaps and skill deficiencies through strategies such as specific exercises and practices during and outside of the regular school day, periodic assessments, and reasonable timelines. The personal learning plan may include grade retention, if it is in the student's best interest. A school must maintain and regularly update and modify the personal learning plan until the student reads at grade level. This paragraph does not apply to a student under an individualized education program.

Subd. 4. **Staff development.** Each district shall use the data under subdivision 2 to identify the staff development needs so that:

(1) elementary teachers are able to implement comprehensive, scientifically based reading and oral language instruction in the five reading areas of phonemic awareness, phonics, fluency, vocabulary, and comprehension as defined in section 122A.06, subdivision 4, and other literacy related areas including writing instructional practices consistent with the science of reading as defined in section 120B.116 until the student achieves and maintains grade-level reading proficiency;

(2) elementary teachers have sufficient training <u>and professional development</u> to provide comprehensive, scientifically based reading and oral language instruction <u>aligned to the science of reading as defined in section</u> <u>120B.116</u> that meets students' developmental, linguistic, and literacy needs using the intervention methods or programs selected by the district for the identified students;

(3) licensed teachers employed by the district have regular opportunities to improve reading and writing instruction <u>aligned to the science of reading as defined in section 120B.116;</u>

(4) licensed teachers recognize students' diverse needs in cross-cultural settings and are able to serve the oral language and linguistic needs of students who are English learners by maximizing strengths in their native languages in order to cultivate students' English language development, including oral academic language development, and build academic literacy; and

(5) licensed teachers are well trained in culturally responsive pedagogy that enables students to master content, develop skills to access content, and build relationships.

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 120B.116, 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;

(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 <u>aligned to the science of reading as defined in section 120B.116</u> for students who are not reading at or above grade level 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.

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(b) The district must post its literacy plan on the official school district website.

Subd. 5. **Commissioner.** The commissioner shall recommend to districts multiple assessment tools to assist districts and teachers with identifying students under subdivision 2. The commissioner shall also make available examples of nationally recognized and research-based instructional methods or programs to districts to provide comprehensive, scientifically based reading instruction and intervention under this section. <u>The instructional methods or programs must not include the use of whole language, balanced-literacy, or a three-cueing system model based on meaning, structure/syntax, and visual, also known as MSV.</u>

Sec. 3. Minnesota Statutes 2022, section 122A.092, subdivision 5, is amended to read:

Subd. 5. **Reading strategies.** (a) A teacher preparation provider approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in its teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4 120B.116, that enable the licensure candidate to teach reading in the candidate's content areas. Teacher candidates must be instructed in using students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. A teacher preparation provider also must prepare early childhood and elementary teacher candidates for Tier 3 and Tier 4 teaching licenses under sections 122A.183 and 122A.184, respectively, for the portion of the examination under section 122A.185, subdivision 1, paragraph (c), covering assessment of reading instruction.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in applying comprehensive, scientifically based or evidence-based, and structured reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4 120B.116, so that all students achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers-; and

(3) exclude or prohibit the use of whole language, balanced-literacy, or a three-cueing system model based on meaning, structure/syntax, and visual, also known as MSV.

(c) Board-approved teacher preparation programs for teachers of elementary education, early childhood education, special education, and reading intervention must include instruction on dyslexia, as defined in section 125A.01, subdivision 2. Teacher preparation programs may consult with the Department of Education, including the dyslexia specialist under section 120B.122, to develop instruction under this paragraph. Instruction on dyslexia must be modeled on practice standards of the International Dyslexia Association, and must address:

(1) the nature and symptoms of dyslexia;

(2) resources available for students who show characteristics of dyslexia;

(3) evidence-based instructional strategies for students who show characteristics of dyslexia, including the structured literacy approach; and

(4) outcomes of intervention and lack of intervention for students who show characteristics of dyslexia.

(d) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

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Sec. 4. Minnesota Statutes 2022, section 122A.185, subdivision 1, is amended to read:

Subdivision 1. **Tests.** (a) The Professional Educator Licensing and Standards Board must adopt rules requiring a candidate to demonstrate a passing score on a board-adopted examination of skills in reading, writing, and mathematics before being granted a Tier 4 teaching license under section 122A.184 to provide direct instruction to pupils in elementary, secondary, or special education programs. Candidates may obtain a Tier 1, Tier 2, or Tier 3 license to provide direct instruction to pupils in elementary, secondary, or special education programs, or special education programs if candidates meet the other requirements in section 122A.181, 122A.182, or 122A.183, respectively.

(b) The board must adopt rules requiring candidates for Tier 3 and Tier 4 licenses to pass an examination of general pedagogical knowledge and examinations of licensure field specific content. The content examination requirement does not apply if no relevant content exam exists.

(c) Candidates for initial Tier 3 and Tier 4 licenses to teach elementary students must pass test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, knowledge and understanding of the foundations of reading development, development of reading comprehension and reading assessment and instruction, and the ability to integrate that knowledge and understanding into instruction strategies under section 122A.06, subdivision 4 demonstrate their knowledge and understanding of the science of reading as defined in section 120B.116, and ability to provide instruction and assess student proficiency in reading, on an examination approved or adopted by the board.

(d) The requirement to pass a board-adopted reading, writing, and mathematics skills examination 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.

Sec. 5. Minnesota Statutes 2022, section 122A.187, subdivision 5, is amended to read:

Subd. 5. <u>Science of</u> reading preparation and professional development. The Professional Educator Licensing and Standards Board must adopt rules that require all licensed teachers who are renewing a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, to include in the renewal requirements further reading preparation and professional development, consistent with section 122A.06, subdivision 4 120B.116. 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.

Sec. 6. Minnesota Statutes 2022, section 124D.98, is amended by adding a subdivision to read:

Subd. 5. **Recommended uses.** (a) A school district or charter school is encouraged to use aid received under this section on:

(1) meeting the requirements and recommendations to achieve grade-level reading proficiency under section 120B.12;

(2) professional development for teachers and education support personnel in the science of reading as defined in section 120B.116;

(3) provide bonuses or stipends to teachers demonstrating success in helping students attain grade-level proficiency;

(4) provide bonuses or stipends to teachers identified under clause (3), who seek training to work as a literacy specialist or mentor; and

(5) provide bonuses or stipends to teachers and education support personnel using the science of reading as defined in section 120B.116 to tutor struggling readers.

(b) A school board is not required to meet and negotiate with an exclusive representative of employees on the uses of aid received under this section, but must confer with the exclusive representative of teachers in the district or school on the use of aid under this section.

# Sec. 7. **<u>READING RESET FUNDING.</u>**

Subdivision 1. <u>Reading reset account.</u> An account is established in the special revenue fund known as the reading reset account. Funds appropriated under this section must be transferred to the reset account in the special revenue fund.

Subd. 2. Curriculum and materials. A school district, charter school, or cooperative may request reimbursement from the commissioner of education for curriculum, instructional materials, and books aligned with the science of reading, as defined in section 120B.116, that were purchased on or after July 1, 2020. The application for reimbursement must require an applicant to agree that it will stop using instructional practices, curriculum, or materials that are based on or otherwise use whole-language, balanced literacy, or the three-cueing system model, including discontinuing use or agreeing not to use in the future any literacy curriculum or other materials published by Heinemann Publishing, or written in whole or in part by Irene Fountas and Gay Su Pinnell.

<u>Subd. 3.</u> <u>Teacher training.</u> The commissioner of education must provide funding to school districts, charter schools, and cooperatives to provide teachers with training in the science of reading through intensive workshops, academies, and other professional development opportunities. In addition, the commissioner must provide school districts, charter schools, and cooperatives funding to provide teachers paid time to attend training on the science of reading.

Subd. 4. <u>Tutoring.</u> The commissioner must establish a process for parents to receive reimbursement for literacy tutoring for students enrolled in school districts, charter schools, or cooperatives who are not reading at grade level.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

# Sec. 8. TEACHER PREPARATION IN READING INSTRUCTION.

A teacher preparation program approved by the Professional Educator Licensing and Standards Board for teachers of elementary education must require instruction in understanding and applying the science of reading. The board must complete audits of all approved teacher preparation programs by September 1, 2023, and must place a program not in compliance on immediate probation. A program placed on probation must develop and implement an action plan to comply with this section.

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

# Sec. 9. APPROPRIATION; READING RESET.

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education in the fiscal year designated.

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### Subd. 2. Reading reset. (a) For the reading reset account under section 2:

<u>\$250,000,000</u> ..... 2024

(b) Of these amounts, \$125,000,000 is for curriculum and materials in accordance with section 7, subdivision 2; \$100,000,000 is for teacher training in accordance with section 7, subdivision 3; and \$25,000,000 is to reimburse parents for tutoring in accordance with section 7, subdivision 4.

(c) The commissioner may retain up to \$250,000 of the appropriation to administer the funds under this subdivision.

# Sec. 10. REPEALER.

Minnesota Statutes 2022, section 122A.06, subdivision 4, is repealed.

# ARTICLE 3 SPECIAL EDUCATION

Section 1. Minnesota Statutes 2022, 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 or 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-; or

#### (2) hold a certified deaf interpreter certification issued by RID.

(b) New graduates of an interpreter/transliterator program affiliated with an accredited education institution <u>or</u> <u>certified deaf interpreters who hold a certification issued by RID</u> 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 <u>of</u> 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 the Deaf, DeafBlind and Hard of Hearing, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

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(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 timeline for meeting the requirements of this subdivision. A committee composed of the 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 for the Deaf, and other appropriate persons committee members selected by the commissioner must develop the plan and time line timeline 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).

(f) An interpreter who meets the requirements of paragraph (a) is "essential personnel" as defined in section 125A.76, subdivision 1.

# Sec. 2. [122A.731] SPECIAL EDUCATION TEACHER PIPELINE PROGRAM.

Subdivision 1. Grant program established. (a) The commissioner of education must administer a grant program to develop a pipeline of trained, licensed special education teachers. A school district, charter school, or cooperative unit under section 123A.24, subdivision 2, may apply for a grant under this section. An applicant must partner with a board-approved teacher preparation program.

(b) The commissioner must award half of the grant funding available to school districts in the seven-county metropolitan area, and half to applicants outside the seven-county metropolitan area. In awarding grants, the commissioner must consider the distribution of Tier 1 and Tier 2 special education licensed teachers, and the existing supply of Tier 3 and Tier 4 special education teachers in the district, charter school, or cooperative unit relative to the number of students receiving special education instruction and services.

Subd. 2. Grant uses. (a) A grant recipient must use grant funds to support participants who are employed by the grant recipient as either a paraprofessional or other unlicensed staff, or a teacher with a Tier 1 or Tier 2 license, and demonstrate a willingness to be a special education teacher after completing the program. Tier 1 and Tier 2 special education licensed teachers seeking credentials necessary to become a Tier 3 or Tier 4 must be prioritized.

(b) A grant recipient may use grant funds for:

(1) tuition assistance or stipends for participants;

(2) supports for participants, including mentoring, licensure test preparation, and technology support; or

(3) participant recruitment.

Subd. 3. **Report.** Within one year of receiving grant funds, and for each year that a recipient receives grant funds, a grant recipient must report to the commissioner in the form and manner determined by the commissioner, the number of participants in the program, and how grant funds were used. The commissioner must publish an annual report that identifies the grant recipients and summarizes how grant funds are used.

<u>Subd. 4.</u> <u>Special education teacher pipeline program account.</u> (a) An account is established in the special revenue fund known as the special education teacher pipeline program account.

(b) Funds appropriated for the special education teacher pipeline program under this section must be transferred to the special educator teacher pipeline program account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for the special education teacher pipeline program under this section. Any returned funds are available to be regranted. Grant recipients may apply to use grant money over a period of up to 60 months.

(d) Up to \$175,000 annually is appropriated to the commissioner for costs associated with administering and monitoring the program under this section.

#### **EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 3. Minnesota Statutes 2022, section 125A.76, subdivision 2e, is amended to read:

Subd. 2e. **Cross subsidy reduction aid.** (a) A school district's annual cross subsidy reduction aid equals the school district's initial special education cross subsidy for the previous fiscal year times the cross subsidy aid factor for that fiscal year.

(b) The cross subsidy aid factor equals 2.6 percent for fiscal year 2020 and 6.43 percent for fiscal year years 2021 to 2023 and for fiscal year 2024 and later, the percentage necessary to reach full funding of the state share of the special education cross subsidy.

(c) For purposes of this subdivision, the state share of the special education cross subsidy means the total cross subsidy for the previous school year less the amount of federal funds that would have been provided in the previous year if the federal government had provided its 40 percent share. The 40 percent share equals the national average per pupil expenditure, as calculated by the Department of Education, for the second previous year times 0.4.

(d) Notwithstanding paragraph (b), in any year where the federal share is less than amount specified in paragraph (c), the cross subsidy aid factor equals 50 percent for that fiscal year.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2024 and later.

# Sec. 4. [125A.795] SPECIAL EDUCATION AID APPROPRIATION.

<u>There is annually appropriated from the general fund to the Department of Education the amounts necessary for</u> special education aid under sections 125A.76 and 125A.79. This amount must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

# Sec. 5. APPROPRIATIONS; SPECIAL EDUCATION TEACHER PIPELINE.

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 teacher pipeline. For grants to develop special education teacher pipelines across Minnesota under Minnesota Statutes, section 122A.731:

<u>\$10,000,000</u>	<u></u>	<u>2024</u>
<u>\$10,000,000</u>	<u></u>	<u>2025</u>

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# ARTICLE 4 EDUCATION INNOVATION

Section 1. Minnesota Statutes 2022, section 124D.085, is amended to read:

# 124D.085 EXPERIENTIAL AND APPLIED LEARNING OPPORTUNITIES FOR STUDENTS.

(a) To strengthen the alignment between career and college ready curriculum and state and local academic standards and increase students' opportunities for participating in applied and experiential learning in a nontraditional setting, school districts are encouraged to provide programs such as:

(1) magnet schools;

(2) language immersion programs;

(3) project-based learning;

(4) accelerated learning;

(5) college prep schools;

(6) career and technical education;

(7) Montessori schools;

(8) military schools;

(9) work-based schools; and

(10) place-based learning.

(b) Districts may provide such programs independently or in cooperation with other districts, at a school single site, for particular grades, or throughout the district. In addition to meeting the other accountability measures under chapter 120B, districts may declare that a student meets or exceeds specific academic standards required for graduation under the rigorous course of study waiver in section 120B.021, subdivision 1a, where appropriate.

(b) (c) The board of a district that chooses to participate must publicly adopt and review a plan for providing a program under this section. The plan must: define the program and its structure; describe the enrollment process; identify measures and processes for regularly assessing, evaluating, and publicly reporting on program efficacy and use summary data to show student progress and outcomes; and establish a data-informed public process for modifying and revising the plan as needed. A district must publish its plan contents and evaluation outcomes on the district website.

(c) (d) For purposes of further integrating experiential and applied learning into career and college ready curricula, the commissioner may request program information from providing districts under this section, but is not authorized to approve or deny any school board-adopted program provided under this section.

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Sec. 2. Minnesota Statutes 2022, section 124D.093, subdivision 3, is amended to read:

Subd. 3. Application Board approval process. The commissioner must determine the form and manner of application for a school to be designated a P TECH school. The application school board plan for adopting a P-TECH program must contain at least the following information:

(1) the written agreement between a public school, a higher education institution under section 124D.09, subdivision 3, paragraph (a), and a business partner to jointly develop and support a P-TECH school;

(2) a proposed school design consistent with subdivisions 1 and 2;

(3) a description of how the P-TECH school supports the needs of the economic development region in which the P-TECH school is to be located;

(4) a description of the facilities to be used by the P-TECH school;

(5) a description of proposed budgets, curriculum, transportation plans, and other operating procedures for the P-TECH school;

(6) the process by which students will be enrolled in the P-TECH school;

(7) the qualifications required for individuals employed in the P-TECH school; and

(8) any additional information that the commissioner requires board determines is appropriate.

Sec. 3. Minnesota Statutes 2022, section 124D.093, subdivision 4, is amended to read:

Subd. 4. <u>Grant</u> approval process. (a) <u>When an appropriation is available</u>, the commissioner of education must appoint an advisory committee to review the applications and to recommend approval for those applications that meet the requirements of this section. The commissioner of education has final authority over application approvals.

(b) To the extent practicable, the commissioner must ensure an equitable geographic distribution of approved P-TECH schools.

(c) The commissioner must first begin approving applications for a P-TECH school enrolling students in the 2020-2021 school year or later.

(d) Nothing in this subdivision should be construed to give the commissioner the authority to approve or deny a locally adopted P-TECH plan.

Sec. 4. Laws 2017, First Special Session chapter 5, article 2, section 52, is amended to read:

## Sec. 52. EDUCATION INNOVATION RESEARCH ZONES PILOT PROGRAM.

Subdivision 1. Establishment; requirements for participation; research innovation zone plans. (a) The innovation research zone pilot program is established to improve student and school outcomes consistent with the world's best workforce requirements under Minnesota Statutes, section 120B.11. Innovation zone partnerships allow school districts and charter schools to research and implement innovative education programming models designed to better prepare students for the world of the 21st century.

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(b) One or more school districts or charter schools may join together to form an innovation zone partnership. The partnership may include other nonschool partners, including postsecondary institutions, other units of local government, nonprofit organizations, and for-profit organizations. An innovation zone plan must be collaboratively developed in concert with the school's instructional staff.

(c) An innovation research zone partnership must research and may implement innovative education programs and models that are based on proposed hypotheses. An innovation zone plan may include an emerging practice not yet supported by peer-reviewed research. Examples of innovation zone research may include, but are not limited to:

(1) personalized learning, allowing students to excel at their own pace and according to their interests, aspirations, and unique needs;

(2) the use of competency outcomes rather than seat time and course completion to fulfill standards, credits, and other graduation requirements;

(3) multidisciplinary, real-world, inquiry-based, and student-directed models designed to make learning more engaging and relevant, including documenting and validating learning that takes place beyond the school day and school walls;

(4) models of instruction designed to close the achievement gap, including new models for age three to grade 3 models, English as a second language models, early identification and prevention of mental health issues, and others;

(5) new partnerships between secondary schools and postsecondary institutions, employers, or career training institutions enabling students to complete industry certifications, postsecondary education credits, and other credentials;

(6) new methods of collaborative leadership including the expansion of schools where teachers have larger professional roles;

(7) new ways to enhance parental and community involvement in learning;

(8) new models of professional development for educators, including embedded professional development; or

(9) new models in other areas such as whole child instruction, social-emotional skill development, technology-based or blended learning, parent and community involvement, professional development and mentoring, and models that increase the return on investment-:

(10) new models of evaluation, assessment, and accountability using multiple indicators, including models that demonstrate alternative ways to validate a student's academic attainment that have predictive validity to the state tests, and also include other variables such as problem solving, creativity, analytical thinking, collaboration, respecting others, global understanding, postgraduation student performance, and other information;

(11) improving teacher and principal mentoring and evaluation;

(12) granting a high school diploma to a student who meets the graduation requirements under Minnesota Statutes, section 120B.02, subdivision 2, while providing the student opportunities to:

(i) attain postsecondary credits or degrees through advanced placement, international baccalaureate, or concurrent enrollment or courses; or

(13) the use of the provisions in Minnesota Statutes, sections 124D.085, governing experiential and applied learning opportunities; 124D.52, subdivision 9, governing standard adult high school diploma requirements; and 126C.05, subdivision 15, paragraph (b), item (i), governing the use of independent study;

(14) the use of the provisions of a learning year in Minnesota Statutes, section 124D.128, for a student in grade 10, 11, or 12 to participate in career and technical programs after school, on weekends, and during school breaks, including summers, and be included in the general education revenue computation. The classes must generate both high school and postsecondary credit and lead to either a career certification, technical college degree, or apprenticeship program. A student participating in a learning year may attend school year round, and the student's continual learning plan must provide for the student to meet the high school graduation standards no later than the end of the fall semester of grade 12;

(15) methods to initiate prevention models to reduce student needs for special education and to reduce teacher time devoted to the required special education documentation; or

(16) other innovations as determined by the local boards.

(d) An innovation zone plan submitted to the commissioner of education must describe:

(1) how the plan will improve student and school outcomes consistent with the world's best workforce requirements under Minnesota Statutes, section 120B.11;

(2) the role of each partner in the zone;

# (3) the research methodology used for each proposed action in the plan;

(4) (3) the exemptions from statutes and rules in subdivision 2 that the research innovation zone partnership will use;

(5) (4) a description of how teachers and other educational staff from the affected school sites will be included in the planning and implementation process;

(6) (5) a detailed description of expected outcomes and graduation standards;

(7) (6) a timeline for implementing the plan and assessing the outcomes; and

(8) (7) how results of the plan will be disseminated.

The governing board for each partner must approve the innovation zone plan.

(e) Upon unanimous approval of the initial innovation zone partners and approval of the commissioner of education, the innovation zone partnership may extend membership to other partners. A new partner's membership is effective 30 days after the innovation zone partnership notifies the commissioner of the proposed change in membership unless the commissioner disapproves the new partner's membership and updates the plan.

(f) Notwithstanding any other law to the contrary, a school district or charter school participating in an innovation zone partnership under this section continues to receive all revenue and maintains its taxation authority in the same manner as before its participation in the innovation zone partnership. The innovation zone school district and charter school partners remain organized and governed by their respective school boards with general powers under Minnesota Statutes, chapter 123B or 124E, and remain subject to any employment agreements under Minnesota Statutes, chapters 122A and 179A. School district and charter school employees participating in an innovation zone partnership remain employees of their respective school district or charter school.

(g) An innovation zone partnership may submit its plan at any time to the commissioner in the form and manner specified by the commissioner. The commissioner must approve or reject the plan after reviewing the recommendation of the Innovation Research Zone Advisory Panel. An initial innovation zone plan that has been rejected by the commissioner may be resubmitted to the commissioner after the innovation zone partnership has modified the plan to meet each individually identified objection.

## (h) An innovation zone plan must not cause an increase in state aid or levies for partners.

Subd. 2. Exemptions from laws and rules. (a) Notwithstanding any other law to the contrary, an innovation zone partner with an approved <u>a</u> plan <u>filed with the commissioner</u> is exempt from each of the following state education laws and rules specifically identified in its plan:

(1) any law or rule from which a district-created, site-governed school under Minnesota Statutes, section 123B.045, is exempt;

(2) any statute or rule from which the commissioner has exempted another district or charter school, as identified in the list published on the Department of Education's Web site website under subdivision 4, paragraph (b);

(3) online learning program approval under Minnesota Statutes, section 124D.095, subdivision 7, if the school district or charter school offers a course or program online combined with direct access to a teacher for a portion of that course or program;

(4) restrictions on extended time revenue under Minnesota Statutes, section 126C.10, subdivision 2a, for a student who meets the criteria of Minnesota Statutes, section 124D.68, subdivision 2; and

(5) any required hours of instruction in any class or subject area for a student who is meeting all competencies consistent with the graduation standards described in the innovation zone plan.

(b) The exemptions under this subdivision must not be construed as exempting an innovation zone partner from the Minnesota Comprehensive Assessments or as increasing any state aid or levy.

Subd. 3. **Innovation Research Zone Advisory Panel.** (a) The commissioner must establish and convene an Innovation Research Zone Advisory Panel to review all innovation zone plans submitted for approval.

(b) The panel must be composed of nine members. One member must be appointed by each of the following organizations: Educators for Excellence, Education Minnesota, Minnesota Association of Secondary School Principals, Minnesota Elementary School Principals' Association, Minnesota Association of School Administrators, Minnesota School Boards Association, Minnesota Association of Charter Schools, and the Office of Higher Education. The commissioner must appoint one member with expertise in evaluation and research.

Subd. 4. <u>Role of the</u> commissioner approval. (a) Upon recommendation of the Innovation Research Zone Advisory Panel, the commissioner may approve up to three innovation zone plans in the seven county metropolitan area and up to three in greater Minnesota. If an innovation zone partnership fails to implement its innovation zone plan as described in its application and according to the stated timeline, upon recommendation of the Innovation Research Zone Advisory Panel, the commissioner must <u>may</u> alert the partnership members and provide the opportunity to remediate. If implementation continues to fail, the commissioner must <u>may</u> suspend or terminate the innovation zone plan.

(b) The commissioner must publish a list of the exemptions the commissioner has granted to a district or charter school on the Department of Education's Web site website by July 1, 2017. The list must be updated annually.

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Subd. 5. **Project evaluation, dissemination, and report to legislature.** Each research innovation zone partnership must submit project data to the commissioner in the form and manner provided for in the approved application specified by the commissioner. At least once every two years, the commissioner must may analyze each innovation zone's progress in realizing the objectives of the innovation zone partnership's plan. To the extent practicable, and using existing resources, the commissioner must may summarize and categorize innovation zone plans and submit a report to the legislative committees having jurisdiction over education by February 1 of each odd-numbered year in accordance with Minnesota Statutes, section 3.195.

# Sec. 5. REVISOR INSTRUCTION.

(a) The revisor of statutes shall renumber the provisions of Minnesota Statutes and laws listed in column A to the references listed in column B. The revisor shall also make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering in this instruction.

Column A	Column B
Laws 2017, First Special Session chapter 5,	1245.01
article 2, section 52 124D.085	<u>124F.01</u> 124F.02
<u>124D.093</u>	<u>124F.03</u>
<u>124D.4535</u>	124F.04
<u>124D.46</u>	<u>124F.05</u>
<u>124D.47</u> 124D.48	<u>124F.06</u> 124F.07
124D.49	124F.08
<u>124D.50</u>	124F.09

(b) This act is intended to be a reorganization of statutes relating to Education Innovation in Minnesota Statutes, chapter 124F. The changes that have been made are not intended to change the meaning or prior interpretation of those laws.

# Sec. 6. **REPEALER.**

Laws 2017, First Special Session chapter 5, article 2, section 52, subdivision 3, is repealed.

# ARTICLE 5 EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2022, section 120B.024, subdivision 1, is amended to read:

Subdivision 1. Graduation requirements. (a) Students beginning 9th grade 9 in the 2011-2012 school year and later must successfully complete the following high school level credits for graduation:

(1) four credits of language arts sufficient to satisfy all of the academic standards in English language arts;

(2) three credits of mathematics, including an algebra II credit or its equivalent, sufficient to satisfy all of the academic standards in mathematics;

(3) an algebra I credit by the end of 8th grade 8 sufficient to satisfy all of the 8th grade standards in mathematics;

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(4) three credits of science, including at least one credit of biology, one credit of chemistry or physics, and one elective credit of science. The combination of credits under this clause must be sufficient to satisfy (i) all of the academic standards in either chemistry or physics and (ii) all other academic standards in science;

(5) three and one-half credits of social studies, including credit for a course in government and citizenship in either grade 11 or 12 for students beginning grade 9 in the 2024-2025 school year and later or an advanced placement, international baccalaureate, or other rigorous course on government and citizenship under section 120B.021, subdivision 1a, and a combination of other credits encompassing at least United States history, geography, government and citizenship, world history, and economics sufficient to satisfy all of the academic standards in social studies;

(6) one credit of the arts sufficient to satisfy all of the state or local academic standards in the arts; and

(7) a minimum of seven elective credits.

(b) A school district is encouraged to offer a course for credit in government and citizenship to  $\frac{11 \text{ th} \cdot \text{or } 12 \text{ th}}{\text{grade } 11 \text{ or } 12}$  students who begin  $\frac{9 \text{ th}}{9 \text{ th}}$  grade  $\frac{9}{2}$  in the 2020-2021 school year and later, that satisfies the government and citizenship requirement in paragraph (a), clause (5). A school district must offer the course starting in the 2024-2025 school year.

## EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 2. Minnesota Statutes 2022, section 121A.031, subdivision 1, is amended to read:

Subdivision 1. **Student bullying policy; scope and application.** (a) This section applies to bullying by a student against another student enrolled in a public school and which occurs:

(1) on the school premises, at the school functions or activities, or on the school transportation;

(2) by use of electronic technology and communications on the school premises, during the school functions or activities, on the school transportation, or on the school computers, networks, forums, and mailing lists; or

(3) by use of electronic technology and communications <u>on a school-issued device</u>, as defined in section 13.32, <u>subdivision 1</u>, off the school premises to the extent such use substantially and materially disrupts student learning or the school environment.

(b) A nonpublic school under section 123B.41, subdivision 9, consistent with its school accreditation cycle, is encouraged to electronically transmit to the commissioner its antibullying policy, if any, and any summary data on its bullying incidents.

(c) This section does not apply to a home school under sections 120A.22, subdivision 4, and 120A.24, or a nonpublic school under section 123B.41, subdivision 9.

(d) A school-aged child who voluntarily participates in a public school activity, such as a cocurricular or extracurricular activity, is subject to the same student bullying policy provisions applicable to the public school students participating in the activity.

Sec. 3. Minnesota Statutes 2022, section 122A.18, subdivision 7a, is amended to read:

Subd. 7a. **Permission to** Lifetime substitute teach teaching license. (a) The Professional Educator Licensing and Standards Board may allow a person who otherwise qualifies for a Tier 1 license in accordance with section 122A.181, subdivision 2, or is enrolled in and making satisfactory progress in a board approved teacher program and who has successfully completed student teaching to be employed as a short call substitute teacher.

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(b) The Professional Educator Licensing and Standards Board may issue a lifetime qualified short-call or long-call substitute teaching license to a person who:

(1) was a qualified teacher under section 122A.16 while holding a Tier 3 or Tier 4 teaching license issued by the board, under sections 122A.183 and 122A.184, respectively, and receives a retirement annuity from the Teachers Retirement Association or the St. Paul Teachers Retirement Fund Association;

(2) holds an out-of-state teaching license and receives a retirement annuity as a result of the person's teaching experience; or

(3) held a Tier 3 or Tier 4 teaching license issued by the board, under sections 122A.183 and 122A.184, respectively, taught at least three school years in an accredited nonpublic school in Minnesota, and receives a retirement annuity as a result of the person's teaching experience.

A person holding a lifetime qualified short-call or long-call substitute teaching license is not required to complete continuing education clock hours. A person holding this license may reapply to the board for either:

(i) a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, and must again complete continuing education clock hours one school year after receiving the Tier 3 or Tier 4 teaching license; or

(ii) a Tier 1 license under section 122A.181, provided that the candidate has a bachelor's degree, an associate's degree, or an appropriate professional credential in the content area the candidate will teach, in accordance with section 122A.181, subdivision 2.

# EFFECTIVE DATE. This section is effective July 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 122A.18, is amended by adding a subdivision to read:

Subd. 7d. Short-call substitute teaching license. (a) Notwithstanding any law to the contrary, the Professional Educator Licensing and Standards Board must issue a short-call substitute teaching license to an applicant who submits a joint application with a school district or charter school affirming that the applicant has the necessary knowledge and skills to work as a substitute teacher and:

(1) holds at least an associate's degree or equivalent;

(2) is enrolled in a state-approved teacher preparatory program; or

(3) has been employed as an education support personnel or paraprofessional within the school district or charter school for at least one school year.

(b) A short-call substitute teaching license is valid for at least one school year and qualifies the teacher to work as a substitute teacher in any school district or charter school in the state, subject to the school district or charter school's terms and conditions of employment.

(c) The board may issue a license pending a background study under section 122A.18, subdivision 8, and may immediately suspend or revoke the license based on the results of the background study.

(d) The board may prioritize review of applications for short-call substitute teacher licenses over review of other applications. The board must issue an application denial in writing and must include a detailed explanation of the reason for the denial. The review and appeal provisions of section 122A.188 apply to an application for a license under this subdivision.

**EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 5. Minnesota Statutes 2022, section 123B.86, subdivision 3, is amended to read:

Subd. 3. **Board control.** (a) When transportation is provided, the scheduling of routes, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control and management of the board.

(b) A school board and a nonpublic school may mutually agree to a written plan for the board to provide nonpublic pupil transportation to nonpublic school students.

(c) A school board that provides pupil transportation through the school's employees may transport nonpublic school students according to the plan and retain the nonpublic pupil transportation aid attributable to that plan. A nonpublic school may make a payment to the school district to cover additional transportation services agreed to in the written plan for nonpublic pupil transportation services not required under sections 123B.84 to 123B.87.

(d) A school board that contracts for pupil transportation services may enter into a contractual arrangement with a school bus contractor according to the written plan adopted by the school board and the nonpublic school to transport nonpublic school students and retain the nonpublic pupil transportation aid attributable to that plan for the purposes of paying the school bus contractor. A nonpublic school may make a payment to the school district to cover additional transportation services agreed to in the written plan for nonpublic pupil transportation services included in the contract that are not required under sections 123B.84 to 123B.87.

(e) The school district must report the number of nonpublic school students transported and the nonpublic pupil transportation expenditures incurred under paragraph (b) in the form and manner specified by the commissioner.

EFFECTIVE DATE. This section is effective for fiscal year 2024 and later.

Sec. 6. Minnesota Statutes 2022, 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. 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. 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:

(1) the pupil about payment in the customary manner used by the institution-; and

(2) the pupil's school as soon as practicable if the pupil withdraws from the course or stops attending the course.

#### **EFFECTIVE DATE.** This section is effective July 1, 2023.

Sec. 7. Minnesota Statutes 2022, section 124D.09, subdivision 12, is amended to read:

Subd. 12. Credits; grade point average weighting policy. (a) A pupil must not audit a course under this section.

(b) A district shall <u>must</u> grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. 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 <u>must</u> determine the number of credits that shall <u>must</u> be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall <u>must</u> 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 is final.

(c) A school board must adopt a policy regarding weighted grade point averages for any high school or dual enrollment course. The policy must state whether the district offers weighted grades. A school board must annually publish on its website a list of courses for which a student may earn a weighted grade.

(d) 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 <u>must</u> provide the school with a copy of the pupil's grade grades in each course taken for secondary credit under this section, including interim or nonfinal grades earned during the academic term. 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.

(e) 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.

(f) The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota must, 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 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 July 1, 2023.

# Sec. 8. [124D.792] GRADUATION CEREMONIES; TRIBAL REGALIA AND OBJECTS OF CULTURAL SIGNIFICANCE.

<u>A school district or charter school must not prohibit an American Indian student from wearing American Indian</u> regalia, Tribal regalia, or objects of cultural significance at a graduation ceremony.

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

Sec. 9. Minnesota Statutes 2022, section 124E.11, is amended to read:

## 124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.

(a) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may limit admission to:

(1) pupils within an age group or grade level;

(2) pupils who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations.

(b) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its website, a lottery policy and process that it must use when accepting pupils by lot.

(c) A charter school shall give enrollment preference to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's staff before accepting other pupils by lot. A charter school that is located in Duluth township in St. Louis County and admits students in kindergarten through grade 6 must give enrollment preference to students residing within a five-mile radius of the school and to the siblings of enrolled children. A charter school may give enrollment preference to children currently enrolled in the school's free preschool or prekindergarten program under section 124E.06, subdivision 3, paragraph (b), who are eligible to enroll in kindergarten in the next school year.

(d) A person shall not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its website a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

(e) Except as permitted in paragraph (d) paragraphs (d) and (i), a charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this section.

(f) The charter school shall not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

(g) 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.

(h) 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).

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(i) A charter school serving at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf, hard-of-hearing, or deafblind may give enrollment preference to students who are eligible for special education services and have a primary disability of deaf, hard-of-hearing, or deafblind. The charter school may not limit admission based on the student's eligibility for additional special education services.

Sec. 10. Minnesota Statutes 2022, section 127A.05, is amended by adding a subdivision to read:

Subd. 7. Staffing review. The commissioner must conduct an annual review of all department positions and report to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education whether each position fulfills state or federal requirements. The commissioner must not use state funds to pay staffing costs for positions required to satisfy federal requirements. The report must be submitted to the legislature by January 15 of each year.

Sec. 11. Minnesota Statutes 2022, section 127A.05, is amended by adding a subdivision to read:

Subd. 8. **Department directives.** The commissioner must require all guidance or directives issued to school districts, charter schools, administrators, or teachers to include the name and contact information of the department employee responsible for issuing the guidance or directive.

Sec. 12. Minnesota Statutes 2022, 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, 2020. 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. 13. Minnesota Statutes 2022, section 127A.353, subdivision 4, is amended to read:

Subd. 4. Duties; powers. (a) The school trust lands director shall:

(1) take an oath of office before assuming any duties as the director <u>act in a fiduciary capacity for trust</u> beneficiaries in accordance with the principles under section 127A.351;

(2) evaluate the school trust land asset position;

(3) determine the estimated current and potential market value of school trust lands;

(4) advise <u>and provide recommendations to</u> the governor, <u>Executive Council, commissioner of natural resources</u>, and the Legislative Permanent School Fund Commission on the management of school trust lands, including: <u>on</u> school trust land management policies and other policies that may affect the goal of the permanent school fund under section 127A.31;

(5) advise and provide recommendations to the Executive Council and Land Exchange Board on all matters regarding school trust lands presented to either body;

(6) advise and provide recommendations to the commissioner of natural resources on managing school trust lands, including but not limited to advice and recommendations on:

(i) Department of Natural Resources school trust land management plans;

- (ii) leases of school trust lands;
- (iii) royalty agreements on school trust lands;
- (iv) land sales and exchanges;
- (v) cost certification; and
- (vi) revenue generating options;

(7) serve as temporary trustee of school trust lands for school trust lands subject to proposed or active eminent domain proceedings:

#### (8) serve as temporary trustee of school trust lands pursuant to section 94.342, subdivision 5;

(5) propose (9) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director that includes proposed legislative changes that will improve the asset allocation of the school trust lands;

(6) (10) develop and implement a ten-year strategic plan and a 25-year framework for management of school trust lands, in conjunction with the commissioner of natural resources, that is updated every five years and implemented by the commissioner, with goals to:

- (i) retain core real estate assets;
- (ii) increase the value of the real estate assets and the cash flow from those assets;
- (iii) rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;
- (iv) establish priorities for management actions;
- (v) balance revenue enhancement and resource stewardship; and
- (vi) advance strategies on school trust lands to capitalize on ecosystem services markets; and

# (7) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director; and

(8) (11) keep the beneficiaries, governor, legislature, and the public informed about the work of the director by reporting to the Legislative Permanent School Fund Commission in a public meeting at least once during each calendar quarter.

(b) In carrying out the duties under paragraph (a), the school trust lands director shall have the authority to may:

(1) direct and control money appropriated to the director;

(2) establish job descriptions and employ up to five employees in the unclassified service, staff within the limitations of money appropriated to the director;

(3) enter into interdepartmental agreements with any other state agency;

(4) enter into joint powers agreements under chapter 471;

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(5) evaluate and initiate real estate development projects on school trust lands <u>in conjunction with the</u> <u>commissioner of natural resources and</u> with the advice of the Legislative Permanent School Fund Commission <del>in</del> <del>order</del> to generate long-term economic return to the permanent school fund; <u>and</u>

# (6) serve as temporary trustee of school trust land for school trust lands subject to proposed or active eminent domain proceedings; and

(7) (6) submit recommendations on strategies for school trust land leases, sales, or exchanges to the commissioner of natural resources and the Legislative Permanent School Fund Commission.

Sec. 14. Minnesota Statutes 2022, section 144.4165, is amended to read:

# 144.4165 TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.

(a) No person shall at any time smoke, chew, or otherwise ingest tobacco, or carry or use an activated electronic delivery device as defined in section 609.685, subdivision 1, in a public school, as defined in section 120A.05, subdivisions 9, 11, and 13, or in a charter school governed by chapter 124E. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls.

(b) Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. An American Indian student may carry a medicine pouch containing loose tobacco intended as observance of traditional spiritual or cultural practices. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 260.755, subdivision 12.

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

# Sec. 15. SHORT-CALL SUBSTITUTE TEACHER PERMISSION.

(a) Notwithstanding any other teacher licensing requirement, a school district or charter school may employ a person as a short-call substitute teacher if the person:

(1) meets the professional requirements under Minnesota Statutes, section 122A.181, subdivision 2; or

(2) has been employed as an education support person or paraprofessional with the school district or charter school for at least one school year.

(b) A school district or charter school employing a substitute teacher under this section must report to the Professional Educator Licensing and Standards Board all persons it employs under this section and, for each person, must affirm that:

(1) a criminal background study was completed consistent with Minnesota Statutes, section 122A.18, subdivision 8;

(2) the person meets the professional requirements in paragraph (a); and

(3) the person has the knowledge and skills to provide instruction in the content area the person is teaching.

(c) A school district or charter school must report any complaints against a substitute teacher hired under this section to the board, which may consider the substance of the complaint when reviewing the person's application for a license under Minnesota Statutes, chapter 122A.

(d) This section is effective for the 2022-2023, 2023-2024, and 2024-2025 school years only. This section expires June 30, 2025.

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

# ARTICLE 6 FORECAST

## A. GENERAL EDUCATION

Section 1. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 2, is amended to read:

Subd. 2. General education aid. For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$7,569,266,000	 2022
\$ <del>7,804,527,000</del> <u>7,538,983,000</u>	 2023

The 2022 appropriation includes \$717,326,000 for 2021 and \$6,851,940,000 for 2022.

The 2023 appropriation includes \$734,520,000 for 2022 and \$7,070,007,000 \$6,804,463,000 for 2023.

Sec. 2. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 3, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$12,000	 2022
\$ <del>13,000</del> <u>16,000</u>	 2023

Sec. 3. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 4, is amended to read:

Subd. 4. Abatement aid. For abatement aid under Minnesota Statutes, section 127A.49:

\$2,897,000	 2022
\$ <del>3,558,000</del> <u>1,434,000</u>	 2023

The 2022 appropriation includes \$269,000 for 2021 and \$2,628,000 for 2022.

The 2023 appropriation includes \$291,000 for 2022 and \$3,267,000 \$1,143,000 for 2023.

Sec. 4. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 5, is amended to read:

Subd. 5. Consolidation transition aid. For districts consolidating under Minnesota Statutes, section 123A.485:

\$309,000	 2022
\$ <del>373,000</del> <u>95,000</u>	 2023

The 2022 appropriation includes \$30,000 for 2021 and \$279,000 for 2022.

The 2023 appropriation includes \$31,000 for 2022 and \$342,000 \$64,000 for 2023.

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Sec. 5. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 6, is amended to read:

Subd. 6. Nonpublic pupil education aid. For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$16,991,000	 2022
\$ <del>17,450,000</del> <u>19,003,000</u>	 2023

The 2022 appropriation includes \$1,903,000 for 2021 and \$15,088,000 for 2022.

The 2023 appropriation includes \$1,676,000 for 2022 and \$15,774,000 \$17,327,000 for 2023.

Sec. 6. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 7, is amended to read:

Subd. 7. Nonpublic pupil transportation. For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$19,770,000	 2022
\$ <del>19,906,000</del> <u>21,027,000</u>	 2023

The 2022 appropriation includes \$1,910,000 for 2021 and \$17,860,000 for 2022.

The 2023 appropriation includes \$1,984,000 for 2022 and \$17,922,000 \$19,043,000 for 2023.

Sec. 7. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 9, is amended to read:

Subd. 9. Career and technical aid. For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$2,668,000	 2022
\$ <del>2,279,000</del> <u>1,914,000</u>	 2023

The 2022 appropriation includes \$323,000 for 2021 and \$2,345,000 for 2022.

The 2023 appropriation includes \$260,000 for 2022 and \$2,019,000 \$1,654,000 for 2023.

## **B. EDUCATION EXCELLENCE**

Sec. 8. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 2, is amended to read:

Subd. 2. Achievement and integration aid. For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$84,057,000	 2022
\$ <del>83,431,000</del> <u>81,579,000</u>	 2023

The 2022 appropriation includes \$8,868,000 for 2021 and \$75,189,000 for 2022.

The 2023 appropriation includes \$8,353,000 for 2022 and <del>\$75,078,000</del> <u>\$73,226,000</u> for 2023.

Sec. 9. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 3, is amended to read:

Subd. 3. American Indian education aid. For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

\$11,351,000	 2022
\$ <del>11,775,000</del> <u>11,575,000</u>	 2023

The 2022 appropriation includes \$1,102,000 for 2021 and \$10,249,000 for 2022.

The 2023 appropriation includes \$1,138,000 for 2022 and <del>\$10,637,000</del> <u>\$10,437,000</u> for 2023.

Sec. 10. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 4, is amended to read:

Subd. 4. Charter school building lease aid. For building lease aid under Minnesota Statutes, section 124E.22:

\$93,547,000	 2022
\$ <del>99,819,000</del> <u>90,864,000</u>	 2023

The 2022 appropriation includes \$8,617,000 for 2021 and \$84,930,000 for 2022.

The 2023 appropriation includes \$9,436,000 for 2022 and \$90,383,000 \$81,428,000 for 2023.

Sec. 11. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 12, is amended to read:

Subd. 12. Interdistrict desegregation or integration transportation grants. For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$12,310,000	 2022
\$ <del>14,823,000</del> <u>13,785,000</u>	 2023

Sec. 12. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 27, is amended to read:

Subd. 27. **Tribal contract school aid.** For Tribal contract school aid under Minnesota Statutes, section 124D.83:

\$2,743,000	 2022
\$ <del>3,160,000</del> <u>2,581,000</u>	 2023

The 2022 appropriation includes \$240,000 for 2021 and \$2,503,000 for 2022.

The 2023 appropriation includes \$278,000 for 2022 and <del>\$2,882,000</del> <u>\$2,303,000</u> for 2023.

# C. TEACHERS

Sec. 13. Laws 2021, First Special Session chapter 13, article 3, section 7, subdivision 7, is amended to read:

Subd. 7. Alternative teacher compensation aid. (a) For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$88,896,000	 2022
\$ <del>88,898,000</del> <u>88,308,000</u>	 2023

(b) The 2022 appropriation includes \$8,877,000 for 2021 and \$80,019,000 for 2022.

(c) The 2023 appropriation includes \$8,891,000 for 2022 and \$80,007,000 \$79,417,000 for 2023.

# D. SPECIAL EDUCATION

Sec. 14. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 2, is amended to read:

Subd. 2. Special education; regular. For special education aid under Minnesota Statutes, section 125A.75:

\$1,822,998,000	 2022
\$ <del>1,945,533,000</del> <u>1,859,205,000</u>	 2023

The 2022 appropriation includes \$215,125,000 for 2021 and \$1,607,873,000 for 2022.

The 2023 appropriation includes \$226,342,000 for 2022 and \$1,719,191,000 \$1,632,863,000 for 2023.

Sec. 15. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 3, is amended to read:

Subd. 3. Aid for children with disabilities. For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$1,818,000	 2022
\$ <del>2,010,000</del> <u>1,484,000</u>	 2023

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 16. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$465,000	 2022
\$ <del>512,000</del> <u>337,000</u>	 2023

The 2022 appropriation includes \$23,000 for 2021 and \$442,000 for 2022.

The 2023 appropriation includes \$49,000 for 2022 and \$463,000 \$288,000 for 2023.

# **E. FACILITIES**

Sec. 17. Laws 2021, First Special Session chapter 13, article 7, section 2, subdivision 2, is amended to read:

Subd. 2. **Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

\$25,001,000	 2022
\$ <del>24,286,000</del> <u>24,315,000</u>	 2023

The 2022 appropriation includes \$2,588,000 for 2021 and \$22,413,000 for 2022.

The 2023 appropriation includes \$2,490,000 for 2022 and <del>\$21,796,000</del> <u>\$21,825,000</u> for 2023.

Sec. 18. Laws 2021, First Special Session chapter 13, article 7, section 2, subdivision 3, is amended to read:

Subd. 3. Long-term facilities maintenance equalized aid. For long-term facilities maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

\$108,582,000	 2022
\$ <del>111,077,000</del> <u>108,269,000</u>	 2023

The 2022 appropriation includes \$10,660,000 for 2021 and \$97,922,000 for 2022.

The 2023 appropriation includes \$10,880,000 for 2022 and \$100,197,000 \$97,389,000 for 2023.

### F. NUTRITION

Sec. 19. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 2, is amended to read:

Subd. 2. School lunch. For school lunch aid under Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$16,661,000	 2022
\$ <del>16,954,000</del> <u>15,984,000</u>	 2023

Sec. 20. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 3, is amended to read:

Subd. 3. School breakfast. For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$11,848,000	 2022
\$ <del>12,200,000</del> <u>10,802,000</u>	 2023

Sec. 21. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 4, is amended to read:

Subd. 4. Kindergarten milk. For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$656,000	 2022
\$ <del>658,000</del> <u>659,000</u>	 2023

# G. EARLY EDUCATION

Sec. 22. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 5, is amended to read:

Subd. 5. Early childhood family education aid. (a) For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$35,003,000	 2022
\$ <del>36,478,000</del> <u>35,180,000</u>	 2023

(b) The 2022 appropriation includes \$3,341,000 for 2021 and \$31,662,000 for 2022.

(c) The 2023 appropriation includes \$3,518,000 for 2022 and \$32,960,000 \$31,662,000 for 2023.

Sec. 23. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 6, is amended to read:

Subd. 6. **Developmental screening aid.** (a) For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$3,582,000	 2022
\$ <del>3,476,000</del> <u>3,503,000</u>	 2023

(b) The 2022 appropriation includes \$360,000 for 2021 and \$3,222,000 for 2022.

(c) The 2023 appropriation includes \$357,000 for 2022 and \$3,119,000 \$3,146,000 for 2023.

Sec. 24. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 12, is amended to read:

Subd. 12. Home visiting aid. (a) For home visiting aid under Minnesota Statutes, section 124D.135:

\$462,000	 2022
\$ -444,000 <u>415,000</u>	 2023

(b) The 2022 appropriation includes \$47,000 for 2021 and \$415,000 for 2022.

(c) The 2023 appropriation includes \$46,000 for 2022 and \$398,000 \$369,000 for 2023.

# H. COMMUNITY EDUCATION AND LIFELONG LEARNING

Sec. 25. Laws 2021, First Special Session chapter 13, article 10, section 1, subdivision 2, is amended to read:

Subd. 2. Community education aid. For community education aid under Minnesota Statutes, section 124D.20:

\$180,000	 2022
\$ <del>155,000</del> <u>150,000</u>	 2023

The 2022 appropriation includes \$22,000 for 2021 and \$158,000 for 2022.

The 2023 appropriation includes \$17,000 for 2022 and <del>\$138,000</del> <u>\$133,000</u> for 2023.

Sec. 26. Laws 2021, First Special Session chapter 13, article 10, section 1, subdivision 8, is amended to read:

Subd. 8. Adult basic education aid. For adult basic education aid under Minnesota Statutes, section 124D.531:

\$53,191,000	 2022
\$ <del>54,768,000</del> <u>51,948,000</u>	 2023

The 2022 appropriation includes \$5,177,000 for 2021 and \$48,014,000 for 2022.

The 2023 appropriation includes \$5,334,000 for 2022 and \$49,434,000 \$46,614,000 for 2023."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kresha amendment and the roll was called. There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Daudt	Heintzeman	Mekeland	O'Driscoll	Skraba
Anderson, P. E.	Davis	Hudella	Mueller	Olson, B.	Swedzinski
Anderson, P. H.	Dotseth	Hudson	Murphy	O'Neill	Torkelson
Backer	Engen	Igo	Myers	Perryman	Urdahl
Bakeberg	Fogelman	Jacob	Nadeau	Petersburg	West
Baker	Franson	Johnson	Nash	Quam	Wiener
Bennett	Garofalo	Joy	Nelson, N.	Robbins	Wiens
Bliss	Gillman	Knudsen	Neu Brindley	Schomacker	Witte
Burkel	Grossell	Koznick	Niska	Schultz	Zeleznikar
Daniels	Harder	Kresha	Novotny	Scott	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

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

Urdahl moved to amend H. F. No. 2497, the third engrossment, as follows:

Page 34, line 28, after "citizenship" insert "in either grade 11 or 12"

Page 35, line 10, after the period, insert "<u>A school district must offer the course starting in the 2024-2025 school year.</u>"

The motion prevailed and the amendment was adopted.

Urdahl moved to amend H. F. No. 2497, the third engrossment, as amended, as follows:

Page 68, after line 20, insert:

"Sec. 41. Minnesota Statutes 2022, section 122A.42, is amended to read:

# 122A.42 GENERAL CONTROL OF SCHOOLS.

(a) The teacher of record shall have the general control and government of the school and classroom. When more than one teacher is employed in any district, one of the teachers may be designated by the board as principal and shall have the general control and supervision of the schools of the district, subject to the general supervisory control of the board and other officers.

(b) Consistent with paragraph (a), The teacher may remove students from class under consistent with section 121A.61, subdivision 2, or for violent or disruptive conduct. A student may only return to the classroom after a school administrator has consulted with the teacher on ways to improve student behavior and enforce expectation of student conduct, including involving parents and appropriate student support personnel."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The Speaker assumed the Chair.

Richardson moved to amend the Urdahl amendment to H. F. No. 2497, the third engrossment, as amended, as follows:

Page 1, line 12, after "student" insert "who has been removed for violent conduct"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Urdahl amendment, as amended, to H. F. No. 2497, the third engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Backer moved to amend H. F. No. 2497, the third engrossment, as amended, as follows:

Page 27, after line 11, insert:

## "Sec. 34. SCHOOLS AFFECTED BY ADVERSE WEATHER.

Subdivision 1. **Required school days and hours.** (a) Notwithstanding Minnesota Statutes, sections 120A.32, 120A.41, and 126C.05, the board of a school district or charter school that canceled school on ten or more days during the 2022-2023 school year due to adverse weather conditions may count those days as instructional days for purposes of calculating the number of hours and days in the school year under Minnesota Statutes, section 120A.41, and the calculation of average daily membership under Minnesota Statutes, section 126C.05, for students enrolled both before and after those school closure dates.

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(b) If a school district or charter school would not have met the required minimum number of days and hours of instruction for students without the authority in paragraph (a), the district or charter school must report to the commissioner of education in the form and manner determined by the commissioner on the number of days and hours that the district counted under paragraph (a) to meet the required days and hours of instruction.

(c) A school district that counts a day that school was canceled as an instructional day in accordance with paragraph (a) is encouraged to adopt an e-learning day plan under Minnesota Statutes, section 120A.414.

Subd. 2. **Probationary teachers.** For the 2022-2023 school year only, for purposes of Minnesota Statutes, sections 122A.40, subdivision 5, paragraph (e), and 122A.41, subdivision 2, paragraph (d), the minimum number of days of teacher service that a probationary teacher must complete equals the difference between 120 days and the number of scheduled instructional days that were canceled due to adverse weather conditions and that the school board resolved to count as days of instruction under Minnesota Statutes, section 120A.41.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

The Speaker called Wolgamott to the Chair.

Nash moved to amend H. F. No. 2497, the third engrossment, as amended, as follows:

Page 69, delete section 43

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

West moved to amend H. F. No. 2497, the third engrossment, as amended, as follows:

Page 277, after line 26, insert:

# "Sec. 18. MINNESOTA SCHOOL SAFETY CENTER; CYBERSECURITY.

<u>The Department of Public Safety must establish a cybersecurity unit within the Minnesota School Safety Center.</u> <u>The cybersecurity unit must provide technical assistance to Minnesota's schools for cybersecurity activities.</u> The cybersecurity unit must:

(1) provide best practices recommendations for schools to follow; and

(2) conduct cybersecurity audits of school districts and charter schools.

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

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Page 278, line 4, after the period, insert "<u>The commissioner must consult with the Minnesota School Safety</u> <u>Center's cybersecurity unit prior to awarding grants under this subdivision.</u>"

Page 278, after line 8, insert:

"Subd. 3. <u>Minnesota School Safety Center.</u> (a) For transfer to the Minnesota School Safety Center for cybersecurity activities under section 18:

<u>\$10,000,000</u>	<u></u>	<u>2024</u>
\$10,000,000	<u></u>	<u>2025</u>

(b) The base for fiscal year 2026 and later is \$7,167,000."

Renumber the subdivisions in sequence

Page 306, line 16, delete "42,430,000" and insert "30,326,000"

Page 306, line 17, delete "37,245,000" and insert "32,253,000"

Page 306, delete lines 25 and 26

Renumber the clauses in sequence

Page 307, delete subdivisions 4 and 5

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the West amendment and the roll was called. There were 61 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Hudson	Murphy	Perryman	Urdahl
Anderson, P. E.	Dotseth	Igo	Myers	Petersburg	West
Anderson, P. H.	Engen	Jacob	Nadeau	Pfarr	Wiener
Backer	Fogelman	Johnson	Nash	Quam	Wiens
Bakeberg	Franson	Joy	Nelson, N.	Robbins	Witte
Baker	Garofalo	Knudsen	Neu Brindley	Schomacker	Zeleznikar
Bennett	Gillman	Koznick	Niska	Schultz	
Bliss	Grossell	Kresha	Novotny	Scott	
Burkel	Harder	McDonald	O'Driscoll	Skraba	
Daniels	Heintzeman	Mekeland	Olson, B.	Swedzinski	
Daudt	Hudella	Mueller	O'Neill	Torkelson	
Those who voted in the negative were:					
Acomb Agbaje Bahner	Becker-Finn Berg Bierman	Brand Carroll Cha	Clardy Coulter Curran	Edelson Elkins Feist	Finke Fischer Frazier

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Frederick	Hicks	Klevorn	Lislegard	Pérez-Vega	Stephenson
Freiberg	Hill	Koegel	Long	Pinto	Tabke
Gomez	Hollins	Kotyza-Witthuhn	Moller	Pryor	Vang
Greenman	Hornstein	Kozlowski	Nelson, M.	Pursell	Wolgamott
Hansen, R.	Howard	Kraft	Newton	Rehm	Xiong
Hanson, J.	Huot	Lee, F.	Noor	Reyer	Youakim
Hassan	Hussein	Lee, K.	Norris	Richardson	Spk. Hortman
Hemmingsen-Jaeger	Jordan	Liebling	Olson, L.	Sencer-Mura	
Her	Keeler	Lillie	Pelowski	Smith	

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

Mueller moved to amend H. F. No. 2497, the third engrossment, as amended, as follows:

Page 110, line 18, delete "5,000,000" and insert "2,500,000"

Page 114, delete subdivision 14

Renumber the subdivisions in sequence

Page 120, lines 28 and 29, delete "1,500,000" and insert "750,000"

Page 120, after line 30, insert:

"(c) The base for fiscal year 2026 and later is \$1,500,000."

Page 124, delete article 3 and insert:

## "ARTICLE 3 LITERACY AND LEARNING

# Section 1. [120B.116] SCIENCE OF READING.

Subdivision 1. Policy. It is the intent of the legislature that public schools promote foundational literacy and grade-level reading proficiency through the use of curriculum, textbooks, instructional materials, instructional practices, interventions, and teacher development and training based solely on the science of reading.

Subd. 2. Science of reading defined. (a) "Science of reading" means explicit, systematic evidence-based reading instruction using reliable, trustworthy, and valid evidence consistent with science-based reading research. This includes developing foundational reading skills relying on phonemic/phonological awareness, phonics and decoding, fluency, vocabulary, and comprehension that can be differentiated to meet the needs of individual students.

(b) The science of reading does not include using visual memory as the primary basis for teaching word recognition and does not include the use of the three-cueing system model, based on meaning, structure/syntax, and visual, also known as MSV, as a method to teach students to read.

Subd. 3. Other definitions. (a) The terms defined in this section have the meanings given them.

(b) "Comprehension" is the purpose of reading: the ability to understand, remember, and make meaning of what has been read.

(c) "Fluency" is the ability to read text with speed, accuracy, and proper expression, either to oneself or aloud.

(d) "Phonemic/phonological awareness" is the ability of students to hear, identify, manipulate, and substitute individual sounds, word parts, and syllables in spoken words.

(e) "Phonics" is the understanding that there are systematic and predictable relationships between phonemes (sounds) and graphemes (the letters that represent those sounds in written language) and to apply that knowledge to decode unfamiliar printed words. This process is commonly known as sounding out words.

(f) "Science-based reading research" means research that:

(1) applies rigorous, systematic, and objective observational or experimental procedures to obtain knowledge relevant to reading development, reading instruction, and reading and writing difficulties; and

(2) explains how proficient reading and writing develop, why some children have difficulties developing key literacy skills, and how schools can best assess and instruct early literacy, including the use of evidence-based literacy instruction practices to promote reading and writing achievement.

(g) "Vocabulary" is the process of acquiring new words that students understand and use in their conversation (oral vocabulary) and recognize in print (reading vocabulary) through direct and indirect instruction.

Sec. 2. Minnesota Statutes 2022, section 120B.12, is amended to read:

# 120B.12 READING PROFICIENTLY NO LATER THAN THE END OF GRADE 3.

Subdivision 1. Literacy goal. The legislature seeks to have every child reading at or above grade level no later than the end of grade 3, including English learners, and that teachers provide comprehensive, scientifically based reading instruction based on the science of reading consistent with section <u>122A.06</u>, subdivision 4 <u>120B.116</u>.

Subd. 2. **Identification; report.** (a) Each school district must identify before the end of kindergarten, grade 1, and grade 2 all students who are not reading at grade level. Students identified as not reading at grade level by the end of kindergarten, grade 1, and grade 2 must be screened, in a locally determined manner, for characteristics of dyslexia.

(b) Students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher must be screened, in a locally determined manner, for characteristics of dyslexia, unless a different reason for the reading difficulty has been identified.

(c) Reading assessments in English, and in the predominant languages of district students where practicable, must identify and evaluate students' areas of academic need related to literacy. The district also must monitor the progress and provide reading instruction appropriate to the specific needs of English learners. The district must use a locally adopted, developmentally appropriate, and culturally responsive assessment and annually report summary assessment results to the commissioner by July 1.

(d) The district also must annually report to the commissioner by July 1 a summary of the district's efforts to screen and identify students who demonstrate characteristics of dyslexia using screening tools such as those recommended by the department's dyslexia specialist. With respect to students screened or identified under paragraph (a), the report must include:

(1) a summary of the district's efforts to screen for dyslexia;

(2) the number of students screened for that reporting year; and

(3) the number of students demonstrating characteristics of dyslexia for that year.

(e) A student identified under this subdivision must be provided with alternate instruction under section 125A.56, subdivision 1.

Subd. 2a. **Parent notification and involvement.** Schools, at least annually, must give <u>clear notice to</u> the parent of each student who is not reading at or above grade level <u>that the student is not reading at or above grade level</u>, and <u>provide the parent</u> timely information about:

(1) the student's reading proficiency as measured by a locally adopted assessment;

(2) reading-related services currently being provided to the student and the student's progress; and

(3) strategies for parents to use at home in helping their student succeed in becoming grade-level proficient in reading in English and in their native language; the strategies must align with the interventions identified in the improvement plan under subdivision 3.

A district may not use this section to deny a student's right to a special education evaluation.

Subd. 3. **Intervention.** (a) For each student identified under subdivision 2, the district shall provide reading intervention to accelerate student growth and reach the goal of reading at or above grade level by the end of the current grade and school year. If a student does not read at or above grade level by the end of grade 3, the district must continue to provide reading intervention until the student reads at grade level. District intervention methods shall encourage family engagement and, where possible, collaboration with appropriate school and community programs. Intervention methods may include, but are not limited to, requiring attendance in summer school <u>or a summer reading program or camp</u>, intensified reading instruction that may require that the student be removed from the regular classroom for part of the school day, extended-day programs, or programs that strengthen students' cultural connections.

(b) A school district or charter school is strongly encouraged to provide a personal learning plan for a student who is unable to demonstrate grade-level proficiency, as measured by the statewide reading assessment in grade grades 3 and 4. The district or charter school must determine the format of the personal learning plan in collaboration with the student's educators and other appropriate professionals. The school must develop the learning plan in consultation with the student's parent or guardian. The personal learning plan must address knowledge gaps and skill deficiencies through strategies such as specific exercises and practices during and outside of the regular school day, periodic assessments, and reasonable timelines. The personal learning plan may include grade retention, if it is in the student's best interest. A school must maintain and regularly update and modify the personal learning plan until the student reads at grade level. This paragraph does not apply to a student under an individualized education program.

Subd. 4. **Staff development.** Each district shall use the data under subdivision 2 to identify the staff development needs so that:

(1) elementary teachers are able to implement comprehensive, scientifically based reading and oral language instruction in the five reading areas of phonemic awareness, phonics, fluency, vocabulary, and comprehension as defined in section 122A.06, subdivision 4, and other literacy related areas including writing instructional practices consistent with the science of reading as defined in section 120B.116 until the student achieves and maintains grade-level reading proficiency;

(2) elementary teachers have sufficient training <u>and professional development</u> to provide comprehensive, scientifically based reading and oral language instruction <u>aligned to the science of reading as defined in</u> <u>section 120B.116</u> that meets students' developmental, linguistic, and literacy needs using the intervention methods or programs selected by the district for the identified students;

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(3) licensed teachers employed by the district have regular opportunities to improve reading and writing instruction <u>aligned to the science of reading as defined in section 120B.116;</u>

(4) licensed teachers recognize students' diverse needs in cross-cultural settings and are able to serve the oral language and linguistic needs of students who are English learners by maximizing strengths in their native languages in order to cultivate students' English language development, including oral academic language development, and build academic literacy; and

(5) licensed teachers are well trained in culturally responsive pedagogy that enables students to master content, develop skills to access content, and build relationships.

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 120B.116, 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;

(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 <u>aligned to the science of reading as defined in section 120B.116</u> for students who are not reading at or above grade level 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 website.

Subd. 5. **Commissioner.** The commissioner shall recommend to districts multiple assessment tools to assist districts and teachers with identifying students under subdivision 2. The commissioner shall also make available examples of nationally recognized and research-based instructional methods or programs to districts to provide comprehensive, scientifically based reading instruction and intervention under this section. <u>The instructional methods or programs must not include the use of whole language, balanced-literacy, or a three-cueing system model based on meaning, structure/syntax, and visual, also known as MSV.</u>

Sec. 3. Minnesota Statutes 2022, section 122A.092, subdivision 5, is amended to read:

Subd. 5. **Reading strategies.** (a) A teacher preparation provider approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in its teacher preparation programs research-based best practices in reading, consistent with section <u>122A.06</u>, <u>subdivision 4</u> <u>120B.116</u>, that enable the licensure candidate to teach reading in the candidate's content areas. Teacher candidates must be instructed in using students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. A teacher preparation provider also must prepare early childhood and elementary teacher candidates for Tier 3 and Tier 4 teaching licenses under sections 122A.183 and 122A.184, respectively, for the portion of the examination under section 122A.185, subdivision 1, paragraph (c), covering assessment of reading instruction.

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(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in applying comprehensive, scientifically based or evidence-based, and structured reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4 120B.116, so that all students achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers-: and

# (3) exclude or prohibit the use of whole language, balanced-literacy, or a three-cueing system model based on meaning, structure/syntax, and visual, also known as MSV.

(c) Board-approved teacher preparation programs for teachers of elementary education, early childhood education, special education, and reading intervention must include instruction on dyslexia, as defined in section 125A.01, subdivision 2. Teacher preparation programs may consult with the Department of Education, including the dyslexia specialist under section 120B.122, to develop instruction under this paragraph. Instruction on dyslexia must be modeled on practice standards of the International Dyslexia Association, and must address:

(1) the nature and symptoms of dyslexia;

(2) resources available for students who show characteristics of dyslexia;

(3) evidence-based instructional strategies for students who show characteristics of dyslexia, including the structured literacy approach; and

(4) outcomes of intervention and lack of intervention for students who show characteristics of dyslexia.

(d) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

Sec. 4. Minnesota Statutes 2022, section 122A.185, subdivision 1, is amended to read:

Subdivision 1. **Tests.** (a) The Professional Educator Licensing and Standards Board must adopt rules requiring a candidate to demonstrate a passing score on a board-adopted examination of skills in reading, writing, and mathematics before being granted a Tier 4 teaching license under section 122A.184 to provide direct instruction to pupils in elementary, secondary, or special education programs. Candidates may obtain a Tier 1, Tier 2, or Tier 3 license to provide direct instruction to pupils in elementary, secondary, or special education programs, or special education programs if candidates meet the other requirements in section 122A.181, 122A.182, or 122A.183, respectively.

(b) The board must adopt rules requiring candidates for Tier 3 and Tier 4 licenses to pass an examination of general pedagogical knowledge and examinations of licensure field specific content. The content examination requirement does not apply if no relevant content exam exists.

(c) Candidates for initial Tier 3 and Tier 4 licenses to teach elementary students must pass test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, knowledge and understanding of the foundations of reading development, development of reading comprehension and reading assessment and instruction, and the ability to integrate that knowledge and understanding into instruction strategies under section 122A.06, subdivision 4 demonstrate their knowledge and understanding of the science of reading as defined in section 120B.116, and ability to provide instruction and assess student proficiency in reading, on an examination approved or adopted by the board.

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(d) The requirement to pass a board-adopted reading, writing, and mathematics skills examination 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.

Sec. 5. Minnesota Statutes 2022, section 122A.187, subdivision 5, is amended to read:

Subd. 5. <u>Science of</u> reading preparation <u>and professional development</u>. The Professional Educator Licensing and Standards Board must adopt rules that require all licensed teachers who are renewing a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, to include in the renewal requirements further reading preparation <u>and professional development</u>, consistent with section <del>122A.06</del>, <del>subdivision 4</del> <u>120B.116</u>. 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.

Sec. 6. Minnesota Statutes 2022, section 124D.98, is amended by adding a subdivision to read:

Subd. 5. **Recommended uses.** (a) A school district or charter school is encouraged to use aid received under this section on:

(1) meeting the requirements and recommendations to achieve grade-level reading proficiency under section 120B.12;

(2) professional development for teachers and education support personnel in the science of reading as defined in section 120B.116;

(3) provide bonuses or stipends to teachers demonstrating success in helping students attain grade-level proficiency or exceptional growth toward grade level proficiency;

(4) provide bonuses or stipends to teachers identified under clause (3), who seek training to work as a literacy specialist or mentor; and

(5) provide bonuses or stipends to teachers and education support personnel using the science of reading as defined in section 120B.116 to tutor struggling readers.

(b) A school board is not required to meet and negotiate with an exclusive representative of employees on the uses of aid received under this section, but must confer with the exclusive representative of teachers in the district or school on the use of aid under this section.

#### Sec. 7. READING RESET FUNDING.

Subdivision 1. <u>Reading reset account.</u> An account is established in the special revenue fund known as the reading reset account. Funds appropriated under this section must be transferred to the reset account in the special revenue fund.

Subd. 2. Curriculum and materials. A school district, charter school, or cooperative may request reimbursement from the commissioner of education for curriculum, instructional materials, and books aligned with the science of reading, as defined in section 120B.116, that were purchased on or after July 1, 2020. The application for reimbursement must require an applicant to agree that it will stop using instructional practices, curriculum, or materials that are based on or otherwise use whole-language, balanced literacy, or the three-cueing system model, including discontinuing use or agreeing not to use in the future any literacy curriculum or other materials published by Heinemann Publishing, or written in whole or in part by Irene Fountas and Gay Su Pinnell.

Subd. 3. Teacher training. The commissioner of education must provide funding to school districts, charter schools, and cooperatives to provide teachers with training in the science of reading through intensive workshops, academies, and other professional development opportunities. In addition, the commissioner must provide school districts, charter schools, and cooperatives funding to provide teachers paid time to attend training on the science of reading.

<u>Subd. 4.</u> <u>Tutoring.</u> <u>The commissioner must establish a process for parents to receive reimbursement for literacy tutoring for students enrolled in school districts, charter schools, or cooperatives who are not reading at grade level.</u>

**EFFECTIVE DATE.** This section is effective July 1, 2023.

# Sec. 8. TEACHER PREPARATION IN READING INSTRUCTION.

A teacher preparation program approved by the Professional Educator Licensing and Standards Board for teachers of elementary education must require instruction in understanding and applying the science of reading. The board must complete audits of all approved teacher preparation programs by September 1, 2023, and must place a program not in compliance on immediate probation. A program placed on probation must develop and implement an action plan to comply with this section.

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

# Sec. 9. APPROPRIATION; READING RESET.

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education in the fiscal year designated.

Subd. 2. **Reading reset.** (a) For the reading reset account under section 2:

<u>\$100,000,000</u> <u>.....</u> <u>2024</u>

(b) Of these amounts, \$60,000,000 is for curriculum and materials in accordance with section 7, subdivision 2; \$35,000,000 is for teacher training in accordance with section 7, subdivision 3; and \$5,000,000 is to reimburse parents for tutoring in accordance with section 7, subdivision 4.

(c) The commissioner may retain up to \$75,000 of the appropriation to administer the funds under this subdivision.

Sec. 10. **<u>REPEALER.</u>** 

Minnesota Statutes 2022, section 122A.06, subdivision 4, is repealed."

Page 306, line 16, delete "42,430,000" and insert "30,176,000"

Page 306, line 17, delete "37,245,000" and insert "32,103,000"

Page 306, delete lines 25 and 26

Page 307, delete lines 1 to 3

Renumber the clauses in sequence

Page 307, delete subdivisions 4 and 5

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Mueller amendment and the roll was called. There were 61 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Hudson	Murphy	Perryman	Urdahl
Anderson, P. E.	Dotseth	Igo	Myers	Petersburg	West
Anderson, P. H.	Engen	Jacob	Nadeau	Pfarr	Wiener
Backer	Fogelman	Johnson	Nash	Quam	Wiens
Bakeberg	Franson	Joy	Nelson, N.	Robbins	Witte
Baker	Garofalo	Knudsen	Neu Brindley	Schomacker	Zeleznikar
Bennett	Gillman	Koznick	Niska	Schultz	
Bliss	Grossell	Kresha	Novotny	Scott	
Burkel	Harder	McDonald	O'Driscoll	Skraba	
Daniels	Heintzeman	Mekeland	Olson, B.	Swedzinski	
Daudt	Hudella	Mueller	O'Neill	Torkelson	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

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

Bakeberg moved to amend H. F. No. 2497, the third engrossment, as amended, as follows:

Pages 57 to 59, delete sections 24 to 27

Pages 60 to 62, delete sections 30 to 33

Page 64, delete sections 35 and 36

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Pages 66 to 67, delete sections 38 and 39

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Bakeberg amendment and the roll was called. There were 61 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Hudson	Murphy	Perryman	Urdahl
Anderson, P. E.	Dotseth	Igo	Myers	Petersburg	West
Anderson, P. H.	Engen	Jacob	Nadeau	Pfarr	Wiener
Backer	Fogelman	Johnson	Nash	Quam	Wiens
Bakeberg	Franson	Joy	Nelson, N.	Robbins	Witte
Baker	Garofalo	Knudsen	Neu Brindley	Schomacker	Zeleznikar
Bennett	Gillman	Koznick	Niska	Schultz	
Bliss	Grossell	Kresha	Novotny	Scott	
Burkel	Harder	McDonald	O'Driscoll	Skraba	
Daniels	Heintzeman	Mekeland	Olson, B.	Swedzinski	
Daudt	Hudella	Mueller	O'Neill	Torkelson	

Those who voted in the negative were:

Edelson Elkins Feist Finke Fischer Frazier Frederick Freiberg Gomez Greenman Hansen, R.	Hassan Hemmingsen-Jaeger Her Hicks Hill Hollins Hornstein Howard Huot Hussein Jordan	Klevorn Koegel Kotyza-Witthuhn Kozlowski Kraft Lee, F. Lee, K. Liebling Lillie Lislegard Long	Nelson, M. Newton Noor Norris Olson, L. Pelowski Pérez-Vega Pinto Pryor Pursell Rehm	Richardson Sencer-Mura Smith Stephenson Tabke Vang Wolgamott Xiong Youakim Spk. Hortman
Hansen, R. Hanson, J.	Jordan Keeler	Long Moller	Rehm Reyer	•
	Elkins Feist Finke Fischer Frazier Frederick Freiberg Gomez Greenman Hansen, R.	ElkinsHemmingsen-JaegerFeistHerFinkeHicksFischerHillFrazierHollinsFrederickHornsteinFreibergHowardGomezHuotGreenmanHusseinHansen, R.Jordan	ElkinsHemmingsen-JaegerKoegelFeistHerKotyza-WitthuhnFinkeHicksKozlowskiFischerHillKraftFrazierHollinsLee, F.FrederickHornsteinLee, K.FreibergHowardLieblingGomezHuotLillieGreenmanHusseinLislegardHansen, R.JordanLong	ElkinsHemmingsen-JaegerKoegelNewtonFeistHerKotyza-WitthuhnNoorFinkeHicksKozlowskiNorrisFischerHillKraftOlson, L.FrazierHollinsLee, F.PelowskiFrederickHornsteinLee, K.Pérez-VegaFreibergHowardLieblingPintoGomezHuotLilliePryorGreenmanHusseinLislegardPursellHansen, R.JordanLongRehm

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

Bennett moved to amend H. F. No. 2497, the third engrossment, as amended, as follows:

Page 32, line 24, delete the new language

Page 36, delete lines 11 to 14

Pages 36 to 38, delete sections 9 to 11

Page 40, delete sections 13 and 14

Page 89, delete section 53

Page 96, delete section 57

Page 114, delete subdivisions 13 and 14

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Renumber the subdivisions in sequence

Page 148, delete lines 19 and 20

Page 161, delete section 2

Page 306, line 16, delete "42,430,000" and insert "42,280,000"

Page 306, line 17, delete "37,245,000" and insert "37,095,000"

Page 307, delete lines 1 to 3

Renumber the clauses in sequence

Page 307, line 17, delete "\$36,990,000" and insert "\$36,840,000"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Bennett amendment and the roll was called. There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Daudt	Hudella	Mekeland	O'Driscoll	Scott
Anderson, P. E.	Davis	Hudson	Mueller	Olson, B.	Skraba
Anderson, P. H.	Dotseth	Igo	Murphy	O'Neill	Swedzinski
Backer	Engen	Jacob	Myers	Perryman	Torkelson
Bakeberg	Fogelman	Johnson	Nadeau	Petersburg	Urdahl
Baker	Franson	Joy	Nash	Pfarr	West
Bennett	Garofalo	Knudsen	Nelson, N.	Quam	Wiener
Bliss	Grossell	Koznick	Neu Brindley	Robbins	Wiens
Burkel	Harder	Kresha	Niska	Schomacker	Witte
Daniels	Heintzeman	McDonald	Novotny	Schultz	Zeleznikar

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

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

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Daudt was excused between the hours of 6:40 p.m. and 10:55 p.m.

Bennett moved to amend H. F. No. 2497, the third engrossment, as amended.

Bennett requested a division of the Bennett amendment to H. F. No. 2497, the third engrossment, as amended.

The first portion of the Bennett amendment to H. F. No. 2497, the third engrossment, as amended, reads as follows:

Page 178, line 9, delete the new language

Page 178, line 12, reinstate the stricken language and delete the new language

Page 178, lines 13 to 16, reinstate the stricken language

Page 179, delete section 37

A roll call was requested and properly seconded.

The question was taken on the first portion of the Bennett amendment and the roll was called. There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Hudella	Mekeland	O'Driscoll	Scott
Anderson, P. E.	Dotseth	Hudson	Mueller	Olson, B.	Skraba
Anderson, P. H.	Engen	Igo	Murphy	O'Neill	Swedzinski
Backer	Fogelman	Jacob	Myers	Perryman	Torkelson
Bakeberg	Franson	Johnson	Nadeau	Petersburg	Urdahl
Baker	Garofalo	Joy	Nash	Pfarr	West
Bennett	Gillman	Knudsen	Nelson, N.	Quam	Wiener
Bliss	Grossell	Koznick	Neu Brindley	Robbins	Wiens
Burkel	Harder	Kresha	Niska	Schomacker	Witte
Daniels	Heintzeman	McDonald	Novotny	Schultz	Zeleznikar

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

The motion did not prevail and the first portion of the Bennett amendment was not adopted.

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The second portion of the Bennett amendment to H. F. No. 2497, the third engrossment, as amended, reads as follows:

Page 179, line 19, strike everything after the first "122A.183"

Page 179, line 20, strike "subdivision 2, clause (1) or (2)"

Page 179, lines 25 to 27, reinstate the stricken language

Page 179, line 27, before the period, insert ": or, for an applicant with a professional teaching license from another state, three years of effective teaching experience, as determined by the board based on the applicant's performance evaluations, recommendations, or other appropriate documentation"

Page 179, delete lines 28 and 29

Page 180, line 11, delete "or" and insert a comma and after "assessment" insert ", or other alternative assessment"

Page 180, lines 12 to 18, delete the new language

A roll call was requested and properly seconded.

The question was taken on the second portion of the Bennett amendment and the roll was called. There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Davis	Hudson	Mueller	Olson, B.	Skraba
Anderson, P. E.	Dotseth	Igo	Murphy	O'Neill	Swedzinski
Anderson, P. H.	Engen	Jacob	Myers	Perryman	Torkelson
Backer	Franson	Johnson	Nadeau	Petersburg	Urdahl
Bakeberg	Garofalo	Joy	Nash	Pfarr	West
Baker	Gillman	Knudsen	Nelson, N.	Quam	Wiener
Bennett	Grossell	Koznick	Neu Brindley	Robbins	Wiens
Bliss	Harder	Kresha	Niska	Schomacker	Witte
Burkel	Heintzeman	McDonald	Novotny	Schultz	Zeleznikar
Daniels	Hudella	Mekeland	O'Driscoll	Scott	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

The motion did not prevail and the second portion of the Bennett amendment was not adopted.

H. F. No. 2497, A bill for an act relating to education finance; providing funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, literacy, American Indian education, teachers, charter schools, special education, facilities, nutrition, libraries, early childhood, community education, grants management, and state agencies; making forecast adjustments; providing for rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 13.32, subdivision 3; 120A.20, subdivision 1; 120A.22, subdivision 10; 120A.414, subdivision 2, by adding a subdivision; 120A.42; 120B.018, subdivision 6; 120B.021, subdivisions 1, 2, 3, 4, as amended, by adding a subdivision; 120B.022, subdivision 1; 120B.024, subdivisions 1, 2; 120B.11, subdivisions 1, 2, 3; 120B.12; 120B.122, subdivision 1; 120B.15; 120B.30, subdivisions 1, 1a; 120B.301; 120B.35, subdivision 3; 120B.36, subdivision 2; 121A.031, subdivision 6; 121A.04, subdivisions 1, 2; 121A.41, subdivision 7, by adding subdivisions; 121A.425; 121A.45, subdivision 1; 121A.46, subdivision 4, by adding a subdivision; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 121A.58; 121A.582, subdivision 1; 121A.61, subdivisions 1, 3, by adding subdivisions; 122A.06, subdivisions 1, 2, 5, 6, 7, 8, by adding subdivisions; 122A.07, subdivisions 1, 2, 4, 4a, 5, 6; 122A.09, subdivisions 4, 6, 9, 10; 122A.091, subdivisions 1, 2; 122A.092, subdivision 5; 122A.15, subdivision 1; 122A.18, subdivisions 1, 2, 10, by adding a subdivision; 122A.181, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 122A.182, subdivisions 1, 4, by adding subdivisions; 122A.183, subdivisions 1, 2, by adding subdivisions; 122A.184, subdivision 1; 122A.185, subdivisions 1, 4; 122A.187, subdivisions 1, 5, by adding a subdivision; 122A.19, subdivision 4; 122A.26, subdivision 2; 122A.31, subdivision 1; 122A.40, subdivisions 3, 5, 8; 122A.41, subdivisions 2, 5, by adding a subdivision; 122A.415, subdivision 4; 122A.42; 122A.50; 122A.59; 122A.63, by adding a subdivision; 122A.635; 122A.69; 122A.70; 122A.73, subdivisions 2, 3, 5; 123B.147, subdivision 3; 123B.595, subdivisions 1, 2, 3, 4, 7, 8, 8a, 9, 10, 11; 123B.71, subdivisions 9, 12; 123B.86, subdivision 3; 123B.92, subdivision 1, by adding a subdivision; 124D.03, subdivisions 3, 5; 124D.09, subdivisions 3, 5, 12, 13; 124D.111, subdivisions 2a, 5; 124D.1158, as amended; 124D.119; 124D.128, subdivisions 1, 2; 124D.151, subdivision 6; 124D.20, subdivisions 3, 5; 124D.2211; 124D.231; 124D.42, subdivision 8; 124D.531, subdivisions 1, 4; 124D.55; 124D.56; 124D.59, subdivisions 2, 2a; 124D.65, subdivision 5; 124D.68, subdivisions 2, 3; 124D.73, by adding a subdivision; 124D.74, subdivisions 1, 3, 4, by adding a subdivision; 124D.76; 124D.78; 124D.79, subdivision 2; 124D.791, subdivision 4; 124D.81; 124D.861, subdivision 2; 124D.862, subdivision 8; 124D.98, by adding a subdivision; 124D.99, subdivision 2; 124E.02; 124E.03, subdivision 2, by adding a subdivision; 124E.05, subdivisions 4, 7; 124E.06, subdivisions 1, 4, 5; 124E.10, subdivision 1; 124E.11; 124E.12, subdivision 1; 124E.13, subdivisions 1, 3; 124E.25, subdivision 1a; 125A.03; 125A.08; 125A.0942; 125A.13; 125A.15; 125A.51; 125A.515, subdivision 3; 125A.71, subdivision 1; 125A.76, subdivisions 2c, 2e, by adding a subdivision; 126C.05, subdivisions 1, 3, as amended, 19; 126C.10, subdivisions 2, 2a, 2d, 2e, 3, 4, 13, 13a, 14, 18a, by adding subdivisions; 126C.15, subdivisions 1, 2, 5; 126C.17, by adding a subdivision; 126C.40, subdivisions 1, 6; 126C.43, subdivision 2; 126C.44; 127A.353, subdivisions 2, 4; 134.31, subdivisions 1, 4a; 134.32, subdivision 4; 134.34, subdivision 1; 134.355, subdivisions 5, 6, 7; 144.4165; 179A.03, subdivisions 14, 18, 19; 256B.0625, subdivision 26; 268.085, subdivision 7; 290.0679, subdivision 2; Laws 2021, First Special Session chapter 13, article 1, section 10, subdivisions 2, 3, 4, 5, 6, 7, 9; article 2, section 4, subdivisions 2, 3, 4, 12, 27; article 3, section 7, subdivision 7; article 5, section 3, subdivisions 2, 3, 4; article 7, section 2, subdivisions 2, 3; article 8, section 3, subdivisions 2, 3, 4; article 9, section 4, subdivisions 5, 6, 12; article 10, section 1, subdivisions 2, 8; article 11, section 4, subdivision 2; Laws 2023, chapter 18, section 4, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 124D; 125A; 126C; 127A; repealing Minnesota Statutes 2022, sections 120B.35, subdivision 5; 122A.06, subdivision 4; 122A.07, subdivision 2a; 122A.091, subdivisions 3, 6; 122A.18, subdivision 7c; 122A.182, subdivision 2; 124D.095, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 126C.05, subdivisions 3, 16; 268.085, subdivision 8; Minnesota Rules, part 8710.0500, subparts 8, 11.

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 60 nays as follows:

Those who voted in the affirmative were:

Acomb	Becker-Finn	Brand	Clardy	Edelson	Finke
Agbaje	Berg	Carroll	Coulter	Elkins	Fischer
Bahner	Bierman	Cha	Curran	Feist	Frazier

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Frederick Freiberg	Hicks Hill	Klevorn Koegel	Lislegard Long	Pérez-Vega Pinto	Stephenson Tabke
Gomez	Hollins	Kotyza-Witthuhn	Moller	Pryor	Vang
		Kotyza-wittiluilli Kozlowski		Pursell	U
Greenman	Hornstein		Nelson, M.		Wolgamott
Hansen, R.	Howard	Kraft	Newton	Rehm	Xiong
Hanson, J.	Huot	Lee, F.	Noor	Reyer	Youakim
Hassan	Hussein	Lee, K.	Norris	Richardson	Spk. Hortman
Hemmingsen-Jaeger	Jordan	Liebling	Olson, L.	Sencer-Mura	
Her	Keeler	Lillie	Pelowski	Smith	
Those who vot	ed in the negative w	/ere:			
Altendorf	Davis	Hudella	Mekeland	O'Driscoll	Scott
Anderson, P. E.	Dotseth	Hudson	Mueller	Olson, B.	Skraba
Anderson, P. H.	Engen	Igo	Murphy	O'Neill	Swedzinski
Backer	Fogelman	Jacob	Myers	Perryman	Torkelson
Bakeberg	Franson	Johnson	Nadeau	Petersburg	Urdahl
Baker	Garofalo	Joy	Nash	Pfarr	West
Bennett	Gillman	Knudsen	Nelson, N.	Quam	Wiener
Bliss	Grossell	Koznick	Neu Brindley	Robbins	Wiens
Burkel	Harder	Kresha	Niska	Schomacker	Witte
Daniels	Heintzeman	McDonald	Novotny	Schultz	Zeleznikar

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

Long 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 Wolgamott.

Anderson, P. E., was excused between the hours of 8:50 p.m. and 9:40 p.m.

H. F. No. 2292 was reported to the House.

Hudson moved to amend H. F. No. 2292, the second engrossment, as follows:

Page 11, delete section 9 and insert:

"Sec. 9. Minnesota Statutes 2022, 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 an eligible child; and

(2) have income equal to or less than 185 225 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) An "eligible child" means a child who has not yet enrolled in kindergarten and is: <u>not yet five years of age</u> on September 1 of the current school year.

#### (1) at least three but not yet five years of age on September 1 of the current school year;

(2) a sibling from birth to age five of a child who has been awarded a scholarship under this section provided the sibling attends the same program as long as funds are available;

(3) the child of a parent under age 21 who is pursuing a high school degree or a course of study for a high school equivalency test; or

#### (4) homeless, in foster care, or in need of child protective services.

(c) 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.

(d) 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.

(e) 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."

Page 12, delete section 10 and insert:

"Sec. 10. Minnesota Statutes 2022, section 124D.165, subdivision 3, is amended to read:

Subd. 3. Administration. (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner must give highest priority to applications from children who:

(1) have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test;

(2) are in foster care or otherwise in need of protection or services; or

(3) have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a.

The commissioner may prioritize applications on additional factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

53RD DAY]

(b) The commissioner shall establish a target for the average annually set a scholarship amount per child based on the results of the rate survey conducted under section 119B.02. that is equal to the greater of:

(1) the rate paid under section 119B.13, subdivision 1; or

(2) the statewide average general education revenue per average daily membership.

(c) A four star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. For fiscal year 2018 and later, the statewide amount of funding directly designated by the commissioner must not exceed the funding directly designated for fiscal year 2017. Beginning July 1, 2016, a school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(c) The commissioner shall not differentiate the per child scholarship amount based on program type or a program's rating status under section 124D.142, but may pay a 15 percent differential above the per child scholarship amount when programs meet the applicable requirements in section 119B.13, subdivision 3, paragraphs (a) and (b).

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program or within 90 days after the child's third birthday if awarded a scholarship under the age of three.

(f) For fiscal year 2017 and later, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner."

Page 14, delete section 12

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hudson amendment and the roll was called. There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Bakeberg	Bliss	Davis	Fogelman	Gillman
Anderson, P. H.	Baker	Burkel	Dotseth	Franson	Grossell
Backer	Bennett	Daniels	Engen	Garofalo	Harder

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Heintzeman	Knudsen	Myers	O'Driscoll	Robbins	Urdahl
Hudella	Koznick	Nadeau	Olson, B.	Schomacker	West
Hudson	Kresha	Nash	O'Neill	Schultz	Wiener
Igo	McDonald	Nelson, N.	Perryman	Scott	Wiens
Jacob	Mekeland	Neu Brindley	Petersburg	Skraba	Witte
Johnson	Mueller	Niska	Pfarr	Swedzinski	Zeleznikar
Joy	Murphy	Novotny	Quam	Torkelson	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Sencer-Mura
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Smith
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Stephenson
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Tabke
Berg	Fischer	Hill	Kraft	Olson, L.	Vang
Bierman	Frazier	Hollins	Lee, F.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Lee, K.	Pinto	Xiong
Carroll	Freiberg	Howard	Liebling	Pryor	Youakim
Cha	Gomez	Huot	Lillie	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Lislegard	Rehm	
Coulter	Hansen, R.	Jordan	Long	Reyer	
Curran	Hanson, J.	Keeler	Moller	Richardson	

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

Kresha moved to amend H. F. No. 2292, the second engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2022, section 119A.52, is amended to read:

# **119A.52 DISTRIBUTION OF APPROPRIATION.**

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds., which may include costs associated with program operations, infrastructure, or reconfiguration to serve children from birth to age five in center-based services. The distribution must occur in the following order: (1) 10.72 percent of the total Head Start appropriation must be initially allocated to federally designated Tribal Head Start programs; (2) the Tribal Head Start portion of the appropriation must be initially allocated to Tribal Head Start programs based on the programs' share of federal funds; and (3) migrant programs must be initially allocated funding based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. For all agencies without a federal Early Head Start rate, the state average federal cost per child for Early Head Start applies. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation and how the money must be used. Each program must present a plan under section 119A.535. For any program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible programs.

#### [53RD DAY

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(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

(c) Programs with approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters and transitional housing, are exempt from the procedures in paragraph (b). This exemption does not apply to entire programs. The exemption applies only to approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters, transitional housing, and permanent supportive housing.

Sec. 2. Minnesota Statutes 2022, 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, including virtual developmental screening for families who make the request based on their immunocompromised health status or other health conditions, 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.

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(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. 3. Minnesota Statutes 2022, section 121A.19, is amended to read:

# 121A.19 DEVELOPMENTAL SCREENING AID.

Each school year, the state must pay a district for each child or student screened by the district according to the requirements of section 121A.17. The amount of state aid for each child or student screened shall be: (1) \$75 \$98 for a child screened at age three; (2) \$50 \$65 for a child screened at age four; (3) \$40 \$52 for a child screened at age five or six prior to kindergarten; and (4) \$30 \$39 for a student screened within 30 days after first enrolling in a public school kindergarten if the student has not previously been screened according to the requirements of section 121A.17. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient. Developmental screening aid shall not be paid for any student who is screened more than 30 days after the first day of attendance at a public school kindergarten, except if a student transfers to another public school kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten program. In this case, if the student has not been screened, the district to which the student transfers may receive developmental screening aid for screening that student when the screening is performed within 30 days of the transfer date.

# Sec. 4. [122A.731] GRANTS FOR GROW YOUR OWN EARLY CHILDHOOD EDUCATOR PROGRAMS.

Subdivision 1. Establishment. The commissioner of education must award grants for Grow Your Own Early Childhood Educator programs established under this section in order to develop an early childhood education workforce that more closely reflects the state's increasingly diverse student population and ensures all students have equitable access to high-quality early educators.

Subd. 2. Grow Your Own Early Childhood Educator programs. (a) Minnesota-licensed family child care or licensed center-based child care programs, school district or charter school early learning programs, Head Start programs, institutions of higher education, and other community partnership nongovernmental organizations may apply for a grant to host, build, or expand an early childhood educator preparation program that leads to an individual earning the credential or degree needed to enter or advance in the early childhood education workforce. Examples include programs that help interested individuals earn the child development associate (CDA) credential, an associate's degree in child development, or a bachelor's degree in early childhood studies or early childhood licensures. The grant recipient must use at least 80 percent of grant money for student stipends, tuition scholarships, or unique student teaching or field placement experiences.

(b) Programs providing financial support to interested individuals may require a commitment from the individuals awarded, as determined by the commissioner, to teach in the program or school for a reasonable amount of time that does not exceed one year.

Subd. 3. Grant procedure. (a) Eligible programs must apply for a grant under this section in the form and manner specified by the commissioner. To the extent that there are sufficient applications, the commissioner must, to the extent practicable, award an equal number of grants between applicants in greater Minnesota and those in the metropolitan area.

(b) For the 2023-2024 school year and later, grant applications for new and existing programs must be received by the commissioner no later than January 15 of the year prior to the school year in which the grant will be used. The commissioner must review all applications and notify grant recipients by March 15 or as soon as practicable of the anticipated amount awarded. If the commissioner determines that sufficient funding is unavailable for the grants, the commissioner must notify grant applicants by June 30 or as soon as practicable that there is insufficient money.

<u>Subd. 4.</u> <u>Grow Your Own Early Childhood Education program account.</u> (a) The Grow Your Own Early Childhood Education program account is established in the special revenue fund.

(b) Money appropriated for the Grow Your Own Early Childhood Education program under this section must be transferred to the Grow Your Own Early Childhood Education program account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for the Grow Your Own Early Childhood Education program under this section. Any returned money is available to be regranted. Grant recipients may apply to use grant money over a period of up to 60 months.

(d) Up to \$175,000 annually is appropriated to the commissioner for costs associated with administering and monitoring the program under this section.

Subd. 5. **Report.** Grant recipients must annually report to the commissioner in the form and manner determined by the commissioner on their activities under this section, including the number of educators supported through grant money and the number of educators obtaining credentials by type. Data must indicate the beginning level of education and ending level of education of individual participants and an assessment of program effectiveness, including participant feedback, areas for improvement, and employment changes and current employment status, where applicable, after completing preparation programs. The commissioner must publish a report for the public that summarizes the activities and outcomes of grant recipients and what was done to promote sharing of effective practices among grant recipients and potential grant applicants.

Sec. 5. Minnesota Statutes 2022, section 124D.141, subdivision 2, is amended to read:

Subd. 2. Additional duties. The following duties are added to those assigned to the council under federal law:

(1) make recommendations on the most efficient and effective way to leverage state and federal funding streams for early childhood and child care programs;

(2) make recommendations on how to coordinate or colocate early childhood and child care programs in one state Office of Early Learning. The council shall establish a task force to develop these recommendations. The task force shall include two nonexecutive branch or nonlegislative branch representatives from the council; six representatives from the early childhood caucus; two representatives each from the Departments of Education, Human Services, and Health; one representative each from a local public health agency, a local county human services agency, and a school district; and two representatives from the private nonprofit organizations that support early childhood programs in Minnesota. In developing recommendations in coordination with existing efforts of the council, the task force shall consider how to:

(i) consolidate and coordinate resources and public funding streams for early childhood education and child care, and ensure the accountability and coordinated development of all early childhood education and child care services to children from birth to kindergarten entrance;

(ii) create a seamless transition from early childhood programs to kindergarten;

(iii) encourage family choice by ensuring a mixed system of high quality public and private programs, with local points of entry, staffed by well qualified professionals;

(iv) ensure parents a decisive role in the planning, operation, and evaluation of programs that aid families in the care of children;

(v) provide consumer education and accessibility to early childhood education and child care resources;

(vi) advance the quality of early childhood education and child care programs in order to support the healthy development of children and preparation for their success in school;

(vii) develop a seamless service delivery system with local points of entry for early childhood education and child care programs administered by local, state, and federal agencies;

(viii) ensure effective collaboration between state and local child welfare programs and early childhood mental health programs and the Office of Early Learning;

(ix) develop and manage an effective data collection system to support the necessary functions of a coordinated system of early childhood education and child care in order to enable accurate evaluation of its impact;

(x) respect and be sensitive to family values and cultural heritage; and

(xi) establish the administrative framework for and promote the development of early childhood education and child care services in order to provide that these services, staffed by well qualified professionals, are available in every community for all families that express a need for them.

In addition, the task force must consider the following responsibilities for transfer to the Office of Early Learning:

(A) responsibilities of the commissioner of education for early childhood education programs and financing under sections 119A.50 to 119A.535, 121A.16 to 121A.19, and 124D.129 to 124D.2211;

(B) responsibilities of the commissioner of human services for child care assistance, child care development, and early childhood learning and child protection facilities programs and financing under chapter 119B and section 256E.37; and

(C) responsibilities of the commissioner of health for family home visiting programs and financing under section 145A.17.

Any costs incurred by the council in making these recommendations must be paid from private funds. If no private funds are received, the council must not proceed in making these recommendations. The council must report its recommendations to the governor and the legislature by January 15, 2011;

(3) (2) review program evaluations regarding high-quality early childhood programs;

(4) (3) make recommendations to the governor and legislature, including proposed legislation on how to most effectively create a high-quality early childhood system in Minnesota in order to improve the educational outcomes of children so that all children are school ready by 2020 have the opportunities and experiences to support a successful transition to elementary instruction;

(5) make recommendations to the governor and the legislature by March 1, 2011, on the creation and implementation of a statewide school readiness report card to monitor progress toward the goal of having all children ready for kindergarten by the year 2020. The recommendations shall include what should be measured including both children and system indicators, what benchmarks should be established to measure state progress.

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toward the goal, and how frequently the report card should be published. In making their recommendations, the council shall consider the indicators and strategies for Minnesota's early childhood system report, the Minnesota school readiness study, developmental assessment at kindergarten entrance, and the work of the council's accountability committee. Any costs incurred by the council in making these recommendations must be paid from private funds. If no private funds are received, the council must not proceed in making these recommendations; and

(6) make recommendations to the governor and the legislature on how to screen earlier and comprehensively assess children for school readiness in order to provide increased early interventions and increase the number of ehildren ready for kindergarten. In formulating their recommendations, the council shall consider (i) ways to interface with parents of children who are not participating in early childhood education or care programs, (ii) ways to interface with family child care providers, child care centers, and school-based early childhood and Head Start programs, (iii) if there are age appropriate and culturally sensitive screening and assessment tools for three, four, and five-year-olds, (iv) the role of the medical community in screening, (v) incentives for parents to have children screened at an earlier age, (vi) incentives for early education and care providers to comprehensively assess children in order to improve instructional practice, (vii) how to phase in increases in screening and assessment over time, (viii) how the screening and assessment data will be collected and used and who will have access to the data, (ix) how to monitor progress toward the goal of having 50 percent of three year old children screened and 50 percent of entering kindergarteners assessed for school readiness by 2015 and 100 percent of three year old children screened and entering kindergarteners assessed for school readiness by 2020, and (x) costs to meet these benchmarks. The council shall consider the screening instruments and comprehensive assessment tools used in Minnesota early childhood education and care programs and kindergarten. The council may survey early childhood education and care programs in the state to determine the screening and assessment tools being used or rely on previously collected survey data, if available. For purposes of this subdivision, "school readiness" is defined as the child's skills, knowledge, and behaviors at kindergarten entrance in these areas of child development: social; self regulation; cognitive, including language, literacy, and mathematical thinking; and physical. For purposes of this subdivision, "screening" is defined as the activities used to identify a child who may need further evaluation to determine delay in development or disability. For purposes of this subdivision, "assessment" is defined as the activities used to determine a child's level of performance in order to promote the child's learning and development. Work on this duty will begin in fiscal year 2012. Any costs incurred by the council in making these recommendations must be paid from private funds. If no private funds are received, the council must not proceed in making these recommendations. The council must report its recommendations to the governor and legislature by January 15, 2013, with an interim report on February 15, 2011.

(4) ensure parents, guardians, and primary caregivers have a decisive role in choosing a provider or program setting that best meets the needs of a child and the child's family, as determined by the child's parents, guardians, or primary caregivers;

#### (5) respect family values and cultural heritage; and

(6) review and provide input on the recommendations and implementation timelines developed by the Great Start For All Minnesota Children Task Force under Laws 2021, First Special Session chapter 7, article 14, section 18, subdivision 2, consistent with the duties prescribed in this subdivision.

Sec. 6. Minnesota Statutes 2022, 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 an eligible child; and

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(2) have income equal to or less than 185 225 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) An "eligible child" means a child who has not yet enrolled in kindergarten and is: <u>not yet five years of age</u> on September 1 of the current school year.

(1) at least three but not yet five years of age on September 1 of the current school year;

(2) a sibling from birth to age five of a child who has been awarded a scholarship under this section provided the sibling attends the same program as long as funds are available;

(3) the child of a parent under age 21 who is pursuing a high school degree or a course of study for a high school equivalency test; or

#### (4) homeless, in foster care, or in need of child protective services.

(c) 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.

(d) 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.

(e) 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.

Sec. 7. Minnesota Statutes 2022, section 124D.165, subdivision 3, is amended to read:

Subd. 3. Administration. (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner must give highest priority to applications from children who:

(1) have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test;

(2) are in foster care or otherwise in need of protection or services; or

(3) have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a.

The commissioner may prioritize applications on additional factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) The commissioner shall establish a target for the average <u>annually set a</u> scholarship amount per child <del>based</del> on the results of the rate survey conducted under section 119B.02. that is equal to the greater of:

#### (1) the rate paid under section 119B.13, subdivision 1; or

# (2) the statewide average general education revenue per average daily membership.

(c) A four star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. For fiscal year 2018 and later, the statewide amount of funding directly designated by the commissioner must not exceed the funding directly designated for fiscal year 2017. Beginning July 1, 2016, a school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(c) The commissioner shall not differentiate the per child scholarship amount based on program type or a program's rating status under section 124D.142, but may pay a 15 percent differential above the per child scholarship amount when programs meet the applicable requirements in section 119B.13, subdivision 3, paragraphs (a) and (b).

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program or within 90 days after the child's third birthday if awarded a scholarship under the age of three.

(f) For fiscal year 2017 and later, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

Sec. 8. Minnesota Statutes 2022, section 124D.165, subdivision 4, is amended to read:

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early learning scholarship, a program must<del>:</del>

(1) participate in the quality rating and improvement system under section 124D.142; and.

#### (2) beginning July 1, 2024, have a three or four star rating in the quality rating and improvement system.

(b) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

Sec. 9. Minnesota Statutes 2022, section 125A.13, is amended to read:

### 125A.13 SCHOOL OF PARENTS' CHOICE.

(a) Nothing in this chapter must be construed as preventing parents of a child with a disability from sending the child to a school of their choice, if they so elect, subject to admission standards and policies adopted according to sections 125A.62 to 125A.64 and 125A.66 to 125A.73, and all other provisions of chapters 120A to 129C.

(b) The parent of a student with a disability not yet enrolled in kindergarten and not open enrolled in a nonresident district may request that the resident district enter into a tuition agreement with elect, in the same manner as the parent of a resident student with a disability, a school in the nonresident district if:

(1) where the child is enrolled in a Head Start program or a licensed child care setting in the nonresident district; and, provided

(2) the child can be served in the same setting as other children in the nonresident district with the same level of disability.

# Sec. 10. FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS REQUIRED.

Subdivision 1. Financial review required. (a) Before awarding a competitive, legislatively named, single source, or sole source grant to a nonprofit organization under this act, the grantor must require the applicant to submit financial information sufficient for the grantor to document and assess the applicant's current financial standing and management. Items of significant concern must be addressed with the applicant and resolved to the satisfaction of the grantor before a grant is awarded. The grantor must document the material requested and reviewed; whether the applicant had a significant operating deficit, a deficit in unrestricted net assets, or insufficient internal controls; whether and how the applicant resolved the grantor's concerns; and the grantor's final decision. This documentation must be maintained in the grantor's files.

(b) At a minimum, the grantor must require each applicant to provide the following information:

(1) the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal controls and the applicant's most recent financial statement prepared in accordance with generally accepted accounting principles and approved by the applicant's board of directors or trustees, or if there is no such board, by the applicant's managing group;

(2) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law;

(3) unless exempt under Minnesota Statutes, section 309.515, evidence of registration and good standing with the attorney general under Minnesota Statutes, chapter 309; and

(4) if required under Minnesota Statutes, section 309.53, subdivision 3, the applicant's most recent audited financial statement prepared in accordance with generally accepted accounting principles.

Subd. 2. <u>Authority to postpone or forgo.</u> Notwithstanding any contrary provision in this act, a grantor that identifies an area of significant concern regarding the financial standing or management of a legislatively named applicant may postpone or forgo awarding the grant.

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Subd. 3. Authority to award subject to additional assistance and oversight. A grantor that identifies an area of significant concern regarding an applicant's financial standing or management may award a grant to the applicant if the grantor provides or the grantee otherwise obtains additional technical assistance, as needed, and the grantor imposes additional requirements in the grant agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the grantor to protect the interests of the state.

Subd. 4. <u>Relation to other law and policy.</u> The requirements in this section are in addition to any other requirements imposed by law, the commissioner of administration under Minnesota Statutes, sections 16B.97 to 16B.98, or agency policy.

# Sec. 11. APPROPRIATIONS GIVEN EFFECT ONCE.

If an appropriation or transfer in this article is enacted more than once during the 2023 regular session, the appropriation or transfer must be given effect once.

# Sec. 12. APPROPRIATIONS; DEPARTMENT OF EDUCATION.

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. <u>Grow Your Own.</u> (a) For grants to develop, continue, or expand Grow Your Own programs under Minnesota Statutes, section 122A.731:

<u>\$3,000,000</u>	<u></u>	<u>2024</u>
<u>\$3,000,000</u>	<u></u>	<u>2025</u>

(b) This is a onetime appropriation and is subject to the requirements under Minnesota Statutes, section 122A.731, subdivision 4.

Subd. 3. <u>Early childhood teacher shortage.</u> (a) For grants to Minnesota institutions of higher education to address the early childhood education teacher shortage:

\$490,000	<u></u>	2024
<u>\$490,000</u>	<u></u>	<u>2025</u>

(b) Grant money may be used to provide tuition and other supports to students.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) This is a onetime appropriation.

Subd. 4. School readiness. (a) For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$33,683,000	<u></u>	<u>2024</u>
<u>\$33,683,000</u>	<u></u>	<u>2025</u>

(b) The 2024 appropriation includes \$3,368,000 for 2023 and \$30,315,000 for 2024.

(c) The 2025 appropriation includes \$3,368,000 for 2024 and \$30,315,000 for 2025.

<u>Subd. 5.</u> <u>Early learning scholarships.</u> (a) For the early learning scholarship program under Minnesota <u>Statutes, section 124D.165:</u>

<u>\$206,983,000</u>	<u></u>	2024
<u>\$206,983,000</u>	<u></u>	<u>2025</u>

(b) This appropriation is subject to the requirements under Minnesota Statutes, section 124D.165, subdivision 6.

(c) The base for fiscal year 2026 is \$114,258,000 and the base for fiscal year 2027 is \$114,258,000.

Subd. 6. Head Start program. (a) For Head Start programs under Minnesota Statutes, section 119A.52:

<u>\$25,100,000</u>	<u></u>	<u>2024</u>
\$25,100,000	<u></u>	2025

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 7. <u>Head Start infrastructure.</u> (a) For facilities grants to Head Start agencies for the purposes of improving services, expanding services, and serving additional low-income children:

\$10,000,000	<u></u>	<u>2024</u>
<u>\$0</u>	<u></u>	<u>2025</u>

(b) Head Start agencies may apply for the grants established under this subdivision in a form and manner prescribed by the commissioner. The commissioner must establish criteria and a process for awarding the grants that consider the number of eligible children in an applicant's service area that are not currently being served and prioritize, to the extent possible, geographic balance and program diversity among grant recipients.

(c) This is a onetime appropriation and is available until June 30, 2027.

Subd. 8. Early childhood family education aid. (a) For early childhood family education aid under Minnesota Statutes, section 124D.135:

<u>\$37,497,000</u>	<u></u>	<u>2024</u>
<u>\$39,108,000</u>	<u></u>	<u>2025</u>

(b) The 2024 appropriation includes \$3,518,000 for 2023 and \$33,979,000 for 2024.

(c) The 2025 appropriation includes \$3,775,000 for 2024 and \$35,333,000 for 2025.

Subd. 9. Developmental screening aid. (a) For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

<u>\$4,350,000</u>	<u></u>	<u>2024</u>
<u>\$4,375,000</u>	<u></u>	<u>2025</u>

(b) The 2024 appropriation includes \$349,000 for 2023 and \$4,001,000 for 2024.

(c) The 2025 appropriation includes \$445,000 for 2024 and \$3,930,000 for 2025.

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<u>Subd. 10.</u> <u>Administrative costs for developmental screening.</u> (a) For the administrative costs associated with developmental screening under Minnesota Statutes, sections 121A.17 and 121A.19:

<u>\$127,000</u>	<u></u>	<u>2024</u>
<u>\$77,000</u>	<u></u>	2025

(b) The base in fiscal year 2026 and beyond is \$77,000.

Subd. 11. ParentChild+ program. (a) For a grant to the ParentChild+ program:

<u>\$1,800,000</u>	<u></u>	2024
<u>\$1,800,000</u>	<u></u>	<u>2025</u>

(b) 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 2024 and 2025.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2026 and later is \$900,000.

Subd. 12. Kindergarten entry assessment. For the kindergarten entry assessment under Minnesota Statutes, section 124D.162:

\$281,000	<u></u>	2024
<u>\$281,000</u>	<u></u>	2025

Subd. 13. Quality rating and improvement system. (a) 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:

\$1,750,000	<u></u>	<u>2024</u>
\$1,750,000	<u></u>	<u>2025</u>

(b) The amounts in paragraph (a) must be in addition to any federal funding under the child care and development block grant authorized under Public Law 101-508 in that year for the system under Minnesota Statutes, section 124D.142.

<u>Subd. 14.</u> <u>Early childhood programs at Tribal contract schools.</u> (a) For early childhood family education programs at Tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

<u>\$68,000</u>	<u></u>	<u>2024</u>
<u>\$68,000</u>	<u></u>	<u>2025</u>

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 15. Educate parents partnership. (a) For the educate parents partnership under Minnesota Statutes, section 124D.129:

<u>\$49,000</u>	<u></u>	2024
<u>\$49,000</u>	<u></u>	<u>2025</u>

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(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 16. Home visiting aid. (a) For home visiting aid under Minnesota Statutes, section 124D.135:

\$391,000	<u></u>	<u>2024</u>
<u>\$309,000</u>	<u></u>	<u>2025</u>

(b) The 2024 appropriation includes \$41,000 for 2023 and \$350,000 for 2024.

(c) The 2025 appropriation includes \$38,000 for 2024 and \$271,000 for 2025.

Subd. 17. Way to Grow. (a) For a grant to Way to Grow:

\$150,000	<u></u>	2024
<u>\$150,000</u>	<u></u>	2025

(b) Way to Grow must use the grant money to extend its home visiting services, including family support services, health and wellness education, and learning support to more families with children from birth to age eight.

(c) This is a onetime appropriation.

Subd. 18. Metro Deaf School. (a) For a grant to Metro Deaf School to provide services to young children who have a primary disability of deaf, deafblind, or hard-of-hearing and who are not eligible for funding under Minnesota Statutes, section 124E.11, paragraph (h):

<u>\$100,000</u>	<u></u>	<u>2024</u>
<u>\$100,000</u>	<u></u>	<u>2025</u>

(b) This is a onetime appropriation.

#### Sec. 13. APPROPRIATION; EARLY CHILDHOOD CURRICULUM GRANTS.

(a) \$250,000 in fiscal year 2024 and \$250,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of the Office of Higher Education for competitive grants to Minnesota postsecondary institutions. The grants must be used to improve the curricula of the recipient institution's early childhood education programs by incorporating or conforming to the Minnesota knowledge and competency frameworks for early childhood professionals. This is a onetime appropriation.

(b) By December 1, 2024, and again by December 1, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over early childhood through grade 12 education and higher education finance and policy reporting on grants awarded under this section. The report must include the following information for the previous fiscal year:

(1) the number of grant applications received;

(2) the criteria applied by the commissioner for evaluating applications;

(3) the number of grants awarded, grant recipients, and amounts awarded;

(4) early childhood education curricular reforms proposed by each recipient institution;

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(5) grant outcomes for each recipient institution;

(6) an evaluation of the grant program, its successes and challenges, and recommendations to the legislature regarding the program; and

(7) other information identified by the commissioner as outcome indicators.

(c) The commissioner may use no more than three percent of the appropriation under this section to administer the grant program."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kresha amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Altendorf	Dotseth	Hudson	Mueller	Olson, B.	Skraba
Anderson, P. H.	Engen		Murphy	O'Neill	Swedzinski
· ·	0	Igo	1.2		
Backer	Fogelman	Jacob	Myers	Perryman	Torkelson
Bakeberg	Franson	Johnson	Nadeau	Petersburg	Urdahl
Baker	Garofalo	Joy	Nash	Pfarr	Wiener
Bennett	Gillman	Knudsen	Nelson, N.	Quam	Wiens
Bliss	Grossell	Koznick	Neu Brindley	Robbins	Witte
Burkel	Harder	Kresha	Niska	Schomacker	Zeleznikar
Daniels	Heintzeman	McDonald	Novotny	Schultz	
Davis	Hudella	Mekeland	O'Driscoll	Scott	

Those who voted in the negative were:

Acomb Agbaje Bahner	Edelson Elkins Feist	Hassan Hemmingsen-Jaeger Her	Klevorn Koegel Kotyza-Witthuhn	Nelson, M. Newton Noor	Sencer-Mura Smith Stephenson
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Tabke
Berg	Fischer	Hill	Kraft	Olson, L.	Vang
Bierman	Frazier	Hollins	Lee, F.	Pérez-Vega	Wolgamott
Brand	Frederick	Hornstein	Lee, K.	Pinto	Xiong
Carroll	Freiberg	Howard	Liebling	Pryor	Youakim
Cha	Gomez	Huot	Lillie	Pursell	Spk. Hortman
Clardy	Greenman	Hussein	Lislegard	Rehm	
Coulter	Hansen, R.	Jordan	Long	Reyer	
Curran	Hanson, J.	Keeler	Moller	Richardson	

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

Mekeland was excused for the remainder of today's session.

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H. F. No. 2292, A bill for an act relating to early childhood; modifying provisions for early learning scholarships, Head Start, and early education programs; providing for early childhood educator programs; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 119A.52; 121A.17, subdivision 3; 121A.19; 124D.13, by adding a subdivision; 124D.141, subdivision 2; 124D.162; 124D.165, subdivisions 2, 3, 4, 6; 125A.13; 179A.03, subdivision 18; proposing coding for new law in Minnesota Statutes, chapter 122A.

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 71 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hassan	Klevorn	Nadeau	Reyer
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Nelson, M.	Richardson
Bahner	Feist	Her	Kotyza-Witthuhn	Newton	Sencer-Mura
Becker-Finn	Finke	Hicks	Kozlowski	Noor	Smith
Berg	Fischer	Hill	Kraft	Norris	Stephenson
Bierman	Frazier	Hollins	Lee, F.	Olson, L.	Tabke
Brand	Frederick	Hornstein	Lee, K.	Pelowski	Vang
Carroll	Freiberg	Howard	Liebling	Pérez-Vega	Wolgamott
Cha	Gomez	Huot	Lillie	Pinto	Xiong
Clardy	Greenman	Hussein	Lislegard	Pryor	Youakim
Coulter	Hansen, R.	Jordan	Long	Pursell	Spk. Hortman
Curran	Hanson, J.	Keeler	Moller	Rehm	
Those who vot	ted in the negative w	vere:			
Those who voted in the negative were:					

Altendorf	Dotseth	Hudson	Murphy	Perryman	Torkelson
Anderson, P. H.	Engen	Igo	Myers	Petersburg	Urdahl
Backer	Fogelman	Jacob	Nash	Pfarr	West
Bakeberg	Franson	Johnson	Nelson, N.	Quam	Wiener
Baker	Garofalo	Joy	Neu Brindley	Robbins	Wiens
Bennett	Gillman	Knudsen	Niska	Schomacker	Witte
Bliss	Grossell	Koznick	Novotny	Schultz	Zeleznikar
Burkel	Harder	Kresha	O'Driscoll	Scott	
Daniels	Heintzeman	McDonald	Olson, B.	Skraba	
Davis	Hudella	Mueller	O'Neill	Swedzinski	

The bill was passed and its title agreed to.

H. F. No. 238 was reported to the House.

Hicks moved to amend H. F. No. 238, the second engrossment, as follows:

Page 57, after line 17, insert:

# "Sec. 32. <u>DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; SURVEY OF</u> <u>OUT-OF-STATE CHILDREN'S RESIDENTIAL FACILITY PLACEMENTS.</u>

(a) By September 1, 2023, the commissioner of human services shall develop and make available a survey of all county social services agencies, to gather the following data for fiscal years 2018 to 2022:

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(1) the aggregate number of children who were placed for any period in a children's residential facility under Minnesota Statutes, section 260.93, that is located in another state; and

(2) the total cost for these placements, including county, state, and federal contributions.

(b) All county social services agencies shall complete the survey and submit responses as prescribed by the commissioner, by January 31, 2024.

(c) By March 1, 2024, the commissioner shall submit all survey responses and a list of counties that complied and failed to comply with the requirements under this section to the chairs and ranking minority members of the legislative committees with jurisdiction over human services and child protection."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Zeleznikar moved to amend H. F. No. 238, the second engrossment, as amended, as follows:

Page 184, after line 7, insert:

# "Sec. 83. MILITARY FAMILIES OF THE 148TH FIGHTER WING CASH STIPEND PILOT PROJECT.

Subdivision 1. **Project established.** The commissioner of human services shall establish a military families of the 148th Fighter Wing cash stipend pilot project to provide a direct cash stipend to military families experiencing food insecurity. The pilot project must be designed to meet the needs of the military families experiencing food insecurity.

Subd. 2. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of human services.

(c) "Military families" means a recognized family assigned to the 148th Fighter Wing who is experiencing food insecurity.

Subd. 3. <u>Administration</u>. The commissioner, as authorized by Minnesota Statutes, section 256.01, subdivision 2, paragraph (a), clause (6), shall contract with the 148th Fighter Wing Public Affairs Office to:

(1) identify eligible military families under this section;

(2) provide technical assistance to cash stipend recipients;

(3) engage with cash stipend recipients to develop military families optional services;

(4) evaluate the efficacy and cost-effectiveness of the pilot project; and

(5) submit an annual update and a final report to the legislative committees with jurisdiction over food support and military affairs.

Subd. 4. Eligibility. Military families assigned to the 148th Fighter Wing are eligible for the cash stipend pilot project established under this section.

Subd. 5. Cash stipend. The commissioner, in consultation with the 148th Fighter Wing Public Affairs Office, shall establish a stipend amount for the families of the 148th Fighter Wing who participate in the pilot project.

Subd. 6. Cash stipends not to be considered income. (a) Notwithstanding any law to the contrary, cash stipends under this section must not be considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for:

(1) child care assistance programs under Minnesota Statutes, chapter 119B;

(2) general assistance, Minnesota supplemental aid, and food support under Minnesota Statutes, chapter 256D;

(3) housing support under Minnesota Statutes, chapter 256I;

(4) the Minnesota family investment program under Minnesota Statutes, chapter 256J; and

(5) economic assistance programs under Minnesota Statutes, chapter 256P.

(b) The commissioner must not consider cash stipends under this section as income or assets under Minnesota Statutes, section 256B.056, subdivision 1a, paragraph (a); 3; or 3c.

Subd. 7. **Report.** The commissioner, in cooperation with the 148th Fighter Wing Public Affairs Office, shall submit an annual report on the 148th Fighter Wing's findings regarding the efficacy and cost-effectiveness of the cash stipend pilot project to the chairs and ranking minority members of the legislative committees with jurisdiction over food support and military affairs policy and finance by January 15, 2024, and each January 15 thereafter.

Subd. 8. Expiration. This section expires June 30, 2027."

Page 188, delete section 6

Page 226, delete lines 16 to 23 and insert:

"(g) Military Families Pilot Project. \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are for a grant to the 148th Fighter Wing Public Affairs Office for a pilot project to provide cash stipends to military families experiencing food insecurity, provide cash incentives for participation in periodic surveys, and complete legislative reports. This is a onetime appropriation."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Zeleznikar amendment and the roll was called. There were 58 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Dotseth	Hudson	Murphy	O'Neill	Swedzinski
Anderson, P. H.	Engen	Igo	Myers	Perryman	Torkelson
Backer	Fogelman	Jacob	Nadeau	Petersburg	Urdahl
Bakeberg	Franson	Johnson	Nash	Pfarr	West
Baker	Garofalo	Joy	Nelson, N.	Quam	Wiener
Bennett	Gillman	Knudsen	Neu Brindley	Robbins	Wiens
Bliss	Grossell	Koznick	Niska	Schomacker	Witte
Burkel	Harder	Kresha	Novotny	Schultz	Zeleznikar
Daniels	Heintzeman	McDonald	O'Driscoll	Scott	
Davis	Hudella	Mueller	Olson, B.	Skraba	

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

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

Hudson moved to amend H. F. No. 238, the second engrossment, as amended, as follows:

Page 33, after line 18, insert:

"(c) Minnesota Statutes 2022, section 119B.09, subdivision 9a, is repealed."

Page 33, line 19, after "2025" insert ", and paragraph (c) is effective July 1, 2024"

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hudson amendment and the roll was called. There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Backer	Bennett	Daniels	Engen	Garofalo
Anderson, P. E.	Bakeberg	Bliss	Davis	Fogelman	Gillman
Anderson, P. H.	Baker	Burkel	Dotseth	Franson	Grossell

#### JOURNAL OF THE HOUSE

#### Harder Joy Myers O'Driscoll Robbins Urdahl Knudsen Nadeau Olson, B. Schomacker West Heintzeman O'Neill Wiener Hudella Koznick Nash Schultz Kresha Wiens Hudson Nelson, N. Perryman Scott McDonald Neu Brindley Petersburg Skraba Witte Igo Jacob Mueller Zeleznikar Swedzinski Niska Pfarr Johnson Murphy Torkelson Novotny Quam

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

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

Hudson moved to amend H. F. No. 238, the second engrossment, as amended, as follows:

Page 11, delete section 15

Page 19, delete section 25

Page 32, delete sections 35 and 36

Page 214, line 14, delete "<u>1,118,602,000</u>" and insert "<u>1,195,912,000</u>" and delete "<u>1,124,402,000</u>" and insert "<u>1,098,153,000</u>"

Page 214, line 17, delete "<u>877,253,000</u>" and insert "<u>954,563,000</u>" and delete "<u>901,599,000</u>" and insert "<u>875,350,000</u>"

Page 218, line 13, delete "23,996,000" and insert "23,845,000" and delete "18,309,000" and insert "18,138,000"

Page 218, line 15, delete "\$20,488,000" and insert "\$20,357,000"

Page 218, line 16, delete "\$18,468,000" and insert "\$18,337,000"

Page 219, line 9, delete "38,912,000" and insert "18,202,000" and delete "147,601,000" and insert "89,651,000"

Page 219, line 24, delete "69.203,000" and insert "53.366.000" and delete "118.974.000" and insert "66.842.000"

Page 219, line 25, delete "<u>\$149,560,000</u>" and insert "<u>\$86,059,000</u>"

Page 219, line 26, delete "\$147,007,000" and insert "\$86,556,000"

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Page 219, line 29, delete "<u>121,456,000</u>" and insert "<u>193,773,000</u>" and delete "<u>121,731,000</u>" and insert "<u>196,273,000</u>"

Page 219, delete lines 30 to 35 and insert:

"(a) **Early Learning Scholarships.** \$192,036,000 in fiscal year 2024 and \$192,036,000 in fiscal year 2025 are for transfer to the commissioner of education for early learning scholarships under section 124D.165. This appropriation is subject to the requirements under section 124D.165, subdivision 6. The base for this appropriation is \$223,763,000 in fiscal year 2026 and \$223,764,000 in fiscal year 2027."

Page 220, delete lines 1 to 6

Page 220, line 29, delete "\$79,992,000" and insert "\$225,500,000"

Page 220, line 30, delete "\$81,012,000" and insert "\$225,501,000"

A roll call was requested and properly seconded.

The question was taken on the Hudson amendment and the roll was called. There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Altendorf	Daudt	Heintzeman	McDonald	O'Driscoll	Scott
Anderson, P. E.	Davis	Hudella	Mueller	Olson, B.	Skraba
Anderson, P. H.	Dotseth	Hudson	Murphy	O'Neill	Swedzinski
Backer	Engen	Igo	Myers	Perryman	Torkelson
Bakeberg	Fogelman	Jacob	Nadeau	Petersburg	Urdahl
Baker	Franson	Johnson	Nash	Pfarr	West
Bennett	Garofalo	Joy	Nelson, N.	Quam	Wiener
Bliss	Gillman	Knudsen	Neu Brindley	Robbins	Wiens
Burkel	Grossell	Koznick	Niska	Schomacker	Witte
Daniels	Harder	Kresha	Novotny	Schultz	Zeleznikar

Those who voted in the negative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Richardson
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Sencer-Mura
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Smith
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Stephenson
Berg	Fischer	Hill	Kraft	Olson, L.	Tabke
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Vang
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Wolgamott
Carroll	Freiberg	Howard	Liebling	Pinto	Xiong
Cha	Gomez	Huot	Lillie	Pryor	Youakim
Clardy	Greenman	Hussein	Lislegard	Pursell	Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

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

Daniels moved to amend H. F. No. 238, the second engrossment, as amended, as follows:

Page 15, delete section 18

Page 17, delete section 23

Page 30, delete section 32

Page 37, delete section 6

Page 39, delete section 8

Pages 47 to 53, delete sections 16 to 29

Page 88, delete section 1

Page 88, after line 20, insert:

# "ARTICLE 4 PROGRAM INTEGRITY AND CHILD PROTECTION

Section 1. Minnesota Statutes 2022, section 119B.16, subdivision 1a, is amended to read:

Subd. 1a. Fair hearing allowed for providers. (a) This subdivision applies to providers caring for children receiving child care assistance.

(b) A provider may request a fair hearing according to sections 256.045 and 256.046 only if a county agency or the commissioner:

(1) denies or revokes a provider's authorization, unless the action entitles the provider to:

(i) an administrative review under section 119B.161; or

(ii) a contested case hearing under section 245.095, subdivision 4;

(2) assigns responsibility for an overpayment to a provider under section 119B.11, subdivision 2a;

(3) establishes an overpayment for failure to comply with section 119B.125, subdivision 6;

(4) seeks monetary recovery or recoupment under section 245E.02, subdivision 4, paragraph (c), clause (2);

(5) initiates an administrative fraud disqualification hearing; or

(6) issues a payment and the provider disagrees with the amount of the payment.

(c) A provider may request a fair hearing by submitting a written request to the Department of Human Services, Appeals Division. A provider's request must be received by the Appeals Division no later than 30 days after the date a county or the commissioner mails the notice.

(d) The provider's appeal request must contain the following:

(1) each disputed item, the reason for the dispute, and, if applicable, an estimate of the dollar amount involved for each disputed item;

(2) the computation the provider believes to be correct, if applicable;

(3) the statute or rule relied on for each disputed item; and

(4) the name, address, and telephone number of the person at the provider's place of business with whom contact may be made regarding the appeal.

# Sec. 2. [119B.162] RECONSIDERATION OF CORRECTION ORDERS.

(a) If a provider believes that the contents of the commissioner's correction order issued under chapter 245E are in error, the provider may ask the commissioner to reconsider the parts of the correction order that are alleged to be in error. The request for reconsideration must be made in writing and must be postmarked and sent to the commissioner or submitted in the provider licensing and reporting hub within 30 calendar days from the date the correction order was mailed or issued through the hub to the provider, and:

(1) specify the parts of the correction order that are alleged to be in error;

(2) explain why they are in error; and

(3) include documentation to support the allegation of error.

(b) Upon implementation of the provider licensing and reporting hub, the provider must use the hub to request reconsideration.

(c) A request for reconsideration does not stay any provisions or requirements of the correction order. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The commissioner's decision is appealable by petition for writ of certiorari under chapter 606.

Sec. 3. Minnesota Statutes 2022, section 245.095, is amended to read:

# 245.095 LIMITS ON RECEIVING PUBLIC FUNDS.

Subdivision 1. **Prohibition.** (a) If a provider, vendor, or individual enrolled, licensed, receiving funds under a grant contract, or registered in any program administered by the commissioner, including under the commissioner's powers and authorities in section 256.01, is excluded from that program, the commissioner shall:

(1) prohibit the excluded provider, vendor, or individual from enrolling, becoming licensed, receiving grant funds, or registering in any other program administered by the commissioner; and

(2) disenroll, revoke or suspend a license, disqualify, or debar the excluded provider, vendor, or individual in any other program administered by the commissioner.

(b) If a provider, vendor, or individual enrolled, licensed, receiving funds under a grant contract, or registered in any program administered by the commissioner, including under the commissioner's powers and authorities in section 256.01, is excluded from that program, the commissioner may:

(1) prohibit any associated entities or associated individuals from enrolling, becoming licensed, receiving grant funds, or registering in any other program administered by the commissioner; and

(2) disenroll, revoke or suspend a license of, disqualify, or debar any associated entities or associated individuals in any other program administered by the commissioner.

(c) If a provider, vendor, or individual enrolled, licensed, or otherwise receiving funds under any contract or registered in any program administered by a Minnesota state or federal agency is excluded from that program, the commissioner of human services may:

(1) prohibit the excluded provider, vendor, individual, or any associated entities or associated individuals from enrolling, becoming licensed, receiving grant funds, or registering in any program administered by the commissioner; and

(2) disenroll, revoke or suspend a license of, disqualify, or debar the excluded provider, vendor, individual, or any associated entities or associated individuals in any program administered by the commissioner.

(b) (d) The duration of this <u>a</u> prohibition, disenrollment, revocation, suspension, disqualification, or debarment <u>under paragraph (a)</u> must last for the longest applicable sanction or disqualifying period in effect for the provider, vendor, or individual permitted by state or federal law. <u>The duration of a prohibition, disenrollment, revocation, suspension, disqualification, or debarment under paragraphs (b) and (c) may last until up to the longest applicable sanction or disqualifying period in effect for the provider, vendor, individual, associated entity, or associated individual as permitted by state or federal law.</u>

Subd. 2. Definitions. (a) For purposes of this section, the following definitions have the meanings given them.

(b) "Associated entity" means a provider or vendor owned or controlled by an excluded individual.

(c) "Associated individual" means an individual or entity that has a relationship with the business or its owners or controlling individuals, such that the individual or entity would have knowledge of the financial practices of the program in question.

(b) (d) "Excluded" means disenrolled, disqualified, having a license that has been revoked or suspended under chapter 245A, or debarred or suspended under Minnesota Rules, part 1230.1150, or excluded pursuant to section 256B.064, subdivision 3 removed under other authorities from a program administered by a Minnesota state or federal agency, including a final determination to stop payments.

(c) (c) "Individual" means a natural person providing products or services as a provider or vendor.

(d) (f) "Provider" includes any entity or individual receiving payment from a program administered by the Department of Human Services, and an owner, controlling individual, license holder, director, or managerial official of an entity receiving payment from a program administered by the Department of Human Services means any entity, individual, owner, controlling individual, license holder, director, or managerial official of an entity receiving payment from a program administered by the Department of Human Services means any entity, individual, owner, controlling individual, license holder, director, or managerial official of an entity receiving payment from a program administered by a Minnesota state or federal agency.

Subd. 3. <u>Notice.</u> Within five days of taking an action under subdivision (1), paragraph (a), (b), or (c), against a provider, vendor, individual, associated individual, or associated entity, the commissioner must send notice of the action to the provider, vendor, individual, associated individual, or associated entity. The notice must state:

(1) the basis for the action;

(2) the effective date of the action;

(3) the right to appeal the action; and

(4) the requirements and procedures for reinstatement.

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Subd. 4. Appeal. Upon receipt of a notice under subdivision 3, a provider, vendor, individual, associated individual, or associated entity may request a contested case hearing, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The scope of any contested case hearing is solely limited to action taken under this section. The commissioner must receive the appeal request no later than 30 days after the date the notice was mailed to the provider, vendor, individual, associated individual, or associated entity. The appeal request must specify:

(1) each disputed item and the reason for the dispute;

(2) the authority in statute or rule upon which the provider, vendor, individual, associated individual, or associated entity relies for each disputed item;

(3) the name and address of the person or entity with whom contacts may be made regarding the appeal; and

(4) any other information required by the commissioner.

Subd. 5. Withholding of payments. (a) Except as otherwise provided by state or federal law, the commissioner may withhold payments to a provider, vendor, individual, associated individual, or associated entity in any program administered by the commissioner, if the commissioner determines there is a credible allegation of fraud for which an investigation is pending for a program administered by a Minnesota state or federal agency.

(b) For purposes of this subdivision, "credible allegation of fraud" means an allegation that has been verified by the commissioner from any source, including but not limited to:

(1) fraud hotline complaints;

(2) claims data mining;

(3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations; and

(4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants.

(c) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

(1) state that payments are being withheld according to this subdivision;

(2) set forth the general allegations related to the withholding action, except the notice need not disclose specific information concerning an ongoing investigation;

(3) state that the withholding is for a temporary period and cite the circumstances under which the withholding will be terminated; and

(4) inform the provider, vendor, individual, associated individual, or associated entity of the right to submit written evidence to contest the withholding action for consideration by the commissioner.

(d) If the commissioner withholds payments under this subdivision, the provider, vendor, individual, associated individual, or associated entity has a right to request administrative reconsideration. A request for administrative reconsideration must be made in writing, state with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days from receipt of the request, the commissioner

shall judiciously review allegations, facts, evidence available to the commissioner, and information submitted by the provider, vendor, individual, associated individual, or associated entity to determine whether the payment withholding should remain in place.

(e) The commissioner shall stop withholding payments if the commissioner determines there is insufficient evidence of fraud by the provider, vendor, individual, associated individual, or associated entity or when legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice under subdivision 3 to the provider, vendor, individual, or associated entity.

(f) The withholding of payments is a temporary action and is not subject to appeal under section 256.045 or chapter 14.

Sec. 4. Minnesota Statutes 2022, section 245A.05, is amended to read:

# 245A.05 DENIAL OF APPLICATION.

(a) The commissioner may deny a license if an applicant or controlling individual:

(1) fails to submit a substantially complete application after receiving notice from the commissioner under section 245A.04, subdivision 1;

(2) fails to comply with applicable laws or rules;

(3) knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license or during an investigation;

(4) has a disqualification that has not been set aside under section 245C.22 and no variance has been granted;

(5) has an individual living in the household who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(6) is associated with an individual who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to children or vulnerable adults, and who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(7) fails to comply with section 245A.04, subdivision 1, paragraph (f) or (g);

(8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision 6;

(9) has a history of noncompliance as a license holder or controlling individual with applicable laws or rules, including but not limited to this chapter and chapters 119B and 245C;

(10) is prohibited from holding a license according to section 245.095; or

(11) for a family foster setting, <u>has or has an individual who is living in the household where the licensed</u> <u>services are provided or is otherwise subject to a background study who</u> has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the <u>individual's applicant's</u> ability to safely provide care to foster children.

THURSDAY, APRIL 20, 2023

(b) An applicant whose application has been denied by the commissioner must be given notice of the denial, which must state the reasons for the denial in plain language. Notice must be given by certified mail or personal service. The notice must state the reasons the application was denied and must inform the applicant of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The applicant may appeal the denial by notifying the commissioner in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within 20 calendar days after the applicant received the notice of denial. If an appeal request is made by personal service, it must be received by the commissioner within 20 calendar days after the applicant received the notice of denial. Section 245A.08 applies to hearings held to appeal the commissioner's denial of an application.

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

Sec. 5. Minnesota Statutes 2022, section 245A.06, subdivision 1, is amended to read:

Subdivision 1. **Contents of correction orders and conditional licenses.** (a) If the commissioner finds that the applicant or license holder has failed to comply with an applicable law or rule and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a correction order and an order of conditional license to the applicant or license holder. When issuing a conditional license, the commissioner shall consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program. The correction order or conditional license must state the following in plain language:

(1) the <u>specific factual</u> conditions <u>observable or reviewable by the licensor</u> that constitute a violation of the law or rule;

(2) the specific law or rule violated;

(3) the time allowed to correct each violation; and

(4) if a license is made conditional, the length and terms of the conditional license, and the reasons for making the license conditional.

(b) Nothing in this section prohibits the commissioner from proposing a sanction as specified in section 245A.07, prior to issuing a correction order or conditional license.

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

Sec. 6. Minnesota Statutes 2022, section 245A.07, subdivision 1, is amended to read:

Subdivision 1. **Sanctions; appeals; license.** (a) In addition to making a license conditional under section 245A.06, the commissioner may suspend or revoke the license, impose a fine, or secure an injunction against the continuing operation of the program of a license holder who:

(1) does not comply with applicable law or rule, or who:

(2) has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the license holder's ability to safely provide care to foster children; or

(3) has an individual living in the household where the licensed services are provided or is otherwise subject to a background study, and the individual has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the license holder's ability to safely provide care to foster children.

When applying sanctions authorized under this section, the commissioner shall consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program.

(b) If a license holder appeals the suspension or revocation of a license and the license holder continues to operate the program pending a final order on the appeal, the commissioner shall issue the license holder a temporary provisional license. Unless otherwise specified by the commissioner, variances in effect on the date of the license sanction under appeal continue under the temporary provisional license. If a license holder fails to comply with applicable law or rule while operating under a temporary provisional license, the commissioner may impose additional sanctions under this section and section 245A.06, and may terminate any prior variance. If a temporary provisional license is set to expire, a new temporary provisional license shall be issued to the license holder upon payment of any fee required under section 245A.10. The temporary provisional license shall expire on the date the final order is issued. If the license holder prevails on the appeal, a new nonprovisional license shall be issued for the remainder of the current license period.

(c) If a license holder is under investigation and the license issued under this chapter is due to expire before completion of the investigation, the program shall be issued a new license upon completion of the reapplication requirements and payment of any applicable license fee. Upon completion of the investigation, a licensing sanction may be imposed against the new license under this section, section 245A.06, or 245A.08.

(d) Failure to reapply or closure of a license issued under this chapter by the license holder prior to the completion of any investigation shall not preclude the commissioner from issuing a licensing sanction under this section or section 245A.06 at the conclusion of the investigation.

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

Sec. 7. Minnesota Statutes 2022, section 245A.07, subdivision 3, is amended to read:

Subd. 3. License suspension, revocation, or fine. (a) The commissioner may suspend or revoke a license, or impose a fine if:

(1) a license holder fails to comply fully with applicable laws or rules including but not limited to the requirements of this chapter and chapter 245C;

(2) a license holder, a controlling individual, or an individual living in the household where the licensed services are provided or is otherwise subject to a background study has been disqualified and the disqualification was not set aside and no variance has been granted;

(3) a license holder knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license, in connection with the background study status of an individual, during an investigation, or regarding compliance with applicable laws or rules;

(4) a license holder is excluded from any program administered by the commissioner under section 245.095; or

(5) revocation is required under section 245A.04, subdivision 7, paragraph (d)-; or

(6) for a family foster setting, a license holder or an individual living in the household where the licensed services are provided or who is otherwise subject to a background study has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the license holder's ability to safely provide care to foster children.

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A license holder who has had a license issued under this chapter suspended, revoked, or has been ordered to pay a fine must be given notice of the action by certified mail or personal service. If mailed, the notice must be mailed to the address shown on the application or the last known address of the license holder. The notice must state in plain language the reasons the license was suspended or revoked, or a fine was ordered.

(b) If the license was suspended or revoked, the notice must inform the license holder of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking a license. The appeal of an order suspending or revoking a license must be made in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar days after the license holder receives notice that the license has been suspended or revoked. If a request is made by personal service, it must be received by the commissioner within ten calendar days after the license holder received by the commissioner within ten calendar days after the license holder submits a timely appeal of an order suspending or revoking a license, the license holder may continue to operate the program as provided in section 245A.04, subdivision 7, paragraphs (f) and (g), until the commissioner issues a final order on the suspension or revocation.

(c)(1) If the license holder was ordered to pay a fine, the notice must inform the license holder of the responsibility for payment of fines and the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an order to pay a fine must be made in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar days after the license holder receives notice that the fine has been ordered. If a request is made by personal service, it must be received by the commissioner within ten calendar days after the license holder received the order.

(2) The license holder shall pay the fines assessed on or before the payment date specified. If the license holder fails to fully comply with the order, the commissioner may issue a second fine or suspend the license until the license holder complies. If the license holder receives state funds, the state, county, or municipal agencies or departments responsible for administering the funds shall withhold payments and recover any payments made while the license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine until the commissioner issues a final order.

(3) A license holder shall promptly notify the commissioner of human services, in writing, when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the commissioner determines that a violation has not been corrected as indicated by the order to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify the license holder by certified mail or personal service that a second fine has been assessed. The license holder may appeal the second fine as provided under this subdivision.

(4) Fines shall be assessed as follows:

(i) the license holder shall forfeit \$1,000 for each determination of maltreatment of a child under chapter 260E or the maltreatment of a vulnerable adult under section 626.557 for which the license holder is determined responsible for the maltreatment under section 260E.30, subdivision 4, paragraphs (a) and (b), or 626.557, subdivision 9c, paragraph (c);

(ii) if the commissioner determines that a determination of maltreatment for which the license holder is responsible is the result of maltreatment that meets the definition of serious maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit \$5,000;

(iii) for a program that operates out of the license holder's home and a program licensed under Minnesota Rules, parts 9502.0300 to 9502.0445, the fine assessed against the license holder shall not exceed \$1,000 for each determination of maltreatment;

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(iv) the license holder shall forfeit \$200 for each occurrence of a violation of law or rule governing matters of health, safety, or supervision, including but not limited to the provision of adequate staff-to-child or adult ratios, and failure to comply with background study requirements under chapter 245C; and

(v) the license holder shall forfeit \$100 for each occurrence of a violation of law or rule other than those subject to a \$5,000, \$1,000, or \$200 fine in items (i) to (iv).

For purposes of this section, "occurrence" means each violation identified in the commissioner's fine order. Fines assessed against a license holder that holds a license to provide home and community-based services, as identified in section 245D.03, subdivision 1, and a community residential setting or day services facility license under chapter 245D where the services are provided, may be assessed against both licenses for the same occurrence, but the combined amount of the fines shall not exceed the amount specified in this clause for that occurrence.

(5) When a fine has been assessed, the license holder may not avoid payment by closing, selling, or otherwise transferring the licensed program to a third party. In such an event, the license holder will be personally liable for payment. In the case of a corporation, each controlling individual is personally and jointly liable for payment.

(d) Except for background study violations involving the failure to comply with an order to immediately remove an individual or an order to provide continuous, direct supervision, the commissioner shall not issue a fine under paragraph (c) relating to a background study violation to a license holder who self-corrects a background study violation before the commissioner discovers the violation. A license holder who has previously exercised the provisions of this paragraph to avoid a fine for a background study violation may not avoid a fine for a subsequent background study violation unless at least 365 days have passed since the license holder self-corrected the earlier background study violation.

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

Sec. 8. Minnesota Statutes 2022, section 245A.16, subdivision 9, is amended to read:

Subd. 9. Licensed family foster settings. (a) Before recommending to grant a license, deny a license under section 245A.05, or revoke a license under section 245A.07 for nondisqualifying background study information received under section 245C.05, subdivision 4, paragraph (a), clause (3), for a licensed family foster setting, a county agency or private agency that has been designated or licensed by the commissioner must review the following for the license holder, the applicant, and an individual living in the household where the licensed services are provided or who is otherwise subject to a background study:

- (1) the type of offenses;
- (2) the number of offenses;
- (3) the nature of the offenses;
- (4) the age of the individual at the time of the offenses;
- (5) the length of time that has elapsed since the last offense;
- (6) the relationship of the offenses and the capacity to care for a child;
- (7) evidence of rehabilitation;
- (8) information or knowledge from community members regarding the individual's capacity to provide foster care;

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(9) any available information regarding child maltreatment reports or child in need of protection or services petitions, or related cases, in which the individual has been involved or implicated, and documentation that the individual has remedied issues or conditions identified in child protection or court records that are relevant to safely caring for a child;

(10) a statement from the study subject;

(11) a statement from the license holder; and

(12) other aggravating and mitigating factors.

(b) For purposes of this section, "evidence of rehabilitation" includes but is not limited to the following:

(1) maintaining a safe and stable residence;

(2) continuous, regular, or stable employment;

(3) successful participation in an education or job training program;

(4) positive involvement with the community or extended family;

(5) compliance with the terms and conditions of probation or parole following the individual's most recent conviction;

(6) if the individual has had a substance use disorder, successful completion of a substance use disorder assessment, substance use disorder treatment, and recommended continuing care, if applicable, demonstrated abstinence from controlled substances, as defined in section 152.01, subdivision 4, or the establishment of a sober network;

(7) if the individual has had a mental illness or documented mental health issues, demonstrated completion of a mental health evaluation, participation in therapy or other recommended mental health treatment, or appropriate medication management, if applicable;

(8) if the individual's offense or conduct involved domestic violence, demonstrated completion of a domestic violence or anger management program, and the absence of any orders for protection or harassment restraining orders against the individual since the previous offense or conduct;

(9) written letters of support from individuals of good repute, including but not limited to employers, members of the clergy, probation or parole officers, volunteer supervisors, or social services workers;

(10) demonstrated remorse for convictions or conduct, or demonstrated positive behavior changes; and

(11) absence of convictions or arrests since the previous offense or conduct, including any convictions that were expunged or pardoned.

(c) An applicant for a family foster setting license must sign all releases of information requested by the county or private licensing agency.

(d) When licensing a relative for a family foster setting, the commissioner shall also consider the importance of maintaining the child's relationship with relatives as an additional significant factor in determining whether an application will be denied.

(e) When recommending that the commissioner deny or revoke a license, the county or private licensing agency must send a summary of the review completed according to paragraph (a), on a form developed by the commissioner, to the commissioner and include any recommendation for licensing action.

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

Sec. 9. Minnesota Statutes 2022, section 245A.22, is amended by adding a subdivision to read:

Subd. 8. Maltreatment of minors training requirements. The license holder must train each mandatory reporter as described in section 260E.06, subdivision 1, on the maltreatment of minors reporting requirements and definitions in chapter 260E before the mandatory reporter has direct contact, as defined in section 245C.02, subdivision 11, with a person served by the program. The license holder must train each mandatory reporter annually thereafter.

# **EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 10. Minnesota Statutes 2022, section 245A.66, is amended by adding a subdivision to read:

<u>Subd. 4.</u> Ongoing training requirement. (a) In addition to the orientation training required by the applicable licensing rules and statutes, children's residential facility and private child-placing agency license holders must provide a training annually on the maltreatment of minors reporting requirements and definitions in chapter 260E to each mandatory reporter, as described in section 260E.06, subdivision 1.

(b) In addition to the orientation training required by the applicable licensing rules and statutes, all family child foster care license holders and caregivers and foster residence setting staff and volunteers that are mandatory reporters as described in section 260E.06, subdivision 1, must complete training each year on the maltreatment of minors reporting requirements and definitions in chapter 260E.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 11. Minnesota Statutes 2022, section 245E.06, subdivision 3, is amended to read:

Subd. 3. Appeal of department action. A provider's rights related to the department's action taken under this chapter against a provider are established in sections 119B.16 and, 119B.161, 119B.162, and 245.095, subdivision 4.

Sec. 12. Minnesota Statutes 2022, section 245G.13, subdivision 2, is amended to read:

Subd. 2. **Staff development.** (a) A license holder must ensure that each staff member has the training described in this subdivision.

(b) Each staff member must be trained every two years in:

(1) client confidentiality rules and regulations and client ethical boundaries; and

(2) emergency procedures and client rights as specified in sections 144.651, 148F.165, and 253B.03.

(c) Annually each staff member with direct contact must be trained on mandatory reporting as specified in sections 245A.65, 626.557, and 626.5572, and chapter 260E, including specific training covering the license holder's policies for obtaining a release of client information.

(d) Upon employment and annually thereafter, each staff member with direct contact must receive training on HIV minimum standards according to section 245A.19.

(e) The license holder must ensure that each mandatory reporter, as described in section 260E.06, subdivision 1, is trained on the maltreatment of minors reporting requirements and definitions in chapter 260E before the mandatory reporter has direct contact, as defined in section 245C.02, subdivision 11, with a person served by the program.

(e) (f) A treatment director, supervisor, nurse, or counselor must have a minimum of 12 hours of training in co-occurring disorders that includes competencies related to philosophy, trauma-informed care, screening, assessment, diagnosis and person-centered treatment planning, documentation, programming, medication, collaboration, mental health consultation, and discharge planning. A new staff member who has not obtained the training must complete the training within six months of employment. A staff member may request, and the license holder may grant, credit for relevant training obtained before employment, which must be documented in the staff member's personnel file.

**EFFECTIVE DATE.** This section is effective January 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 245H.03, is amended by adding a subdivision to read:

Subd. 5. Notification required. (a) A certification holder must notify the commissioner, in a manner prescribed by the commissioner, and obtain the commissioner's approval before making any changes:

(1) to the certification holder as defined in section 245H.01, subdivision 4;

(2) to the certification holder information on file with the secretary of state or Department of Revenue;

(3) in the location of the program certified under this chapter;

(4) to the ages of children served by the program; or

(5) to the certified center's schedule including its:

(i) yearly schedule;

(ii) hours of operation; or

(iii) days of the week it is open.

(b) When, for reasons beyond the certification holder's control, a certification holder cannot provide the commissioner with prior notice of the changes in paragraph (a), the certification holder must notify the commissioner by the tenth business day after the change and must provide any additional information requested by the commissioner.

(c) When a certification holder notifies the commissioner of a change to the certification holder information on file with the secretary of state, the certification holder must provide documentation of the change.

(d) Upon implementation of the provider licensing and reporting hub, certification holders must enter and update information in the hub in a manner prescribed by the commissioner.

Sec. 14. Minnesota Statutes 2022, section 260.761, subdivision 2, as amended by Laws 2023, chapter 16, section 16, is amended to read:

Subd. 2. Notice to Tribes of services or court proceedings involving an Indian child. (a) When a child-placing agency has information that a family assessment  $\Theta \mathbf{r}_{a}$  investigation, or noncaregiver sex trafficking assessment being conducted may involve an Indian child, the child-placing agency shall notify the Indian child's Tribe of the family assessment  $\Theta \mathbf{r}_{a}$  investigation, or noncaregiver sex trafficking assessment according to section 260E.18. The child-placing agency shall provide initial notice shall be provided by telephone and by email or facsimile and shall include the child's full name and date of birth; the full names and dates of birth of the child's biological parents; and if known the full names and dates of birth of the child's grandparents and of the child's Indian custodian. If information regarding the child's grandparents or Indian custodian is not immediately available, the child-placing agency shall continue to request this information and shall notify the Tribe when it is received. Notice shall be provided to all Tribes to which the child may have any Tribal lineage. The child-placing agency shall representative participate in evaluating the family circumstances, identifying family and Tribal community resources, and developing case plans. The child-placing agency shall continue to include the Tribe in service planning and updates as to the progress of the case.

(b) When a child-placing agency has information that a child receiving services may be an Indian child, the child-placing agency shall notify the Tribe by telephone and by email or facsimile of the child's full name and date of birth, the full names and dates of birth of the child's biological parents, and, if known, the full names and dates of birth of the child's Indian custodian. This notification must be provided  $\frac{1}{50}$  for the Tribe can to determine if the child is a member or eligible for <u>Tribal</u> membership in the Tribe, and must be provided the agency must provide this notification to the Tribe within seven days of receiving information that the child may be an Indian child. If information regarding the child's grandparents or Indian custodian is not available within the seven-day period, the child-placing agency shall continue to request this information and shall notify the Tribe when it is received. Notice shall be provided to all Tribes to which the child may have any Tribal lineage.

(c) In all child placement proceedings, when a court has reason to believe that a child placed in emergency protective care is an Indian child, the court administrator or a designee shall, as soon as possible and before a hearing takes place, notify the Tribal social services agency by telephone and by email or facsimile of the date, time, and location of the emergency protective care or other initial hearing. The court shall make efforts to allow appearances by telephone or video conference for Tribal representatives, parents, and Indian custodians.

(d) The child-placing agency or individual petitioner shall effect service of any petition governed by sections 260.751 to 260.835 by certified mail or registered mail, return receipt requested upon the Indian child's parents, Indian custodian, and Indian child's Tribe at least 10 days before the admit-deny hearing is held. If the identity or location of the Indian child's parents or Indian custodian and Tribe cannot be determined, the child-placing agency shall provide the notice required in this paragraph to the United States Secretary of the Interior, Bureau of Indian Affairs by certified mail, return receipt requested.

(e) A Tribe, the Indian child's parents, or the Indian custodian may request up to 20 additional days to prepare for the admit-deny hearing. The court shall allow appearances by telephone, video conference, or other electronic medium for Tribal representatives, the Indian child's parents, or the Indian custodian.

(f) A child-placing agency or individual petitioner must provide the notices required under this subdivision at the earliest possible time to facilitate involvement of the Indian child's Tribe. Nothing in this subdivision is intended to hinder the ability of the child-placing agency, individual petitioner, and the court to respond to an emergency situation. Lack of participation by a Tribe shall not prevent the Tribe from intervening in services and proceedings at a later date. A Tribe may participate in a case at any time. At any stage of the child-placing agency's involvement with an Indian child, the agency shall provide full cooperation to the Tribal social services agency, including disclosure of all data concerning the Indian child. Nothing in this subdivision relieves the child-placing agency of satisfying the notice requirements in state or federal law.

Sec. 15. Minnesota Statutes 2022, section 260C.007, subdivision 14, is amended to read:

Subd. 14. **Egregious harm.** "Egregious harm" means the infliction of bodily harm to a child or neglect of a child which demonstrates a grossly inadequate ability to provide minimally adequate parental care. The egregious harm need not have occurred in the state or in the county where a termination of parental rights action is otherwise properly venued has proper venue. Egregious harm includes, but is not limited to:

(1) conduct towards toward a child that constitutes a violation of sections 609.185 to 609.2114, 609.222, subdivision 2, 609.223, or any other similar law of any other state;

(2) the infliction of "substantial bodily harm" to a child, as defined in section 609.02, subdivision 7a;

(3) conduct towards toward a child that constitutes felony malicious punishment of a child under section 609.377;

(4) conduct towards toward a child that constitutes felony unreasonable restraint of a child under section 609.255, subdivision 3;

(5) conduct towards toward a child that constitutes felony neglect or endangerment of a child under section 609.378;

(6) conduct towards toward a child that constitutes assault under section 609.221, 609.222, or 609.223;

(7) conduct towards toward a child that constitutes sex trafficking, solicitation, inducement, or promotion of, or receiving profit derived from prostitution under section 609.322;

(8) conduct towards toward a child that constitutes murder or voluntary manslaughter as defined by United States Code, title 18, section 1111(a) or 1112(a);

(9) conduct towards toward a child that constitutes aiding or abetting, attempting, conspiring, or soliciting to commit a murder or voluntary manslaughter that constitutes a violation of United States Code, title 18, section 1111(a) or 1112(a); or

(10) conduct toward a child that constitutes criminal sexual conduct under sections 609.342 to 609.345 or sexual extortion under section 609.3458.

Sec. 16. Minnesota Statutes 2022, section 260E.01, is amended to read:

#### 260E.01 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 maltreatment. 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 maltreatment and should engage the protective capacities of families. In furtherance of this public policy, it is the intent of the legislature under this chapter 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, including through the reporting of child maltreatment; and

(4) provide protective, family support, and family preservation services when appropriate; and

(4) (5) provide, when necessary, a safe temporary or permanent home environment for maltreated children.

(b) In addition, it is the policy of this state to:

(1) require the reporting of maltreatment of children in the home, school, and community settings;

(2) provide for the voluntary reporting of maltreatment of children;

(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

(5) provide protective, family support, and family preservation services when needed in appropriate cases.

Sec. 17. Minnesota Statutes 2022, section 260E.02, subdivision 1, is amended to read:

Subdivision 1. Establishment of team. A county shall establish a multidisciplinary child protection team that may include, but <u>is</u> not <del>be</del> limited to, the director of the local welfare agency or designees, the county attorney or designees, the county sheriff or designees, representatives of health and education, representatives of mental health, representatives of agencies providing specialized services or responding to youth who experience or are at risk of experiencing sex trafficking or sexual exploitation, or other appropriate human services or community-based agencies, and parent groups. As used in this section, a "community-based agency" may include, but is not limited to, schools, social services agencies, family service and mental health collaboratives, children's advocacy centers, early childhood and family education programs, Head Start, or other agencies serving children and families. A member of the team must be designated as the lead person of the team responsible for the planning process to develop standards for the team's activities with battered women's and domestic abuse programs and services.

Sec. 18. Minnesota Statutes 2022, section 260E.03, is amended by adding a subdivision to read:

Subd. 15a. Noncaregiver sex trafficker. "Noncaregiver sex trafficker" means an individual who is alleged to have engaged in the act of sex trafficking a child and who is not a person responsible for the child's care, who does not have a significant relationship with the child as defined in section 609.341, and who is not a person in a current or recent position of authority as defined in section 609.341, subdivision 10.

**EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 19. Minnesota Statutes 2022, section 260E.03, is amended by adding a subdivision to read:

Subd. 15b. Noncaregiver sex trafficking assessment. "Noncaregiver sex trafficking assessment" is a comprehensive assessment of child safety, the risk of subsequent child maltreatment, and strengths and needs of the child and family. The local welfare agency shall only perform a noncaregiver sex trafficking assessment when a maltreatment report alleges sex trafficking of a child by someone other than the child's caregiver. A noncaregiver sex trafficking assessment does not include a determination of whether child maltreatment occurred. A noncaregiver sex trafficking assessment includes a determination of a family's need for services to address the safety of the child or children, the safety of family members, and the risk of subsequent child maltreatment.

Sec. 20. Minnesota Statutes 2022, section 260E.03, subdivision 22, is amended to read:

Subd. 22. **Substantial child endangerment.** "Substantial child endangerment" means that a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child <del>under their</del> <u>in the person's</u> care that constitutes any of the following:

(1) egregious harm under subdivision 5;

(2) abandonment under section 260C.301, subdivision 2;

(3) neglect under subdivision 15, paragraph (a), 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;

(4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

(5) manslaughter in the first or second degree under section 609.20 or 609.205;

(6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

(7) sex trafficking, solicitation, inducement, and or promotion of prostitution under section 609.322;

(8) criminal sexual conduct under sections 609.342 to 609.3451;

(9) sexual extortion under section 609.3458;

(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 that mandates that requiring the county attorney to file a termination of parental rights petition under section 260C.503, subdivision 2.

Sec. 21. Minnesota Statutes 2022, section 260E.14, subdivision 2, is amended to read:

Subd. 2. **Sexual abuse.** (a) The local welfare agency is the agency responsible for investigating an allegation of sexual abuse if the alleged offender is the parent, guardian, sibling, or an individual functioning within the family unit as a person responsible for the child's care, or a person with a significant relationship to the child if that person resides in the child's household.

(b) The local welfare agency is also responsible for <u>assessing or</u> investigating when a child is identified as a victim of sex trafficking.

### **EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 22. Minnesota Statutes 2022, section 260E.14, subdivision 5, is amended to read:

Subd. 5. Law enforcement. (a) The local law enforcement agency is the agency responsible for investigating a report of maltreatment if a violation of a criminal statute is alleged.

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(b) Law enforcement and the responsible agency must coordinate their investigations or assessments as required under this chapter when the: (1) a report alleges maltreatment that is a violation of a criminal statute by a person who is a parent, guardian, sibling, person responsible for the child's care functioning within the family unit, or by a person who lives in the child's household and who has a significant relationship to the child; in a setting other than a facility as defined in section 260E.03; or (2) a report alleges sex trafficking of a child.

#### **EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 23. Minnesota Statutes 2022, section 260E.17, subdivision 1, is amended to read:

Subdivision 1. Local welfare agency. (a) Upon receipt of a report, the local welfare agency shall determine whether to conduct a family assessment  $\overline{\text{or}}_{\underline{a}}$  an investigation. or a noncaregiver sex trafficking assessment as appropriate to prevent or provide a remedy for maltreatment.

(b) The local welfare agency shall conduct an investigation when the report involves sexual abuse, except as indicated in paragraph (f), or substantial child endangerment.

(c) The local welfare agency shall begin an immediate investigation  $\frac{if}{if}$ , at any time when the local welfare agency is using responding with a family assessment response, and the local welfare agency determines that there is reason to believe that sexual abuse  $\frac{\partial F}{\partial t}$ , substantial child endangerment, or a serious threat to the child's safety exists.

(d) The local welfare agency may conduct a family assessment for reports that do not allege sexual abuse<u>, except</u> as indicated in paragraph (f), 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.

(e) The local welfare agency may conduct a family assessment on <u>for</u> 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.

(f) The local welfare agency shall conduct a noncaregiver sex trafficking assessment when a maltreatment report alleges sex trafficking of a child and the alleged offender is a noncaregiver sex trafficker as defined by section 260E.03, subdivision 15a.

(g) During a noncaregiver sex trafficking assessment, the local welfare agency shall initiate an immediate investigation if there is reason to believe that a child's parent, caregiver, or household member allegedly engaged in the act of sex trafficking a child or was alleged to have engaged in any conduct requiring the agency to conduct an investigation.

## EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 24. Minnesota Statutes 2022, section 260E.18, is amended to read:

# 260E.18 NOTICE TO CHILD'S TRIBE.

The local welfare agency shall provide immediate notice, according to section 260.761, subdivision 2, to an Indian child's tribe when the agency has reason to believe <u>that</u> the family assessment  $\Theta$ , investigation, or <u>noncaregiver sex trafficking assessment</u> may involve an Indian child. For purposes of this section, "immediate notice" means notice provided within 24 hours.

Sec. 25. Minnesota Statutes 2022, section 260E.20, subdivision 2, is amended to read:

Subd. 2. Face-to-face contact. (a) Upon receipt of a screened in report, the local welfare agency shall conduct a have 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. When it is possible and the report alleges substantial child endangerment or sexual abuse, the local welfare agency is not required to provide notice before conducting the initial face-to-face contact with the child and the child's primary caregiver.

(b) Except in a noncaregiver sex trafficking assessment, the local welfare agency shall have face-to-face contact with the child and primary caregiver shall occur immediately after the agency screens in a report if sexual abuse or substantial child endangerment is alleged and within five calendar days of a screened in report 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, except in a noncaregiver sex trafficking assessment. Face-to-face contact with the child and primary caregiver in response to a report alleging sexual abuse or substantial child endangerment may be postponed for no more than five calendar days if the child is residing in a location that is confirmed to restrict contact with the alleged offender as established in guidelines issued by the commissioner, or if the local welfare agency is pursuing a court order for the child's caregiver to produce the child for questioning under section 260E.22, subdivision 5.

(c) At the initial contact with the alleged offender, the local 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. In a noncaregiver sex trafficking assessment, the local child welfare agency is not required to inform or interview the alleged offender.

(d) 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, except in a noncaregiver sex trafficking assessment. The alleged offender may submit supporting documentation relevant to the assessment or investigation.

# **EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 26. Minnesota Statutes 2022, section 260E.24, subdivision 2, is amended to read:

Subd. 2. **Determination after family assessment** or a noncaregiver sex trafficking assessment. After conducting a family assessment or a noncaregiver sex trafficking assessment, the local welfare agency shall determine whether child protective services are needed to address the safety of the child and other family members and the risk of subsequent maltreatment. The local welfare agency must document the information collected under section 260E.20, subdivision 3, related to the completed family assessment in the child's or family's case notes.

#### **EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 27. Minnesota Statutes 2022, section 260E.24, subdivision 7, is amended to read:

Subd. 7. Notification at conclusion of family assessment <u>or a noncaregiver sex trafficking assessment</u>. Within ten working days of the conclusion of a family assessment <u>or a noncaregiver sex trafficking assessment</u>, the local welfare agency shall notify the parent or guardian of the child of the need for services to address child safety concerns or significant risk of subsequent maltreatment. The local welfare agency and the family may also jointly agree that family support and family preservation services are needed.

Sec. 28. Minnesota Statutes 2022, section 260E.33, subdivision 1, is amended to read:

Subdivision 1. Following <u>a</u> family assessment <u>or a noncaregiver sex trafficking assessment</u>. Administrative reconsideration is not applicable to a family assessment <u>or noncaregiver sex trafficking assessment</u> since no determination concerning maltreatment is made.

#### **EFFECTIVE DATE.** This section is effective July 1, 2024.

Sec. 29. Minnesota Statutes 2022, section 260E.35, subdivision 6, is amended to read:

Subd. 6. **Data retention.** (a) Notwithstanding sections 138.163 and 138.17, a record maintained or a record derived from a report of maltreatment by a local welfare agency, agency responsible for assessing or investigating the report, court services agency, or school under this chapter shall be destroyed as provided in paragraphs (b) to (e) by the responsible authority.

(b) For a report alleging maltreatment that was not accepted for <u>an</u> assessment or <u>an</u> investigation, a family assessment case, <u>a noncaregiver sex trafficking assessment case</u>, and a case where an investigation results in no determination of maltreatment or the need for child protective services, the record must be maintained for a period of five years after the date <u>that</u> the report was not accepted for assessment or investigation or the date of the final entry in the case record. A record of a report that was not accepted must contain sufficient information to identify the subjects of the report, the nature of the alleged maltreatment, and the reasons <del>as to</del> 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.

(c) All records relating to reports that, 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.

(d) All records regarding a report of maltreatment, including a notification of intent to interview that was received by a school under section 260E.22, subdivision 7, 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.

(e) Private or confidential data released to a court services agency under subdivision 3, paragraph (d), 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.

### **EFFECTIVE DATE.** This section is effective July 1, 2024.

### Sec. 30. FINANCIAL REVIEW OF NONPROFIT GRANT RECIPIENTS REQUIRED.

Subdivision 1. Financial review required. (a) Before awarding a competitive, legislatively named, single-source, or sole-source grant to a nonprofit organization under this act, the grantor must require the applicant to submit financial information sufficient for the grantor to document and assess the applicant's current financial standing and management. Items of significant concern must be addressed with the applicant and resolved to the satisfaction of the grantor before a grant is awarded. The grantor must document the material requested and reviewed; whether the applicant had a significant operating deficit, a deficit in unrestricted net assets, or insufficient internal controls; whether and how the applicant resolved the grantor's concerns; and the grantor's final decision. This documentation must be maintained in the grantor's files.

(1) the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal controls and the applicant's most recent financial statement prepared in accordance with generally accepted accounting principles and approved by the applicant's board of directors or trustees or, if there is no such board, by the applicant's managing group;

(2) evidence of registration and good standing with the secretary of state under Minnesota Statutes, chapter 317A, or other applicable law;

(3) unless exempt under Minnesota Statutes, section 309.515, evidence of registration and good standing with the attorney general under Minnesota Statutes, chapter 309; and

(4) if required under Minnesota Statutes, section 309.53, subdivision 3, the applicant's most recent audited financial statement prepared in accordance with generally accepted accounting principles.

Subd. 2. <u>Authority to postpone or forgo.</u> Notwithstanding any contrary provision in this act, a grantor that identifies an area of significant concern regarding the financial standing or management of a legislatively named applicant may postpone or forgo awarding the grant.

Subd. 3. Authority to award subject to additional assistance and oversight. A grantor that identifies an area of significant concern regarding an applicant's financial standing or management may award a grant to the applicant if the grantor provides or the grantee otherwise obtains additional technical assistance as needed and the grantor imposes additional requirements in the grant agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the grantor to protect the interests of the state.

Subd. 4. <u>Relation to other law and policy.</u> The requirements in this section are in addition to any other requirements imposed by law, the commissioner of administration under Minnesota Statutes, sections 16B.97 to 16B.98, or agency policy."

Pages 98 to 101, delete sections 7 to 10

Page 113, delete section 16

Page 116, delete section 19

Page 122, delete sections 30 and 31

Page 124, delete section 34

Page 229, delete section 13

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Pinto moved to amend the Daniels amendment to H. F. No. 238, the second engrossment, as amended, as follows:

Page 1, delete line 9

Page 1, delete article 4

A roll call was requested and properly seconded.

The question was taken on the Pinto amendment to the Daniels amendment and the roll was called. There were 71 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hassan	Klevorn	Nelson, M.	Reyer
Agbaje	Elkins	Hemmingsen-Jaeger	Koegel	Newton	Richardson
Bahner	Feist	Her	Kotyza-Witthuhn	Noor	Sencer-Mura
Becker-Finn	Finke	Hicks	Kozlowski	Norris	Smith
Berg	Fischer	Hill	Kraft	Olson, L.	Stephenson
Bierman	Frazier	Hollins	Lee, F.	Pelowski	Tabke
Brand	Frederick	Hornstein	Lee, K.	Pérez-Vega	Vang
Carroll	Freiberg	Howard	Liebling	Petersburg	Wolgamott
Cha	Gomez	Huot	Lillie	Pinto	Xiong
Clardy	Greenman	Hussein	Lislegard	Pryor	Youakim
Coulter	Hansen, R.	Jordan	Long	Pursell	Spk. Hortman
Curran	Hanson, J.	Keeler	Moller	Rehm	

Those who voted in the negative were:

Altendorf Anderson, P. E.	Daudt Davis	Heintzeman Hudella	McDonald Mueller	O'Driscoll Olson, B.	Skraba Swedzinski
Anderson, P. H.	Dotseth	Hudson	Murphy	O'Neill	Torkelson
Backer	Engen	Igo	Myers	Perryman	Urdahl
Bakeberg	Fogelman	Jacob	Nadeau	Pfarr	West
Baker	Franson	Johnson	Nash	Quam	Wiener
Bennett	Garofalo	Joy	Nelson, N.	Robbins	Wiens
Bliss	Gillman	Knudsen	Neu Brindley	Schomacker	Witte
Burkel	Grossell	Koznick	Niska	Schultz	Zeleznikar
Daniels	Harder	Kresha	Novotny	Scott	

The motion prevailed and the amendment to the amendment was adopted.

Daniels withdrew his amendment, as amended, to H. F. No. 238, the second engrossment, as amended.

H. F. No. 238, A bill for an act relating to children; modifying provisions on child care, child safety and permanency, child support, licensing, economic assistance, and homelessness; making forecast adjustments; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 4.045; 10.65, subdivision 2; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 43A.08, subdivision 1a; 119B.011, subdivisions 2, 3, 5, 13, 15, 19a; 119B.02, subdivision 4; 119B.025, subdivision 4; 119B.03, subdivisions 3, 4, 4a; 119B.05, subdivision 1;

119B.09, subdivision 7; 119B.095, subdivisions 2, 3; 119B.10, subdivisions 1, 3; 119B.105, subdivision 2; 119B.125, subdivisions 1, 1a, 1b, 2, 3, 4, 6, 7; 119B.13, subdivisions 1, 4, 6; 119B.16, subdivisions 1a, 1c, 3; 119B.161, subdivisions 2, 3; 119B.19, subdivision 7; 124D.142, subdivision 2; 145.4716, subdivision 3; 168B.07, subdivision 3; 245.095; 245A.02, subdivisions 2c, 6b, by adding a subdivision; 245A.03, subdivision 2; 245A.04, subdivision 4; 245A.05; 245A.06, subdivision 1; 245A.07, subdivisions 1, 3; 245A.11, by adding a subdivision; 245A.14, subdivision 4; 245A.1435; 245A.146, subdivision 3; 245A.16, subdivisions 1, 9, by adding a subdivision; 245A.18, subdivision 2; 245A.22, by adding a subdivision; 245A.50, subdivisions 3, 4, 5, 6, 9; 245A.52, subdivisions 1, 3, 5, by adding a subdivision; 245A.66, by adding a subdivision; 245C.04, subdivision 1; 245C.05, subdivision 4; 245C.17, subdivision 6; 245C.23, subdivision 2; 245E.06, subdivision 3; 245G.13, subdivision 2; 245H.01, subdivision 5; 245H.02; 245H.03, by adding a subdivision; 245H.05; 245H.08, subdivisions 4, 5; 245H.13, subdivisions 3, 7; 256.014, subdivisions 1, 2; 256.046, subdivisions 1, 3; 256.98, subdivision 8; 256.983, subdivision 5; 256.987, subdivision 4; 256D.03, by adding a subdivision; 256D.63, subdivision 2; 256E.34, subdivision 4; 256E.35, subdivisions 1, 2, 3, 4a, 6, 7; 256I.03, subdivision 13; 256I.06, subdivisions 6, 8, by adding a subdivision; 256J.01, subdivision 1; 256J.02, subdivision 2; 256J.08, subdivisions 65, 71, 79; 256J.09, subdivision 10; 256J.11, subdivision 1; 256J.21, subdivisions 3, 4; 256J.33, subdivisions 1, 2; 256J.35; 256J.37, subdivisions 3, 3a; 256J.40; 256J.42, subdivision 5; 256J.425, subdivisions 1, 4, 5, 7; 256J.46, subdivisions 1, 2, 2a; 256J.49, subdivision 9; 256J.50, subdivision 1; 256J.521, subdivision 1; 256J.621, subdivision 1; 256J.626, subdivisions 2, 3; 256J.751, subdivision 2; 256K.45, subdivisions 3, 7, by adding a subdivision; 256N.24, subdivision 12; 256P.01, by adding a subdivision; 256P.02, subdivision 2, by adding a subdivision; 256P.04, subdivisions 4, 8; 256P.06, subdivision 3; 256P.07, subdivisions 1, 2, 3, 4, 6, 7, by adding subdivisions; 260.761, subdivision 2, as amended; 260C.007, subdivision 14; 260C.221, subdivision 1; 260C.317, subdivision 3; 260C.451, by adding subdivisions; 260C.704; 260C.708; 260C.80, subdivision 1; 260E.01; 260E.02, subdivision 1; 260E.03, subdivision 22, by adding subdivisions; 260E.14, subdivisions 2, 5; 260E.17, subdivision 1; 260E.18; 260E.20, subdivision 2; 260E.24, subdivisions 2, 7; 260E.33, subdivision 1; 260E.35, subdivision 6; 261.063; 514.972, subdivision 5; 518A.31; 518A.32, subdivisions 3, 4; 518A.34; 518A.41; 518A.42, subdivisions 1, 3; 518A.43, subdivision 1b; 518A.65; 518A.77; proposing coding for new law in Minnesota Statutes, chapters 119B; 245A; 256; 256E; 256K; 256P; 260; proposing coding for new law as Minnesota Statutes, chapters 119C; 143; repealing Minnesota Statutes 2022, sections 119B.011, subdivision 10a; 119B.03, subdivision 4; 245C.11, subdivision 3; 256.8799; 256.9864; 256D.63, subdivision 1; 256J.08, subdivisions 10, 24b, 53, 61, 62, 81, 83; 256J.30, subdivisions 5, 7, 8; 256J.33, subdivisions 3, 4, 5; 256J.34, subdivisions 1, 2, 3, 4; 256J.37, subdivision 10; 256J.425, subdivision 6; 256J.95, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19; 256P.07, subdivision 5; 518A.59.

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 60 nays as follows:

Those who voted in the affirmative were:

Acomb Agbaje Bahner Becker-Finn Berg Bierman Brand Carroll Cha Clardy Coulter	Edelson Elkins Feist Finke Fischer Frazier Frederick Freiberg Gomez Greenman Hansen, R.	Hassan Hemmingsen-Jaeger Her Hicks Hill Hollins Hornstein Howard Huot Hussein Jordan	Klevorn Koegel Kotyza-Witthuhn Kozlowski Kraft Lee, F. Lee, K. Liebling Lillie Lislegard Long	Nelson, M. Newton Noor Norris Olson, L. Pelowski Pérez-Vega Pinto Pryor Pursell Rehm	Richardson Sencer-Mura Smith Stephenson Tabke Vang Wolgamott Xiong Youakim Spk. Hortman
Coulter	Hansen, R.	Jordan	Long	Rehm	
Curran	Hanson, J.	Keeler	Moller	Reyer	

Altendorf Anderson, P. E. Anderson, P. H. Backer	Daudt Davis Dotseth Engen	Heintzeman Hudella Hudson	McDonald Mueller Murphy Mucro	O'Driscoll Olson, B. O'Neill Barryman	Scott Skraba Swedzinski Torkelson
Bakeberg Baker	Engen Fogelman Franson	lgo Jacob Johnson	Myers Nadeau Nash	Perryman Petersburg Pfarr	Urdahl West
Bennett Bliss Burkel Daniels	Garofalo Gillman Grossell Harder	Joy Knudsen Koznick Kresha	Nelson, N. Neu Brindley Niska Novotny	Quam Robbins Schomacker Schultz	Wiener Wiens Witte Zeleznikar

Those who voted in the negative were:

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

## MOTIONS AND RESOLUTIONS

Lislegard moved that the names of Skraba and Engen be added as authors on H. F. No. 10. The motion prevailed.

Robbins moved that the name of Perryman be added as an author on H. F. No. 163. The motion prevailed.

Robbins moved that the name of Perryman be added as an author on H. F. No. 278. The motion prevailed.

Robbins moved that the name of Perryman be added as an author on H. F. No. 285. The motion prevailed.

Finke moved that the name of Youakim be added as an author on H. F. No. 1655. The motion prevailed.

Bahner moved that the names of Feist and Brand be added as authors on H. F. No. 2257. The motion prevailed.

Koegel moved that the name of Norris be added as an author on H. F. No. 2888. The motion prevailed.

Her moved that the name of Kozlowski be added as an author on H. F. No. 3100. The motion prevailed.

Bahner moved that the name of Xiong be added as an author on H. F. No. 3132. The motion prevailed.

Franson moved that the name of Daniels be added as an author on H. F. No. 3264. The motion prevailed.

Daniels moved that the name of Fogelman be added as an author on H. F. No. 3271. The motion prevailed.

Kresha moved that the name of Perryman be added as an author on H. F. No. 3272. The motion prevailed.

# ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 11:30 a.m., Friday, April 21, 2023. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and Speaker pro tempore Wolgamott declared the House stands adjourned until 11:30 a.m., Friday, April 21, 2023.

PATRICK D. MURPHY, Chief Clerk, House of Representatives