

2.1 116J.8731. The base funding for this purpose
2.2 is \$5,000,000 in fiscal year 2018 and each
2.3 fiscal year thereafter.

2.4 (b) \$8,500,000 in fiscal year 2017 is a
2.5 onetime reduction in the general fund
2.6 appropriation for the Minnesota job creation
2.7 fund under Minnesota Statutes, section

2.8 116J.8748. The base funding for this
2.9 program is \$7,500,000 in fiscal year 2018
2.10 and each fiscal year thereafter.

2.11 (c) \$1,000,000 in fiscal year 2017 is from the
2.12 general fund for the redevelopment program
2.13 under Minnesota Statutes, section 116J.571.
2.14 This is a onetime appropriation.

2.15 (d) \$1,000,000 in fiscal year 2017 is from the
2.16 workforce development fund for a grant to
2.17 the Neighborhood Development Center for
2.18 developing and supporting entrepreneurial
2.19 skills and job creation in communities served
2.20 by the Neighborhood Development Center.

2.21 Funds may be used for activities including but
2.22 not limited to business plan training, business
2.23 workshops, technical assistance to small
2.24 business owners, development and support
2.25 of business incubators, entrepreneurial
2.26 network development, and the expansion
2.27 of entrepreneurial capacity in communities.
2.28 This is a onetime appropriation.

2.29 (e) \$100,000 in fiscal year 2017 is from
2.30 the general fund for an easy-to-understand
2.31 manual to instruct aspiring business owners
2.32 in how to start a child care business. The
2.33 commissioner shall work in consultation
2.34 with relevant state and local agencies
2.35 and affected stakeholders to produce the

3.1 manual. The manual must be made available
3.2 electronically to interested persons. This is a
3.3 onetime appropriation and is available until
3.4 June 30, 2019.

3.5 (f) \$500,000 in fiscal year 2017 is from the
3.6 workforce development fund for a grant to
3.7 Enterprise Minnesota, Inc. Of this amount,
3.8 \$250,000 is for the small business growth
3.9 acceleration program under Minnesota
3.10 Statutes, section 116O.115, and \$250,000
3.11 is for operations under Minnesota Statutes,
3.12 sections 116O.01 to 116O.061. This is a
3.13 onetime appropriation.

3.14 (g) \$12,000 in fiscal year 2017 is a reduction
3.15 in the general fund appropriation for the
3.16 Upper Minnesota Film Office.

3.17 (h) \$1,825,000 in fiscal year 2017 is a
3.18 reduction in the general fund appropriation
3.19 for the general fund for the Minnesota Film
3.20 and TV Board.

3.21 (i) \$5,000,000 in fiscal year 2017 is from
3.22 the general fund for the workforce housing
3.23 grant program in Minnesota Statutes, section
3.24 116J.549. This is a onetime appropriation.

3.25 (j) \$2,290,000 in fiscal year 2017 is from the
3.26 general fund for a grant to Mille Lacs County
3.27 to develop and operate the Lake Mille Lacs
3.28 area economic relief program established
3.29 in article 2, section 19. This is a onetime
3.30 appropriation.

3.31 (k) \$500,000 in fiscal year 2017 is from the
3.32 general fund for grants to local communities
3.33 outside of the metropolitan area as defined
3.34 under Minnesota Statutes, section 473.121,

4.1 subdivision 4, to increase the supply of
 4.2 quality child care providers in order to
 4.3 support regional economic development.
 4.4 Grant recipients must match state funds on a
 4.5 dollar for dollar basis. Grant funds available
 4.6 under this section must be used to implement
 4.7 solutions to reduce the child care shortage
 4.8 in the state, including but not limited to
 4.9 funding for child care business start-up or
 4.10 expansion, training, facility modifications
 4.11 or improvements required for licensing,
 4.12 and assistance with licensing and other
 4.13 regulatory requirements. In awarding grants,
 4.14 the commissioner must give priority to
 4.15 communities in greater Minnesota that have
 4.16 documented a shortage of child care providers
 4.17 in the area. This is a onetime appropriation
 4.18 and is available until June 30, 2019.

4.19 By September 30, 2017, grant recipients must
 4.20 report to the commissioner on the outcomes
 4.21 of the grant program, including but not
 4.22 limited to the number of new providers, the
 4.23 number of additional child care provider jobs
 4.24 created, the number of additional child care
 4.25 slots, and the amount of local funds invested.

4.26 By January 1, 2018, the commissioner
 4.27 must report on the outcomes to date of the
 4.28 program to the standing committees of the
 4.29 legislature having jurisdiction over child care
 4.30 and economic development.

4.31 Subd. 3. **Workforce Development**

3,900,000

4.32 (a) \$600,000 in fiscal year 2017 is from the
 4.33 workforce development fund for a grant to
 4.34 Ujamaa Place for job training, employment
 4.35 preparation, internships, education, training

5.1 in the construction trades, housing, and
5.2 organizational capacity building. This is a
5.3 onetime appropriation.

5.4 (b) \$800,000 in fiscal year 2017 is from the
5.5 workforce development fund for a grant
5.6 to Latino Communities United in Service
5.7 (CLUES) to expand culturally tailored
5.8 programs that address employment and
5.9 education skill gaps for working parents
5.10 and underserved youth. Funds must be
5.11 used to provide new job skills training to
5.12 stimulate: higher wages for low-income
5.13 people, family support systems designed
5.14 to reduce generational poverty, and youth
5.15 programming to promote educational
5.16 advancement and career pathways. At
5.17 least 50 percent of the total grant funds
5.18 must be used for programming in greater
5.19 Minnesota. CLUES shall submit a report to
5.20 the chairs and ranking minority members of
5.21 the legislative committees and divisions of
5.22 the senate and house of representatives with
5.23 primary jurisdiction over jobs with findings
5.24 of program outcomes by March 1, 2018. The
5.25 report must include the type, duration, and
5.26 attendance of each program and quantifiable
5.27 measures of success. This is a onetime
5.28 appropriation and is available until June 30,
5.29 2019.

5.30 (c) \$600,000 in fiscal year 2017 is from the
5.31 workforce development fund for performance
5.32 grants under Minnesota Statutes, section
5.33 116J.8747, to Twin Cities RISE! to provide
5.34 training to hard-to-train individuals. This is
5.35 onetime appropriation.

6.1 (d) \$1,000,000 in fiscal year 2017 is from the
6.2 general fund for a grant to the Construction
6.3 Careers Foundation for the construction
6.4 career pathway initiative to provide
6.5 year-round educational and experiential
6.6 learning opportunities for teens and young
6.7 adults under the age of 21 that lead to careers
6.8 in the construction industry. This is a onetime
6.9 appropriation and is available until June 30,
6.10 2019. Grant funds must be used to:

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

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

6.23 (3) increase the number of summer internship
6.24 opportunities;

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

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

6.32 (6) enhance an industrywide marketing
6.33 campaign targeted to youth and young adults

7.1 about the depth and breadth of careers within
7.2 the construction industry.

7.3 Programs and services supported by grant
7.4 funds must give priority to individuals and
7.5 groups that are economically disadvantaged
7.6 or historically underrepresented in the
7.7 construction industry, including but not
7.8 limited to women, veterans, and members of
7.9 minority and immigrant groups.

7.10 (e) \$400,000 in fiscal year 2017 is from the
7.11 general fund for the Youth at Work youth
7.12 workforce development competitive grant
7.13 program. Of this amount, up to five percent
7.14 is for administration and monitoring of the
7.15 program. This is a onetime appropriation and
7.16 is available until June 30, 2018.

7.17 (f) \$500,000 in fiscal year 2017 is
7.18 appropriated from the workforce
7.19 development fund for a grant to the YWCA
7.20 of Minneapolis to provide economically
7.21 challenged individuals the jobs skills
7.22 training, career counseling, and job
7.23 placement assistance necessary to secure
7.24 a child development associate credential
7.25 and to have a career path in early childhood
7.26 education. This is a onetime appropriation.

7.27 Subd. 4. **Vocational Rehabilitation** 500,000

7.28 \$500,000 in fiscal year 2017 is from
7.29 the general fund for grants to centers
7.30 for independent living under Minnesota
7.31 Statutes, section 268A.11. This is a onetime
7.32 appropriation.

7.33 Subd. 5. **State Services for the Blind** 200,000

8.1 \$200,000 in fiscal year 2017 is from the
 8.2 general fund for State Services for the
 8.3 Blind. Funds appropriated must be used to
 8.4 provide services for senior citizens who are
 8.5 becoming blind. At least half of the funds
 8.6 appropriated must be used to provide training
 8.7 services for seniors who are becoming blind.
 8.8 Training services must provide independent
 8.9 living skills to seniors who are becoming
 8.10 blind to allow them to continue to live
 8.11 independently in their homes. This is a
 8.12 onetime appropriation.

8.13 Subd. 6. **Broadband Development**

15,000,000

8.14 (a) \$15,000,000 in fiscal year 2017 is
 8.15 from the general fund for deposit in the
 8.16 border-to-border broadband fund account
 8.17 under Minnesota Statutes, section 116J.396
 8.18 for the purposes of that section. The base
 8.19 funding for this program is \$25,000,000
 8.20 in fiscal year 2018. These are onetime
 8.21 appropriations.

8.22 (b) Notwithstanding any other law to the
 8.23 contrary, except as provided in paragraphs
 8.24 (c) and (d), of the amounts appropriated in
 8.25 paragraph (a), 33 percent shall be for grants
 8.26 to expand access to broadband service that
 8.27 the commissioner determines will result
 8.28 in the creation and retention of jobs in
 8.29 greater Minnesota. Grants funded under this
 8.30 paragraph:

8.31 (i) may not fund more than 22 percent of the
 8.32 total cost of a project;

8.33 (ii) may utilize federal Connect America
 8.34 Fund funds for the non-state portion of
 8.35 project costs; and

10.1 (a) This is a onetime general fund
10.2 appropriation reduction in fiscal year 2017.

10.3 (b) The base funding for this program in fiscal
10.4 year 2018 and thereafter is \$12,925,000.

10.5 **Subd. 3. Family Homeless Prevention** **250,000**

10.6 \$250,000 in fiscal year 2017 is from the
10.7 general fund for grants to eligible applicants
10.8 to create or expand risk mitigation programs
10.9 to reduce landlord financial risks for renting
10.10 to persons eligible under Minnesota Statutes,
10.11 section 462A.204. Eligible programs may
10.12 reimburse landlords for costs including but
10.13 not limited to nonpayment of rent, or damage
10.14 costs above those costs covered by security
10.15 deposits. The agency may give higher
10.16 priority to applicants that can demonstrate
10.17 a matching amount of money by a local
10.18 unit of government, business, or nonprofit
10.19 organization. Grantees must establish a
10.20 procedure to review and validate claims and
10.21 reimbursements under this grant program.
10.22 This is a onetime appropriation.

10.23 **Sec. 4. EXPLORE MINNESOTA TOURISM** **\$** **.....** **\$** **800,000**

10.24 (a) \$300,000 in fiscal year 2017 is from
10.25 the general fund for a grant to the Mille
10.26 Lacs Tourism Council to enhance marketing
10.27 activities related to tourism promotion in
10.28 the Mille Lacs Lake area. This is a onetime
10.29 appropriation.

10.30 (b) \$500,000 in fiscal year 2017 is from the
10.31 general fund for a pilot project to assist in
10.32 funding and securing major events benefiting
10.33 communities throughout the state. The pilot
10.34 project must measure the economic impact

12.1 \$125,000 in fiscal year 2017 is from the
 12.2 general fund for insurance fraud enforcement
 12.3 under Minnesota Statutes, section 45.0135,
 12.4 subdivision 9.

12.5 **Sec. 8. PUBLIC UTILITIES AUTHORITY \$ \$ (263,000)**

12.6 (a) Of the amount appropriated, \$112,000
 12.7 in fiscal year 2017 is from the general fund
 12.8 for costs related to implementation of solar
 12.9 energy standards and community solar garden
 12.10 requirements under Laws of Minnesota 2013,
 12.11 chapter 85, and Laws of Minnesota 2015,
 12.12 First Special Session chapter 1, article 3. This
 12.13 appropriation is not subject to assessment
 12.14 under Minnesota Statutes, section 216B.62.

12.15 (b) Of the amount in fiscal year 2017,
 12.16 \$375,000 is a onetime reduction in the general
 12.17 fund appropriation for telecommunications
 12.18 regulation.

12.19 (c) The base funding for the Public Utilities
 12.20 Commission is \$6,704,000 in fiscal year
 12.21 2018 and \$6,629,000 in fiscal year 2019.

12.22 **Sec. 9. PUBLIC FACILITIES AUTHORITY \$ \$ 11,500,000**

12.23 \$11,500,000 in fiscal year 2017 is from the
 12.24 general fund for a grant to the Lewis and
 12.25 Clark Joint Powers Board to acquire land,
 12.26 design, engineer, and construct facilities
 12.27 and infrastructure necessary to complete
 12.28 Phase 3 of the Lewis and Clark Regional
 12.29 Water System project, including extension
 12.30 of the project from the Lincoln-Pipestone
 12.31 Rural Water System connection near
 12.32 Adrian to Worthington, construction of a
 12.33 reservoir in Nobles County and a meter

13.1 building in Worthington, and to acquire
 13.2 and install a supervisory control and data
 13.3 acquisition (SCADA) system. This is a
 13.4 onetime appropriation and is not available
 13.5 until the commissioner of management and
 13.6 budget determines that at least \$9,000,000
 13.7 is committed to the Phase 3 of the project
 13.8 from nonstate sources. This appropriation
 13.9 is available until the project is completed or
 13.10 abandoned, subject to Minnesota Statutes,
 13.11 section 16A.642.

13.12 Sec. 10. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 3,
 13.13 is amended to read:

13.14 **Subd. 3. Workforce Development**

13.15	Appropriations by Fund		
13.16	General	2,189,000	1,789,000
13.17	Workforce		
13.18	Development	17,567,000	16,767,000

13.19 (a) \$1,039,000 each year from the general
 13.20 fund and \$3,104,000 each year from the
 13.21 workforce development fund are for the adult
 13.22 workforce development competitive grant
 13.23 program. Of this amount, up to five percent
 13.24 is for administration and monitoring of the
 13.25 adult workforce development competitive
 13.26 grant program. All grant awards shall be
 13.27 for two consecutive years. Grants shall be
 13.28 awarded in the first year.

13.29 (b) \$4,050,000 each year is from the
 13.30 workforce development fund for the
 13.31 Minnesota youth program under Minnesota
 13.32 Statutes, sections 116L.56 and 116L.561, to
 13.33 provide employment and career advising to
 13.34 youth, including career guidance in secondary
 13.35 schools, to address the youth career advising

14.1 deficiency, to carry out activities outlined
14.2 in Minnesota Statutes, section 116L.561,
14.3 to provide support services, and to provide
14.4 work experience to youth in the workforce
14.5 service areas. The funds in this paragraph
14.6 may be used for expansion of the pilot
14.7 program combining career and higher
14.8 education advising in Laws 2013, chapter 85,
14.9 article 3, section 27. Activities in workforce
14.10 services areas under this paragraph may
14.11 serve all youth up to age 24.

14.12 (c) \$1,000,000 each year is from the
14.13 workforce development fund for the
14.14 youthbuild program under Minnesota
14.15 Statutes, sections 116L.361 to 116L.366.

14.16 (d) \$450,000 each year is from the workforce
14.17 development fund for a grant to Minnesota
14.18 Diversified Industries, Inc., to provide
14.19 progressive development and employment
14.20 opportunities for people with disabilities.

14.21 (e) \$3,348,000 each year is from the
14.22 workforce development fund for the "Youth
14.23 at Work" youth workforce development
14.24 competitive grant program. Of this amount,
14.25 up to five percent is for administration
14.26 and monitoring of the youth workforce
14.27 development competitive grant program. All
14.28 grant awards shall be for two consecutive
14.29 years. Grants shall be awarded in the first
14.30 year.

14.31 (f) \$500,000 each year is from the workforce
14.32 development fund for the Opportunities
14.33 Industrialization Center programs.

14.34 (g) \$750,000 each year is from the workforce
14.35 development fund for a grant to the

15.1 Minnesota Alliance of Boys and Girls
15.2 Clubs to administer a statewide project
15.3 of youth jobs skills development. This
15.4 project, which may have career guidance
15.5 components, including health and life skills,
15.6 is to encourage, train, and assist youth in
15.7 job-seeking skills, workplace orientation,
15.8 and job-site knowledge through coaching.
15.9 This grant requires a 25 percent match from
15.10 nonstate resources.

15.11 (h) \$250,000 the first year and \$250,000 the
15.12 second year are for pilot programs in the
15.13 workforce service areas to combine career
15.14 and higher education advising.

15.15 (i) \$215,000 each year is from the workforce
15.16 development fund for a grant to Big
15.17 Brothers, Big Sisters of the Greater Twin
15.18 Cities for workforce readiness, employment
15.19 exploration, and skills development for
15.20 youth ages 12 to 21. The grant must serve
15.21 youth in the Twin Cities, Central Minnesota
15.22 and Southern Minnesota Big Brothers, Big
15.23 Sisters chapters.

15.24 (j) \$900,000 in fiscal year 2016 and
15.25 \$1,100,000 in fiscal year 2017 are from the
15.26 workforce development fund for a grant to the
15.27 Minnesota High Tech Association to support
15.28 SciTechsperience, a program that supports
15.29 science, technology, engineering, and math
15.30 (STEM) internship opportunities for two-
15.31 and four-year college students in their field
15.32 of study. The internship opportunities
15.33 must match students with paid internships
15.34 within STEM disciplines at small, for-profit
15.35 companies located in the seven-county

16.1 metropolitan area, having fewer than 150
16.2 total employees; or at small or medium,
16.3 for-profit companies located outside of the
16.4 seven-county metropolitan area, having
16.5 fewer than 250 total employees. At least 200
16.6 students must be matched in the first year
16.7 and at least 250 students must be matched in
16.8 the second year. Selected hiring companies
16.9 shall receive from the grant 50 percent of the
16.10 wages paid to the intern, capped at \$2,500
16.11 per intern. The program must work toward
16.12 increasing the participation among women or
16.13 other underserved populations.

16.14 (k) \$50,000 each year is from the workforce
16.15 development fund for a grant to the St. Cloud
16.16 ~~Area Somali Salvation~~ Youth Organization
16.17 for youth development and crime prevention
16.18 activities. Grant funds may be used to
16.19 train and place mentors in elementary and
16.20 secondary schools; for athletic, social,
16.21 and other activities to foster leadership
16.22 development; to provide a safe place for
16.23 participating youth to gather after school, on
16.24 weekends, and on holidays; and activities to
16.25 improve the organizational and job readiness
16.26 skills of participating youth. This is a
16.27 onetime appropriation and is available until
16.28 June 30, 2019. Funds appropriated the first
16.29 year are available for use in the second year
16.30 of the biennium.

16.31 (l) \$500,000 each year is for rural career
16.32 counseling coordinator positions in the
16.33 workforce service areas and for the purposes
16.34 specified in Minnesota Statutes, section
16.35 116L.667. The commissioner, in consultation
16.36 with local workforce investment boards and

17.1 local elected officials in each of the service
17.2 areas receiving funds, shall develop a method
17.3 of distributing funds to provide equitable
17.4 services across workforce service areas.

17.5 (m) \$400,000 in fiscal year 2016 is for a grant
17.6 to YWCA Saint Paul for training and job
17.7 placement assistance, including commercial
17.8 driver's license training, through the job
17.9 placement and retention program. This is a
17.10 onetime appropriation.

17.11 (n) \$800,000 in fiscal year 2016 is from
17.12 the workforce development fund for
17.13 the customized training program for
17.14 manufacturing industries under article 2,
17.15 section 24. This is a onetime appropriation
17.16 and is available in either year of the
17.17 biennium. Of this amount:

17.18 (1) \$350,000 is for a grant to Central Lakes
17.19 College for the purposes of this paragraph;

17.20 (2) \$250,000 is for Minnesota West
17.21 Community and Technical College for the
17.22 purposes of this paragraph; and

17.23 (3) \$200,000 is for South Central College for
17.24 the purposes of this paragraph.

17.25 (o) \$500,000 each year is from the workforce
17.26 development fund for a grant to Resource,
17.27 Inc. to provide low-income individuals
17.28 career education and job skills training that
17.29 are fully integrated with chemical and mental
17.30 health services.

17.31 (p) \$200,000 in fiscal year 2016 and \$200,000
17.32 in fiscal year 2017 are from the workforce
17.33 development fund for performance grants
17.34 under Minnesota Statutes, section 116J.8747,

18.1 to Twin Cities RISE! to provide training to
18.2 hard-to-train individuals. This is a onetime
18.3 appropriation.

18.4 (q) \$200,000 in fiscal year 2016 is from
18.5 the workforce development fund for the
18.6 foreign-trained health care professionals
18.7 grant program modeled after the pilot
18.8 program conducted under Laws 2006,
18.9 chapter 282, article 11, section 2, subdivision
18.10 12, to encourage state licensure of
18.11 foreign-trained health care professionals,
18.12 including: physicians, with preference given
18.13 to primary care physicians who commit
18.14 to practicing for at least five years after
18.15 licensure in underserved areas of the state;
18.16 nurses; dentists; pharmacists; mental health
18.17 professionals; and other allied health care
18.18 professionals. The commissioner must
18.19 collaborate with health-related licensing
18.20 boards and Minnesota workforce centers to
18.21 award grants to foreign-trained health care
18.22 professionals sufficient to cover the actual
18.23 costs of taking a course to prepare health
18.24 care professionals for required licensing
18.25 examinations and the fee for the state
18.26 licensing examinations. When awarding
18.27 grants, the commissioner must consider the
18.28 following factors:

18.29 (1) whether the recipient's training involves
18.30 a medical specialty that is in high demand in
18.31 one or more communities in the state;

18.32 (2) whether the recipient commits to
18.33 practicing in a designated rural area or an
18.34 underserved urban community, as defined in
18.35 Minnesota Statutes, section 144.1501;

19.1 (3) whether the recipient's language skills
 19.2 provide an opportunity for needed health care
 19.3 access for underserved Minnesotans; and
 19.4 (4) any additional criteria established by the
 19.5 commissioner.

19.6 This is a onetime appropriation and is
 19.7 available until June 30, 2019.

19.8 Sec. 11. Laws 2015, First Special Session chapter 1, article 1, section 8, subdivision 8,
 19.9 is amended to read:

19.10 Subd. 8. **Insurance**

19.11	Appropriations by Fund		
19.12	General	4,095,000	4,004,000
19.13	Workers'		
19.14	Compensation	553,000	553,000

19.15 \$642,000 each year is for health insurance
 19.16 rate review staffing.

19.17 \$91,000 in fiscal year 2016 is for the task
 19.18 force on no-fault auto insurance issues.

19.19 \$125,000 in fiscal year 2017 is for insurance
 19.20 fraud enforcement under Minnesota Statutes,
 19.21 section 45.0135, subdivision 9.

19.22 **ARTICLE 2**

19.23 **JOBS AND ECONOMIC DEVELOPMENT**

19.24 Section 1. Minnesota Statutes 2015 Supplement, section 16A.967, subdivision 2,
 19.25 is amended to read:

19.26 Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations
 19.27 of this subdivision, the commissioner may sell and issue appropriation bonds of the state
 19.28 under this section for public purposes as provided by law, ~~including, in particular, the~~
 19.29 ~~financing of the land acquisition, design, engineering, and construction of facilities and~~
 19.30 ~~infrastructure necessary to complete the next phase of the Lewis and Clark Regional Water~~
 19.31 ~~System project, including completion of the pipeline to Magnolia, extension of the project~~
 19.32 ~~to the Lincoln-Pipestone Rural Water System connection near Adrian, and engineering,~~
 19.33 ~~design, and easement acquisition for the final phase of the project to Worthington. No~~

20.1 ~~bonds shall be sold until the commissioner determines that a nonstate match of at least~~
20.2 ~~\$9,000,000 is committed to this project phase.~~ Grant agreements entered into under this
20.3 section must provide for reimbursement to the state from any federal money provided for
20.4 the project, consistent with the Lewis and Clark Regional Water System, Inc., agreement.

20.5 (b) The appropriation bonds may be issued and sold only after the commissioner
20.6 determines that the construction and administration for work done on the project will
20.7 comply with (1) all federal requirements and regulations associated with the Lewis and
20.8 Clark Rural Water System Act of 2000, and (2) the cooperative agreement between the
20.9 United States Department of the Interior and the Lewis and Clark Regional Water System,
20.10 Inc. Proceeds of the appropriation bonds must be credited to a special appropriation Lewis
20.11 and Clark bond proceeds fund in the state treasury. All income from investment of the
20.12 bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for
20.13 the payment of principal and interest on the appropriation bonds.

20.14 (c) Appropriation bonds may be sold and issued in amounts that, in the opinion of the
20.15 commissioner, are necessary to provide sufficient money to the Public Facilities Authority
20.16 under subdivision 7, not to exceed \$19,000,000 net of costs of issuance, for the purposes as
20.17 provided under this paragraph (a), and pay debt service including capitalized interest, costs
20.18 of issuance, costs of credit enhancement, or make payments under other agreements entered
20.19 into under paragraph (e). The bonds authorized by this paragraph are for the purposes
20.20 of financing the land acquisition, design, engineering, and construction of facilities and
20.21 infrastructure necessary to complete Phase 2 of the Lewis and Clark Regional Water
20.22 System project, including completion of the pipeline to Magnolia; extension of the project
20.23 to the Lincoln-Pipestone Rural Water System connection near Adrian; and engineering,
20.24 design, and easement acquisition for the final phase of the project to Worthington. No
20.25 bonds shall be sold under this subdivision until the commissioner determines that a
20.26 nonstate match of at least \$9,000,000 is committed to this project phase. Upon completion
20.27 of Phase 2, the unspent, unencumbered portion of the appropriation in this subdivision
20.28 is available for the purposes of Phase 3, which includes extension of the project from
20.29 the Lincoln-Pipestone Rural Water System connection near Adrian to Worthington,
20.30 construction of a reservoir in Nobles County and a meter building in Worthington, and to
20.31 acquire and install a supervisory control and data acquisition (SCADA) system.

20.32 (d) Appropriation bonds may be issued in one or more issues or series on the terms and
20.33 conditions the commissioner determines to be in the best interests of the state, but the term
20.34 on any series of appropriation bonds may not exceed 25 years. The appropriation bonds of
20.35 each issue and series thereof shall be dated and bear interest, and may be includable in or
20.36 excludable from the gross income of the owners for federal income tax purposes.

21.1 (e) At the time of, or in anticipation of, issuing the appropriation bonds, and at any
 21.2 time thereafter, so long as the appropriation bonds are outstanding, the commissioner may
 21.3 enter into agreements and ancillary arrangements relating to the appropriation bonds,
 21.4 including but not limited to trust indentures, grant agreements, lease or use agreements,
 21.5 operating agreements, management agreements, liquidity facilities, remarketing or
 21.6 dealer agreements, letter of credit agreements, insurance policies, guaranty agreements,
 21.7 reimbursement agreements, indexing agreements, or interest exchange agreements. Any
 21.8 payments made or received according to the agreement or ancillary arrangement shall be
 21.9 made from or deposited as provided in the agreement or ancillary arrangement. The
 21.10 determination of the commissioner included in an interest exchange agreement that the
 21.11 agreement relates to an appropriation bond shall be conclusive.

21.12 (f) The commissioner may enter into written agreements or contracts relating to the
 21.13 continuing disclosure of information necessary to comply with or facilitate the issuance
 21.14 of appropriation bonds in accordance with federal securities laws, rules, and regulations,
 21.15 including Securities and Exchange Commission rules and regulations in Code of Federal
 21.16 Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants
 21.17 with purchasers and holders of appropriation bonds set forth in the order or resolution
 21.18 authorizing the issuance of the appropriation bonds, or a separate document authorized
 21.19 by the order or resolution.

21.20 (g) The appropriation bonds are not subject to chapter 16C.

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

21.22 Sec. 2. Minnesota Statutes 2015 Supplement, section 16A.967, subdivision 7, is
 21.23 amended to read:

21.24 Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds issued
 21.25 under this section and interest credited to the special appropriation Lewis and Clark bond
 21.26 proceeds fund are appropriated to ~~the commissioner;~~

21.27 (1) the Public Facilities Authority for a grant to the Lewis and Clark Joint Powers
 21.28 Board for payment of capital expenses for the purposes provided by as specified in
 21.29 subdivision 2, paragraph (a); and

21.30 (2) to the commissioner for debt service on the bonds including capitalized interest,
 21.31 nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds and
 21.32 payments under any agreements entered into under subdivision 2, paragraph (e), each as
 21.33 permitted by state and federal law, ~~and such proceeds may be granted, loaned, or otherwise~~
 21.34 ~~provided for the public purposes provided by subdivision 2, paragraph (a).~~

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

22.2 Sec. 3. Minnesota Statutes 2014, section 116J.548, subdivision 2, is amended to read:

22.3 Subd. 2. **Definitions.** For purposes of this section:

22.4 (a) "Capital costs" means expenditures for the public acquisition and of land and
 22.5 buildings, betterment of public lands and buildings, and for other publicly owned capital
 22.6 improvements. Capital costs also include expenditures for predesign, design, engineering,
 22.7 and similar activities for specifically identified eligible projects.

22.8 (b) "Eligible project" means a development or redevelopment project that will
 22.9 generate economic development within a time frame of five years or less or facilitate the
 22.10 preparation of long-term economic development within a host community.

22.11 (c) "Economic development" means assistance in preparation of a redevelopment or
 22.12 development area contained in the application that results in at least one of the following:

22.13 (1) job creation, including jobs relating to construction and temporary jobs;

22.14 (2) an increase in the tax base;

22.15 (3) the capacity ability of the eligible project to attract private investment, and;

22.16 (4) long-term economic development;

22.17 (5) needed public infrastructure or transportation-related improvements to facilitate
 22.18 long-term redevelopment or development; or

22.19 (6) other objective criteria established by the commissioner that demonstrate a
 22.20 public benefit to the host community.

22.21 (d) "Host community" means a city located within the seven-county metropolitan
 22.22 area, as defined in section 473.121, subdivision 2, that is the site of a waste disposal
 22.23 facility that meets the standards in section 473.849, that accepts unprocessed mixed
 22.24 municipal solid waste generated in the metropolitan area.

22.25 (e) "Long-term economic development" means capital costs associated with
 22.26 economic development projects identified by a host community comprehensive plan or
 22.27 redevelopment plan that will generate eligible economic development.

22.28 Sec. 4. Minnesota Statutes 2014, section 116J.548, subdivision 3, is amended to read:

22.29 Subd. 3. **Application.** Host communities may apply for a grant under this section
 22.30 on a form and in a manner prescribed by the commissioner. In awarding grants under
 22.31 this section, ~~the commissioner shall give priority to eligible projects that, based on a~~
 22.32 ~~cost-benefit analysis, provide the highest return on public investment.~~ the commissioner
 22.33 must allocate available money between host communities as evenly as practicable.

23.1 Sec. 5. Minnesota Statutes 2014, section 116J.871, subdivision 1, is amended to read:

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

23.4 (b) "Economic development" means financial assistance provided to a person
23.5 directly or to a local unit of government or nonprofit organization on behalf of a person
23.6 who is engaged in the manufacture or sale of goods and services. Economic development
23.7 does not include (1) financial assistance for rehabilitation of existing housing or (2)
23.8 financial assistance for new housing construction in which total financial assistance ~~at a~~
23.9 ~~single project site~~ is less than \$100,000 per housing unit.

23.10 (c) "Financial assistance" means (1) a grant awarded by a state agency for economic
23.11 development related purposes if a single business receives \$200,000 or more of the grant
23.12 proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for
23.13 economic development related purposes if a single business receives \$500,000 or more
23.14 of the loan proceeds; or (3) a reduction, credit, or abatement of a tax assessed under
23.15 chapter 297A where the tax reduction, credit, or abatement applies to a geographic area
23.16 smaller than the entire state and was granted for economic development related purposes.
23.17 Financial assistance does not include payments by the state of aids and credits under
23.18 chapter 273 or 477A to a political subdivision.

23.19 (d) "Project site" means the location where improvements are made that are financed
23.20 in whole or in part by the financial assistance; or the location of employees that receive
23.21 financial assistance in the form of employment and training services as defined in section
23.22 116L.19, subdivision 4, or customized training from a technical college.

23.23 (e) "State agency" means any agency defined under section 16B.01, subdivision 2,
23.24 Enterprise Minnesota, Inc., and the Iron Range Resources and Rehabilitation Board.

23.25 Sec. 6. Minnesota Statutes 2014, section 116J.8737, subdivision 3, is amended to read:

23.26 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the
23.27 commissioner for certification as a qualified investor for a taxable year. The application
23.28 must be in the form and be made under the procedures specified by the commissioner,
23.29 accompanied by an application fee of \$350. Application fees are deposited in the small
23.30 business investment tax credit administration account in the special revenue fund. The
23.31 application for certification for 2010 must be made available on the department's Web
23.32 site by August 1, 2010. Applications for subsequent years' certification must be made
23.33 available on the department's Web site by November 1 of the preceding year.

23.34 (b) Within 30 days of receiving an application for certification under this subdivision,
23.35 the commissioner must either certify the investor as satisfying the conditions required

24.1 of a qualified investor, request additional information from the investor, or reject the
24.2 application for certification. If the commissioner requests additional information from the
24.3 investor, the commissioner must either certify the investor or reject the application within
24.4 30 days of receiving the additional information. If the commissioner neither certifies the
24.5 investor nor rejects the application within 30 days of receiving the original application or
24.6 within 30 days of receiving the additional information requested, whichever is later, then
24.7 the application is deemed rejected, and the commissioner must refund the \$350 application
24.8 fee. An investor who applies for certification and is rejected may reapply.

24.9 (c) To receive certification, an investor must (1) be a natural person; and (2) certify
24.10 to the commissioner that the investor will only invest in a transaction that is exempt under
24.11 section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a
24.12 security registered under section 80A.50, paragraph (b).

24.13 (d) In order for a qualified investment in a qualified small business to be eligible
24.14 for tax credits, a qualified investor who makes the investment must have applied for
24.15 and received certification for the calendar year prior to making the qualified investment,
24.16 except in the case of an investor who is not an accredited investor, within the meaning of
24.17 Regulation D of the Securities and Exchange Commission, Code of Federal Regulations,
24.18 title 17, section 230.501, paragraph (a), application for certification may be made within
24.19 30 days after making the qualified investment.

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

24.22 Sec. 7. Minnesota Statutes 2014, section 116J.8747, subdivision 1, is amended to read:

24.23 Subdivision 1. **Grant allowed.** The commissioner may provide a grant to a qualified
24.24 job training program from money appropriated for the purposes of this section as follows:

24.25 (1) ~~a \$9,000~~ an \$11,000 placement grant paid to a job training program upon
24.26 placement in employment of a qualified graduate of the program; and

24.27 (2) ~~a \$9,000~~ an \$11,000 retention grant paid to a job training program upon retention
24.28 in employment of a qualified graduate of the program for at least one year.

24.29 Sec. 8. Minnesota Statutes 2014, section 116J.8747, subdivision 2, is amended to read:

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

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

25.1 (2) the program must spend ~~at least~~, on average, \$15,000 or more per graduate
 25.2 of the program;

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

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

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

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

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

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

25.13 (6) individuals served by the program must:

25.14 (i) be 18 years of age or older;

25.15 (ii) have federal adjusted gross income of no more than ~~\$11,000~~ \$12,000 per year in
 25.16 the calendar year immediately before entering the program;

25.17 (iii) have assets of no more than ~~\$7,000~~ \$10,000, excluding the value of a
 25.18 homestead; and

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

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

25.23 Sec. 9. Minnesota Statutes 2014, section 116M.15, subdivision 1, is amended to read:

25.24 Subdivision 1. **Creation; membership.** The Urban Initiative Board is created and
 25.25 consists of the commissioner of employment and economic development, the commissioner
 25.26 of human rights, the chair of the Metropolitan Council, and eight members from the general
 25.27 public appointed by the governor. Six of the public members must be representatives from
 25.28 minority business enterprises. No more than four of the public members may be of one
 25.29 gender. All public members must be experienced in business or economic development.

25.30 Sec. 10. **LAKE MILLE LACS AREA ECONOMIC RELIEF PROGRAM.**

25.31 Subdivision 1. **Relief program established.** Mille Lacs County must develop and
 25.32 implement a Lake Mille Lacs area economic relief program to assist businesses adversely
 25.33 affected by a decline in walleye fishing on Lake Mille Lacs.

26.1 Subd. 2. Available relief. (a) The economic relief program established under this
26.2 section may include grants or loans as provided below to the extent that funds are available.
26.3 Prior to awarding a grant to Mille Lacs County for the relief program under this section:
26.4 (1) the county must develop criteria, procedures, and requirements for:
26.5 (i) determining eligibility for assistance;
26.6 (ii) the duration, terms, underwriting and security requirements, and repayment
26.7 requirements for loans;
26.8 (iii) evaluating applications for assistance;
26.9 (iv) awarding assistance; and
26.10 (v) administering the grant and loan program authorized under this section;
26.11 (2) the county must submit its criteria, procedures, and requirements developed
26.12 pursuant to clause (1) to the commissioner of employment and economic development
26.13 for review; and
26.14 (3) the commissioner must approve the criteria, procedures, and requirements as
26.15 developed pursuant to clause (1) to be used by the county in determining eligibility for
26.16 assistance, evaluating, awarding, and administering the grant and loan program.
26.17 (b) The relief authorized under this section includes:
26.18 (1) grants not to exceed \$50,000 per business. Grants may be awarded to applicants
26.19 only when the county determines that a loan is not appropriate to address the needs of
26.20 the applicant; and
26.21 (2) loans, with or without interest, and deferred or forgivable loans. The maximum
26.22 loan amount under this subdivision is \$100,000 per business. The lending criteria adopted
26.23 by the county for loans under this subdivision must:
26.24 (i) specify that an entity receiving a deferred or forgivable loan must remain in
26.25 the local community a minimum of five years after the date of the loan. The maximum
26.26 loan deferral period may not exceed five years from the date the loan is approved. The
26.27 maximum amount of a loan that may be forgiven cannot exceed 50 percent of the principle
26.28 amount and may be forgiven only if the business has remained in operation in the
26.29 community for at least ten years after the loan is approved; and
26.30 (ii) require submission of a business plan for continued operation until the walleye
26.31 fishing resource recovers. The plan must document the probable success of the applicant's
26.32 business plan and probable success in repaying the loan according to the terms established
26.33 for the loan program; and
26.34 (3) tourism promotion grants to the Mille Lacs Tourism Council.

27.1 (c) All loan repayment funds under this subdivision must be paid to the commissioner
27.2 of employment and economic development for deposit in the Minnesota investment fund
27.3 disaster contingency account under Minnesota Statutes, section 116J.8731.

27.4 Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a
27.5 business must:

27.6 (1) be located within one of the following municipalities surrounding Lake Mille
27.7 Lacs:

27.8 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township
27.9 of Roosevelt;

27.10 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township
27.11 of Malmo, or township of Lakeside; or

27.12 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township
27.13 of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

27.14 (2) document a reduction of at least ten percent in gross receipts in any two-year
27.15 period since 2010; and

27.16 (3) be a business in one of the following industries, as defined within the
27.17 North American Industry Classification System: accommodation, restaurants, bars,
27.18 amusement and recreation, food and beverages retail, sporting goods, miscellaneous retail,
27.19 general retail, museums, historical sites, health and personal care, gas station, general
27.20 merchandise, business and professional membership, movies, or nonstore retailer, as
27.21 determined by Mille Lacs County in consultation with the commissioner of employment
27.22 and economic development.

27.23 Subd. 4. **Monitoring.** (a) Mille Lacs County must establish performance measures
27.24 that include, but is not limited to, the following components:

27.25 (1) the number of loans approved and the amounts and terms of the loans;

27.26 (2) the number of grants awarded, award amounts, and the reason that a grant award
27.27 was made in lieu of a loan;

27.28 (3) the loan default rate;

27.29 (4) the number of jobs created or retained as a result of the assistance including
27.30 information on the wages and benefit levels, the status of the jobs as full-time or part-time
27.31 and the status of the jobs as temporary or permanent;

27.32 (5) the amount of business activity and changes in gross revenues of the grant or
27.33 loan recipient as a result of the assistance; and

27.34 (6) the new tax revenue generated as a result of the assistance.

28.1 (b) The commissioner of employment and economic development must monitor
28.2 Mille Lacs County's compliance with the provisions of this section and the performance
28.3 measures developed under paragraph (a).

28.4 (c) Mille Lacs County must comply with all requests made by the commissioner
28.5 under this section.

28.6 Subd. 5. **Business subsidy requirements.** Sections 116J.993 through 116J.995, do
28.7 not apply to assistance under this section. Businesses in receipt of assistance under this
28.8 section, must provide for job creation and retention goals, and wage and benefit goals.

28.9 Subd. 6. **Administrative costs.** The commissioner of employment and economic
28.10 development may use up to one percent of the appropriation made under section 2 for
28.11 administrative expenses of the department.

28.12 **EFFECTIVE DATE.** This section, except for subdivision 4, is effective July 1,
28.13 2016, and expires June 30, 2017. Subdivision 4 is effective July 1, 2016, and sunsets on
28.14 the date the last loan is repaid or forgiven as provided under this section.

28.15 Sec. 11. **REPEALER.**

28.16 Minnesota Statutes 2014, section 116U.26, is repealed.

28.17 **ARTICLE 3**

28.18 **LABOR AND INDUSTRY**

28.19 Section 1. Minnesota Statutes 2014, section 182.653, subdivision 9, is amended to read:

28.20 Subd. 9. **Standard industrial classification list.** The commissioner shall adopt,
28.21 in accordance with section 182.655, a rule specifying a list of either standard industrial
28.22 classifications of employers or North American industry classifications of employers who
28.23 must comply with subdivision 8. The commissioner shall demonstrate the need to include
28.24 each industrial classification on the basis of the safety record or workers' compensation
28.25 record of that industry segment. An employer must comply with subdivision 8 six months
28.26 following the date the standard industrial classification or North American industry
28.27 classification that applies to the employee is placed on the list. ~~An employer having less~~
28.28 ~~than 51 employees must comply with subdivision 8 six months following the date the~~
28.29 ~~standard industrial classification or North American industry classification that applies~~
28.30 ~~to the employee is placed on the list or by July 1, 1993, whichever is later. The list shall~~
28.31 be updated every ~~two~~ five years.

28.32 Sec. 2. **HANDS OFF CHILD CARE; REPEALER.**

29.1 Minnesota Statutes 2014, sections 179A.50; 179A.51; 179A.52; and 179A.53, are
29.2 repealed.

29.3 **ARTICLE 4**

29.4 **HOUSING**

29.5 Section 1. Minnesota Statutes 2014, section 462A.204, subdivision 1, is amended to
29.6 read:

29.7 Subdivision 1. **Establishment.** The agency may establish a family homeless
29.8 prevention and assistance program to assist families who are homeless or are at imminent
29.9 risk of homelessness. The term "family" may include single individuals. The agency may
29.10 make grants to develop and implement family homeless prevention and assistance projects
29.11 under the program. For purposes of this section, "families" means families and persons
29.12 ~~under the age of 22~~ 24 years of age or younger.

29.13 Sec. 2. Minnesota Statutes 2014, section 462A.204, subdivision 3, is amended to read:

29.14 Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of
29.15 the metropolitan area. A county, a group of contiguous counties jointly acting together, a
29.16 tribe, a group of tribes, or a community-based nonprofit organization with a sponsoring
29.17 resolution from each of the county boards of the counties located within its operating
29.18 jurisdiction may apply for and receive grants for areas located outside the metropolitan area.

29.19 **ARTICLE 5**

29.20 **WORKERS' COMPENSATION COURT OF APPEALS PROPOSALS**

29.21 Section 1. Minnesota Statutes 2014, section 176.081, subdivision 1, is amended to read:

29.22 Subdivision 1. **Limitation of fees.** (a) A fee for legal services of 20 percent of the
29.23 first \$130,000 of compensation awarded to the employee is the maximum permissible fee
29.24 and does not require approval by the commissioner, compensation judge, or any other
29.25 party. All fees, including fees for obtaining medical or rehabilitation benefits, must be
29.26 calculated according to the formula under this subdivision, except as otherwise provided
29.27 in clause (1) or (2).

29.28 (1) The contingent attorney fee for recovery of monetary benefits according to the
29.29 formula in this section is presumed to be adequate to cover recovery of medical and
29.30 rehabilitation benefit or services concurrently in dispute. Attorney fees for recovery of
29.31 medical or rehabilitation benefits or services shall be assessed against the employer or
29.32 insurer only if the attorney establishes that the contingent fee is inadequate to reasonably
29.33 compensate the attorney for representing the employee in the medical or rehabilitation

30.1 dispute. In cases where the contingent fee is inadequate the employer or insurer is liable
30.2 for attorney fees based on the formula in this subdivision or in clause (2).

30.3 For the purposes of applying the formula where the employer or insurer is liable for
30.4 attorney fees, the amount of compensation awarded for obtaining disputed medical and
30.5 rehabilitation benefits under sections 176.102, 176.135, and 176.136 shall be the dollar
30.6 value of the medical or rehabilitation benefit awarded, where ascertainable.

30.7 (2) The maximum attorney fee for obtaining a change of doctor or qualified
30.8 rehabilitation consultant, or any other disputed medical or rehabilitation benefit for which
30.9 a dollar value is not reasonably ascertainable, is the amount charged in hourly fees for the
30.10 representation or \$500, whichever is less, to be paid by the employer or insurer.

30.11 (3) The fees for obtaining disputed medical or rehabilitation benefits are included
30.12 in the \$26,000 limit in paragraph (b). An attorney must concurrently file all outstanding
30.13 disputed issues. An attorney is not entitled to attorney fees for representation in any
30.14 issue which could reasonably have been addressed during the pendency of other issues
30.15 for the same injury.

30.16 (b) All fees for legal services related to the same injury are cumulative and may
30.17 not exceed \$26,000. If multiple injuries are the subject of a dispute, the commissioner,
30.18 compensation judge, or court of appeals shall specify the attorney fee attributable to
30.19 each injury.

30.20 (c) If the employer or the insurer or the defendant is given written notice of claims
30.21 for legal services or disbursements, the claim shall be a lien against the amount paid
30.22 or payable as compensation. Subject to the foregoing maximum amount for attorney
30.23 fees, up to 20 percent of the first \$130,000 of periodic compensation awarded to the
30.24 employee may be withheld from the periodic payments for attorney fees or disbursements
30.25 if the payor of the funds clearly indicates on the check or draft issued to the employee for
30.26 payment the purpose of the withholding, the name of the attorney, the amount withheld,
30.27 and the gross amount of the compensation payment before withholding. In no case
30.28 shall fees be calculated on the basis of any undisputed portion of compensation awards.
30.29 Allowable fees under this chapter shall be based solely upon genuinely disputed claims or
30.30 portions of claims, including disputes related to the payment of rehabilitation benefits or
30.31 to other aspects of a rehabilitation plan. The existence of a dispute is dependent upon a
30.32 disagreement after the employer or insurer has had adequate time and information to take
30.33 a position on liability. Neither the holding of a hearing nor the filing of an application for a
30.34 hearing alone may determine the existence of a dispute. Except where the employee is
30.35 represented by an attorney in other litigation pending at the department or at the Office
30.36 of Administrative Hearings, a fee may not be charged after June 1, 1996, for services

31.1 with respect to a medical or rehabilitation issue arising under section 176.102, 176.135,
 31.2 or 176.136 performed before the employee has consulted with the department and the
 31.3 department certifies that there is a dispute and that it has tried to resolve the dispute.

31.4 (d) An attorney who is claiming legal fees for representing an employee in a workers'
 31.5 compensation matter shall file a statement of attorney fees with the commissioner, or
 31.6 compensation judge before whom the matter was heard, ~~or Workers' Compensation Court~~
 31.7 ~~of Appeals on cases before the court.~~ A copy of the signed retainer agreement shall also
 31.8 be filed. The employee and insurer shall receive a copy of the statement. The statement
 31.9 shall be on a form prescribed by the commissioner and shall report the number of hours
 31.10 spent on the case.

31.11 (e) Employers and insurers may not pay attorney fees or wages for legal services
 31.12 of more than \$26,000 per case.

31.13 (f) An attorney must file a statement of attorney fees within 12 months of the date
 31.14 the attorney has submitted the written notice specified in paragraph (c). If the attorney
 31.15 has not filed a statement of attorney fees within the 12 months, the attorney must send a
 31.16 renewed notice of lien to the insurer. If 12 months have elapsed since the last notice of
 31.17 lien has been received by the insurer and no statement of attorney fees has been filed, the
 31.18 insurer must release the withheld money to the employee, except that before releasing the
 31.19 money to the employee, the insurer must give the attorney 30 days' written notice of the
 31.20 pending release. The insurer must not release the money if the attorney files a statement of
 31.21 attorney fees within the 30 days.

31.22 Sec. 2. Minnesota Statutes 2014, section 176.081, subdivision 3, is amended to read:

31.23 Subd. 3. **Review.** A party that is dissatisfied with its attorney fees awarded by the
 31.24 commissioner or a compensation judge may file an application a petition for review by the
 31.25 Workers' Compensation Court of Appeals. The application petition shall state the basis for
 31.26 the need of review and whether or not a hearing is requested. A copy of the application
 31.27 petition shall be served by the court upon the party's attorney ~~by the court administrator~~
 31.28 ~~and if a hearing is requested by either party, the matter shall be set for hearing awarded~~
 31.29 or denied attorney fees. ~~The notice of hearing shall be served upon known interested~~
 31.30 ~~parties.~~ The Workers' Compensation Court of Appeals shall have the authority to raise
 31.31 the issue of the attorney fees at any time upon its own motion and shall have continuing
 31.32 jurisdiction over attorney fees.

31.33 Sec. 3. Minnesota Statutes 2014, section 176.471, subdivision 3, is amended to read:

32.1 Subd. 3. **Service of writ and bond; filing fee.** To effect a review upon certiorari,
 32.2 the party shall serve a writ of certiorari ~~and a bond~~ upon the administrator of the Workers'
 32.3 Compensation Court of Appeals within the 30-day period referred to in subdivision 1. The
 32.4 party shall also at this time pay to the ~~administrator~~ clerk of the appellate courts the fee
 32.5 prescribed by rule ~~103.01~~ 116.03 of the Rules of Civil Appellate Procedure ~~which shall be~~
 32.6 ~~disposed of in the manner provided by that rule.~~

32.7 Sec. 4. Minnesota Statutes 2014, section 176.471, subdivision 5, is amended to read:

32.8 Subd. 5. **Bond.** ~~The bond required by subdivision 3 shall be executed in such~~
 32.9 ~~amount and with such sureties as the Workers' Compensation Court of Appeals directs~~
 32.10 ~~and approves. The bond shall be conditioned to pay the cost of the review. The Workers'~~
 32.11 ~~Compensation Court of Appeals may, upon motion of any respondent and a showing that~~
 32.12 ~~extraordinary circumstances warrant the requirement of a cost bond, order that a bond be~~
 32.13 ~~provided as prescribed by rule 107.02 of the Rules of Civil Appellate Procedure.~~

32.14 Sec. 5. Minnesota Statutes 2014, section 176.511, subdivision 2, is amended to read:

32.15 Subd. 2. **Disbursements, taxation.** The commissioner or compensation judge, or
 32.16 ~~on appeal~~ the Workers' Compensation Court of Appeals on cases before the court, may
 32.17 award the prevailing party reimbursement for actual and necessary disbursements. ~~These~~
 32.18 ~~Disbursements shall be taxed upon five~~ ten days' written notice to adverse parties.

32.19 Sec. 6. Minnesota Statutes 2014, section 176.511, subdivision 3, is amended to read:

32.20 Subd. 3. **Attorney fee, allowance.** ~~Where upon an appeal to the Workers'~~
 32.21 ~~Compensation Court of Appeals, (1) an award of compensation is affirmed, or modified~~
 32.22 ~~and affirmed, or (2) an order disallowing compensation is reversed, or (3) a petition to~~
 32.23 ~~vacate an award is granted, the Workers' Compensation Court of Appeals may include in~~
 32.24 ~~its award as an incident to its review on appeal an amount to cover a reasonable attorney~~
 32.25 ~~fee; or it may allow the an attorney fee in a proceeding to tax disbursements.~~

32.26 If the employer or insurer files a notice of discontinuance of an employee's benefits
 32.27 and an administrative conference is held to resolve the dispute, but the employer or insurer
 32.28 fails to attend the administrative conference, the commissioner or compensation judge
 32.29 may order the employer or insurer to pay the employee's attorney fees as a cost under this
 32.30 section if the employee's benefits are continued.

32.31 Sec. 7. **EFFECTIVE DATE.**

32.32 Sections 1 to 6 are effective the day following final enactment.

33.1 **ARTICLE 6**33.2 **WORKERS' COMPENSATION DEPARTMENT PROPOSALS**

33.3 Section 1. Minnesota Statutes 2015 Supplement, section 176.135, subdivision 7a,
33.4 is amended to read:

33.5 Subd. 7a. **Electronic transactions.** (a) For purposes of this subdivision, the
33.6 following terms have the meanings given:

33.7 (1) "workers' compensation payer" means a workers' compensation insurer and an
33.8 employer, or group of employers, that is self-insured for workers' compensation;

33.9 (2) "clearinghouse" has the meaning given in section 62J.51, subdivision 11a; and

33.10 (3) "electronic transactions" means the health care administrative transactions
33.11 described in section 62J.536.

33.12 (b) In addition to the requirements of section 62J.536, workers' compensation payers
33.13 and health care providers must comply with the requirements in paragraphs (c) to (e).

33.14 (c) No later than January 1, 2016, each workers' compensation payer must place
33.15 the following information in a prominent location on its Web site or otherwise provide
33.16 the information to health care providers:

33.17 (1) the name of each clearinghouse with which the workers' compensation payer has
33.18 an agreement to exchange or transmit electronic transactions, along with the identification
33.19 number each clearinghouse has assigned to the payer in order to route electronic
33.20 transactions through intermediaries or other clearinghouses to the payer;

33.21 (2) information about how a health care provider can obtain the claim number
33.22 assigned by the workers' compensation payer for an employee's claim and how the
33.23 provider should submit the claim number in the appropriate field on the electronic bill to
33.24 the payer; and

33.25 (3) the name, phone number, and e-mail address of contact persons who can answer
33.26 questions related to electronic transactions on behalf of the workers' compensation payer
33.27 and the clearinghouses with which the payer has agreements.

33.28 (d) No later than ~~July 1, 2016~~ January 1, 2017:

33.29 (1) health care providers must electronically submit copies of medical records or
33.30 reports that substantiate the nature of the charge and its relationship to the work injury
33.31 using the ~~most recently approved~~ ASC X12N 5010 version of the ASC X12N 275
33.32 transaction ("Additional Information to Support Health Care Claim or Encounter"),
33.33 according to the requirements in the corresponding implementation guide. The ASC X12N
33.34 275 transaction is the only one that shall be used to electronically submit attachments
33.35 unless a national standard is adopted by federal law or rule. If a new version of the
33.36 attachment transaction is approved, it must be used one year after the approval date;

34.1 (2) workers' compensation payers and all clearinghouses receiving or transmitting
34.2 workers' compensation bills must accept attachments using the ASC X12N 275 transaction
34.3 and must respond with the ~~most recently approved~~ ASC X12N 5010 version of the ASC
34.4 X12 electronic acknowledgment for the attachment transaction. If a new version of the
34.5 acknowledgment transaction is approved, it must be used one year after the approval
34.6 date; and

34.7 (3) if a different national claims attachment or acknowledgment requirement is
34.8 adopted by federal law or rule, it will replace the ASC X12N 275 transaction, and the new
34.9 standard must be used on the date that it is required by the federal law or rule.

34.10 (e) No later than September 1, 2015, workers' compensation payers must provide
34.11 the patient's name and patient control number on or with all payments made to a provider
34.12 under this chapter, whether payment is made by check or electronic funds transfer. The
34.13 information provided on or with the payment must be sufficient to allow providers to
34.14 match the payment to specific bills. If a bulk payment is made to a provider for more than
34.15 one patient, the check or electronic funds transfer statement must also specify the amount
34.16 being paid for each patient. For purposes of this paragraph, the patient control number is
34.17 located on the electronic health care claim 837 transaction, loop 2300, segment CLM01,
34.18 and on the electronic health care claim payment/advice 835 transaction, loop 2100, CLP01.

34.19 (f) The commissioner may assess a monetary penalty of \$500 for each violation of
34.20 this section, not to exceed \$25,000 for identical violations during a calendar year. Before
34.21 issuing a penalty for a first violation of this section, the commissioner must provide written
34.22 notice to the noncompliant payer, clearinghouse, or provider that a penalty may be issued
34.23 if the violation is not corrected within 30 days. Penalties under this paragraph are payable
34.24 to the commissioner for deposit in the assigned risk safety account.

34.25 Sec. 2. Minnesota Statutes 2015 Supplement, section 176.136, subdivision 1b, is
34.26 amended to read:

34.27 Subd. 1b. **Limitation of liability.** (a) The liability of the employer for treatment,
34.28 articles, and supplies provided to an employee while an inpatient or outpatient at a Critical
34.29 Access Hospital certified by the Centers for Medicare and Medicaid Services, or while an
34.30 outpatient at a hospital with 100 or fewer licensed beds, shall be the hospital's usual and
34.31 customary charge, unless the charge is determined by the commissioner or a compensation
34.32 judge to be unreasonably excessive.

34.33 (b) The liability of the employer for the treatment, articles, and supplies that are not
34.34 limited by paragraph (a), subdivision 1a, 1c, or section 176.1362 shall be limited to 85
34.35 percent of the provider's usual and customary charge, or 85 percent of the prevailing

35.1 charges for similar treatment, articles, and supplies furnished to an injured person when
35.2 paid for by the injured person, whichever is lower. On this basis, the commissioner or
35.3 compensation judge may determine the reasonable value of all treatment, services, and
35.4 supplies, and the liability of the employer is limited to that amount. The commissioner
35.5 may by rule establish the reasonable value of a service, article, or supply in lieu of the
35.6 85 percent limitation in this paragraph. A prevailing charge established under Minnesota
35.7 Rules, part 5221.0500, subpart 2, must be based on no more than two years of billing data
35.8 immediately preceding the date of the service.

35.9 (c) The limitation of liability for charges provided by paragraph (b) does not apply
35.10 to a nursing home that participates in the medical assistance program and whose rates are
35.11 established by the commissioner of human services.

35.12 (d) An employer's liability for treatment, articles, and supplies provided under this
35.13 chapter by a health care provider located outside of Minnesota is limited to the payment that
35.14 the health care provider would receive if the treatment, article, or supply were paid under
35.15 the workers' compensation law of the jurisdiction in which the treatment was provided.

35.16 Sec. 3. Minnesota Statutes 2014, section 176.571, subdivision 1, is amended to read:

35.17 Subdivision 1. **Preliminary investigation.** When the head of a department has filed
35.18 a report or the commissioner of administration has otherwise received information of
35.19 the occurrence of an injury to a state employee for which liability to pay compensation
35.20 may exist, the commissioner of administration shall make a preliminary investigation to
35.21 determine the question of probable liability.

35.22 In making this investigation, the commissioner of administration may require the
35.23 assistance of the head of any department or any employee of the state. The commissioner
35.24 of ~~management and budget administration~~ administration may require that all facts be furnished which
35.25 appear in the records of any state department bearing on the issue.

35.26 Sec. 4. **EFFECTIVE DATE.**

35.27 Sections 1 to 3 are effective the day following enactment.

35.28 **ARTICLE 7**

35.29 **WORKERS' COMPENSATION LITIGATION-RELATED PROPOSALS**

35.30 Section 1. Minnesota Statutes 2014, section 176.011, subdivision 7a, is amended to read:

35.31 Subd. 7a. (H) **Compensation judge.** "Compensation judge" means a workers'
35.32 compensation judge at the Office of Administrative Hearings.

36.1 (2) ~~Calendar judge.~~ "Calendar judge" means a workers' compensation judge at the
 36.2 Office of Administrative Hearings.

36.3 (3) ~~Compensation judge.~~ "Compensation judge" means a compensation judge at
 36.4 the Department of Labor and Industry. Compensation judges may conduct settlement
 36.5 conferences, issue summary decisions, approve settlements and issue awards thereon,
 36.6 determine petitions for attorney fees and costs, and make other determinations,
 36.7 decisions, orders, and awards as may be delegated to them by law or the commissioner.
 36.8 Compensation judges must be learned in the law.

36.9 Sec. 2. Minnesota Statutes 2014, section 176.137, subdivision 1, is amended to read:

36.10 Subdivision 1. **Requirement; determination.** The employer shall furnish to an
 36.11 employee who is permanently disabled because of a personal injury suffered in the course
 36.12 of employment with that employer such alteration or remodeling of the employee's
 36.13 principal residence as is reasonably required to enable the employee to move freely into
 36.14 and throughout the residence and to otherwise adequately accommodate the disability.
 36.15 Any remodeling or alteration shall be furnished only when the division ~~or Workers'~~
 36.16 ~~Compensation Court of Appeals~~ determines that the injury is to such a degree that the
 36.17 employee is substantially prevented from functioning within the principal residence.

36.18 Sec. 3. Minnesota Statutes 2014, section 176.137, subdivision 4, is amended to read:

36.19 Subd. 4. **Certification required; exceptions.** (a) Except as provided in paragraph
 36.20 (b), no award may be made except upon the certification of a licensed architect to the
 36.21 division ~~or Workers' Compensation Court of Appeals~~ that the proposed alteration or
 36.22 remodeling of an existing residence or the building or purchase of a new or different
 36.23 residence is reasonably required for the purposes specified in subdivision 1. The Council on
 36.24 Disability shall advise the division ~~or Workers' Compensation Court of Appeals~~ as provided
 36.25 in section 256.482, subdivision 5, clause (7). The alteration or remodeling of an existing
 36.26 residence, or the building or purchase of a new home must be done under the supervision
 36.27 of a licensed architect relative to the specific needs to accommodate the disability.

36.28 (b) Remodeling or alteration projects do not require an architect's certification and
 36.29 supervision if the project is:

36.30 (1) approved by the Council on Disability;

36.31 (2) performed by a residential building contractor or residential remodeler licensed
 36.32 under section 326B.805, subdivision 1; and

36.33 (3) approved by a certified building official or certified accessibility specialist under
 36.34 section 326B.133, subdivision 3a, paragraphs (b) and (d), who states in writing that the

37.1 proposed remodeling or alterations are reasonably required to enable the employee to move
37.2 freely into and throughout the residence and to otherwise accommodate the disability.

37.3 Sec. 4. Minnesota Statutes 2014, section 176.137, is amended by adding a subdivision
37.4 to read:

37.5 Subd. 6. **Disputes.** A proceeding to resolve a dispute under this section shall be
37.6 initiated by petition under sections 176.271 and 176.291 and decided by a compensation
37.7 judge at the office under section 176.305, 176.322, or 176.341. The decision of the
37.8 compensation judge is appealable to the Workers' Compensation Court of Appeals under
37.9 section 176.421.

37.10 Sec. 5. Minnesota Statutes 2014, section 176.331, is amended to read:

37.11 **176.331 PROCEEDINGS WHEN ANSWER NOT FILED.**

37.12 Except in cases involving multiple employers or multiple insurers, if an adverse
37.13 party fails to file and serve an answer or obtain an extension from the commissioner or the
37.14 petitioner as required by section 176.321, subdivision 3, the commissioner shall refer the
37.15 matter to the chief administrative law judge for an immediate hearing and prompt award
37.16 or other order. The adverse party that failed to file an answer may appear at the hearing,
37.17 present evidence and question witnesses, but shall not be granted a continuance ~~for any~~
37.18 ~~reason~~ except upon a showing of good cause.

37.19 If an adverse party who fails to serve and file an answer is neither insured for
37.20 workers' compensation liability nor a licensed self-insured as required by section 176.181
37.21 and the special compensation fund is a party to the proceeding, the commissioner or
37.22 compensation judge may enter an order awarding benefits to the petitioning party without
37.23 a hearing if so requested by the special compensation fund.

37.24 Sec. 6. Minnesota Statutes 2014, section 176.361, subdivision 1, is amended to read:

37.25 Subdivision 1. **Right to intervene.** A person who has an interest in any matter
37.26 before the Workers' Compensation Court of Appeals, or commissioner, or compensation
37.27 judge such that the person may either gain or lose by an order or decision may intervene in
37.28 the proceeding by filing ~~an application or~~ a motion in writing stating the facts which show
37.29 the interest. The commissioner is considered to have an interest and shall be permitted
37.30 to intervene at the appellate level when a party relies in its claim or defense upon any
37.31 statute or rule administered by the commissioner, or upon any rule, order, requirement, or
37.32 agreement issued or made under the statute or rule.

38.1 The commissioner may adopt rules, not inconsistent with this section to govern
38.2 intervention. The Workers' Compensation Court of Appeals shall adopt rules to govern the
38.3 procedure for intervention in matters before it.

38.4 If the Department of Human Services or the Department of Employment and
38.5 Economic Development seeks to intervene in any matter before the division, a
38.6 compensation judge or the Workers' Compensation Court of Appeals, a nonattorney
38.7 employee of the department, acting at the direction of the staff of the attorney general,
38.8 may prepare, sign, serve and file motions for intervention and related documents, ~~appear~~
38.9 ~~at~~ attend prehearing conferences, and participate in matters before a compensation judge
38.10 or the Workers' Compensation Court of Appeals. Any other interested party may intervene
38.11 using a nonattorney and may participate in any proceeding to the same extent an attorney
38.12 could. This activity shall not be considered to be the unauthorized practice of law. An
38.13 intervenor represented by a nonattorney shall be deemed to be represented by an attorney
38.14 for the purposes of the conclusive presumption of section 176.521, subdivision 2.

38.15 Subdivisions 3 to 6 do not apply to ~~matters pending in the mediation or rehabilitation~~
38.16 ~~and medical services sections~~ the following proceedings conducted by the Department
38.17 of Labor and Industry or the office: mediation proceedings; discontinuance conferences
38.18 under section 176.239; or administrative conferences under section 176.106.

38.19 Sec. 7. Minnesota Statutes 2014, section 176.361, subdivision 2, is amended to read:

38.20 Subd. 2. **Written ~~application or motion~~.** A person desiring to intervene in a
38.21 workers' compensation case as a party, including but not limited to a health care provider
38.22 who has rendered services to an employee or an insurer who has paid benefits under
38.23 section 176.191, shall submit a timely written ~~application or motion~~ to intervene to the
38.24 commissioner, the office, or to the court of appeals, whichever is applicable.

38.25 (a) The ~~application or motion~~ must be served on all parties, except for other
38.26 intervenors, either personally, by first class mail, or by registered mail, return receipt
38.27 requested. ~~An application or A~~ motion to intervene must be served and filed within 60
38.28 days after a potential intervenor has been served with notice of a right to intervene or
38.29 within 30 days of notice of an administrative conference. Upon the filing of a timely
38.30 ~~application or motion~~ to intervene, the potential intervenor shall be granted intervenor
38.31 status without the need for an order. Objections to the intervention may be subsequently
38.32 addressed by a compensation judge. Where a motion to intervene is not timely filed
38.33 under this section, the potential intervenor interest shall be extinguished and the potential
38.34 intervenor may not collect, or attempt to collect, the extinguished interest from the
38.35 employee, employer, insurer, or any government program.

39.1 (b) The ~~application or~~ motion must show how the applicant's legal rights, duties, or
39.2 privileges may be determined or affected by the case; state the grounds and purposes for
39.3 which intervention is sought; and indicate the statutory right to intervene. The ~~application~~
39.4 ~~or~~ motion must be accompanied by the following:

39.5 (1) an itemization of disability payments showing the period during which the
39.6 payments were or are being made; the weekly or monthly rate of the payments; and the
39.7 amount of reimbursement claimed;

39.8 (2) a summary of the medical or treatment payments, or rehabilitation services
39.9 provided by the Vocational Rehabilitation Unit, broken down by creditor, showing the
39.10 total bill submitted, the period of treatment or rehabilitation covered by that bill, the
39.11 amount of payment on that bill, and to whom the payment was made;

39.12 (3) copies of all medical or treatment bills ~~on which some~~ for which payment was
39.13 made is sought;

39.14 (4) copies of the work sheets or other information stating how the payments on
39.15 medical or treatment bills were calculated;

39.16 (5) a copy of the relevant policy or contract provisions upon which the claim for
39.17 reimbursement is based;

39.18 (6) the name and telephone number of the person representing the intervenor who
39.19 has authority to represent the intervenor, including but not limited to the authority to
39.20 reach a settlement of the issues in dispute;

39.21 (7) proof of service or copy of the registered mail receipt evidencing service on all
39.22 parties except for other intervenors;

39.23 (8) at the option of the intervenor, a proposed stipulation which states that all of the
39.24 payments for which reimbursement is claimed are related to the injury or condition in
39.25 dispute in the case and that, if the petitioner is successful in proving the compensability of
39.26 the claim, it is agreed that the sum be reimbursed to the intervenor; and

39.27 (9) if represented by an attorney, the name, address, telephone number, and
39.28 Minnesota Supreme Court license number of the attorney.

39.29 Sec. 8. Minnesota Statutes 2014, section 176.361, subdivision 3, is amended to read:

39.30 Subd. 3. **Stipulation.** If the person submitting the ~~application or~~ motion for
39.31 ~~intervention~~ to intervene has included a proposed stipulation, all parties shall either
39.32 execute and return the signed stipulation to the intervenor who must file it with the
39.33 division or judge or serve upon the intervenor and all other parties and file with the
39.34 division specific and detailed objections to any payments made by the intervenor which
39.35 are not conceded to be correct and related to the injury or condition the petitioner has

40.1 asserted is compensable. If a party has not returned the signed stipulation or filed specific
40.2 and detailed objections within 30 days of service of the ~~application or motion to intervene~~,
40.3 the intervenor's right to reimbursement for the amount sought is deemed established
40.4 provided that the petitioner's claim is determined to be compensable. The office may
40.5 establish procedures for filing objections if a timely motion to intervene is filed less than
40.6 30 days before a scheduled hearing.

40.7 Sec. 9. Minnesota Statutes 2014, section 176.361, subdivision 4, is amended to read:

40.8 Subd. 4. **Attendance by intervenor.** ~~Unless a stipulation has been signed and filed or~~
40.9 ~~the intervenor's right to reimbursement has otherwise been established, the intervenor shall~~
40.10 ~~attend all settlement or pretrial conferences, administrative conferences, and the hearing.~~
40.11 Failure A person who has submitted a timely written motion to intervene, as required by
40.12 subdivision 2, is not required to attend settlement or pretrial conferences or the hearing,
40.13 unless attendance is ordered by the compensation judge assigned to the case, pursuant to a
40.14 motion to require the intervenor's attendance filed by a party or as a matter of the judge's
40.15 discretion. A motion to require attendance must be served and filed at least 20 days before
40.16 a scheduled hearing, and the compensation judge must serve and file an order granting or
40.17 denying the motion at least ten days before a scheduled hearing. If attendance is ordered,
40.18 failure of the intervenor to appear attend a proceeding either in person or, if approved by
40.19 the compensation judge, by telephone or some other electronic medium, shall result in the
40.20 denial of the claim for reimbursement: except upon a showing of good cause. If attendance
40.21 has not been ordered, this subdivision does not prohibit an intervenor from attending a
40.22 conference or hearing in person, or from requesting permission from the compensation
40.23 judge to attend a conference or hearing by telephone or other electronic medium.

40.24 Sec. 10. Minnesota Statutes 2014, section 176.361, subdivision 5, is amended to read:

40.25 Subd. 5. **Order Objections.** ~~an~~ a specific and detailed objection to intervention
40.26 remains following settlement or pretrial conferences, the issue shall be addressed at the
40.27 hearing. If the intervenor has not been ordered to attend the hearing pursuant to subdivision
40.28 4, or has received permission to attend the hearing by telephone or other electronic
40.29 medium, the intervenor may provide a written response to the objection before the hearing
40.30 according to subdivision 6 for consideration as a matter of discretion by the judge.

40.31 Sec. 11. Minnesota Statutes 2014, section 176.361, subdivision 6, is amended to read:

40.32 Subd. 6. **Presentation of evidence by intervenor.** Unless a stipulation has been
40.33 signed and filed or the intervenor's right to reimbursement has otherwise been established,

41.1 the intervenor shall present evidence in support of the claim at or before the hearing unless
41.2 otherwise ordered by the compensation judge. When the intervenor has not been ordered
41.3 to attend the hearing pursuant to subdivision 4, or has received permission to attend the
41.4 hearing by telephone or other electronic medium, the office may establish a procedure
41.5 for submission of the intervenor's evidence and response to outstanding objections to
41.6 intervention. If the intervenor does not submit a written response to the objection before
41.7 the hearing, the compensation judge's determination on the objection must be based on
41.8 the information and evidence submitted prior to or at the hearing, as a matter of judicial
41.9 discretion.

41.10 Sec. 12. Minnesota Statutes 2014, section 176.361, is amended by adding a subdivision
41.11 to read:

41.12 Subd. 8. **Chief administrative law judge orders.** The chief administrative law
41.13 judge may issue standing orders to implement this section. The chief administrative law
41.14 judge has the authority to issue standing orders instead of, or in addition to, the authority
41.15 granted to the office or compensation judges under this section, provided that any standing
41.16 order issued by the chief administrative law judge must be consistent with this section.

41.17 Sec. 13. **EFFECTIVE DATE.**

41.18 This article is effective August 1, 2016.

41.19 **ARTICLE 8**

41.20 **UNEMPLOYMENT INSURANCE ADVISORY COUNCIL POLICY**

41.21 Section 1. Minnesota Statutes 2014, section 268.051, subdivision 5, is amended to read:

41.22 Subd. 5. **Tax rate for new employers.** (a) Each new taxpaying employer that does
41.23 not qualify for an experience rating under subdivision 3, except new employers in a high
41.24 experience rating industry, must be assigned, for a calendar year, a tax rate the higher of
41.25 (1) one percent, or (2) the tax rate computed, to the nearest 1/100 of a percent, by dividing
41.26 the total amount of unemployment benefits paid all applicants during the 48 calendar
41.27 months ending on June 30 of the prior calendar year by the total taxable wages of all
41.28 taxpaying employers during the same period, plus the applicable base tax rate and any
41.29 additional assessments under subdivision 2, paragraph (c).

41.30 (b) Each new taxpaying employer in a high experience rating industry that does not
41.31 qualify for an experience rating under subdivision 3, must be assigned, for a calendar year,
41.32 a tax rate the higher of (1) that assigned under paragraph (a), or (2) the tax rate, computed
41.33 to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits

42.1 ~~paid to all applicants from high experience rating industry employers during the 48~~
 42.2 ~~calendar months ending on June 30 of the prior calendar year by the total taxable wages~~
 42.3 ~~of all high experience rating industry employers during the same period, to a maximum~~
 42.4 ~~provided for under subdivision 3, paragraph (b), plus the applicable base tax rate and any~~
 42.5 ~~additional assessments under subdivision 2, paragraph (c).~~

42.6 (e) An employer is considered to be in a high experience rating industry if:

42.7 (1) ~~the employer is engaged in residential, commercial, or industrial construction,~~
 42.8 ~~including general contractors;~~

42.9 (2) ~~the employer is engaged in sand, gravel, or limestone mining;~~

42.10 (3) ~~the employer is engaged in the manufacturing of concrete, concrete products,~~
 42.11 ~~or asphalt; or~~

42.12 (4) ~~the employer is engaged in road building, repair, or resurfacing, including bridge~~
 42.13 ~~and tunnels and residential and commercial driveways and parking lots.~~

42.14 (a) Each new taxpaying employer that does not qualify for an experience rating
 42.15 under subdivision 3 must be assigned, for the calendar year, a tax rate equal to the average
 42.16 experience rating for the employer's industry, plus the applicable base tax rate and any
 42.17 additional assessments under subdivision 2, paragraph (c). The tax rate assigned may not
 42.18 be less than one percent.

42.19 (b) The employer's industry, except for construction, is determined by the first two
 42.20 digits of the North American Industrial Classification System (NAICS). The construction
 42.21 industry is determined to five digits. For each calendar year the commissioner must
 42.22 compute, in accordance with subdivision 3, the average industry experience rating for
 42.23 the employer's industry.

42.24 ~~(d)~~ (c) Regardless of any law to the contrary, a taxpaying employer must be
 42.25 assigned a tax rate under this subdivision if the employer had no taxable wages during the
 42.26 experience rating period under subdivision 3.

42.27 ~~(e)~~ (d) The commissioner must send to the new employer, by mail or electronic
 42.28 transmission, a determination of tax rate. An employer may appeal the determination of
 42.29 tax rate in accordance with ~~the procedures in~~ subdivision 6, paragraph (c).

42.30 **EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to tax
 42.31 rates assigned for the calendar year 2018 and thereafter.

42.32 Sec. 2. Minnesota Statutes 2015 Supplement, section 268.07, subdivision 3b, is
 42.33 amended to read:

42.34 Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for
 42.35 unemployment benefits is effective the Sunday of the calendar week that the application

43.1 was filed. An application for unemployment benefits may be backdated one calendar week
43.2 before the Sunday of the week the application was actually filed if the applicant requests
43.3 the backdating at within seven calendar days of the time date the application is filed. An
43.4 application may be backdated only if the applicant was unemployed during the period of
43.5 the backdating. If an individual attempted to file an application for unemployment benefits,
43.6 but was prevented from filing an application by the department, the application is effective
43.7 the Sunday of the calendar week the individual first attempted to file an application.

43.8 (b) A benefit account established under subdivision 2 is effective the date the
43.9 application for unemployment benefits was effective.

43.10 (c) A benefit account, once established, may later be withdrawn only if:

43.11 (1) the applicant has not been paid any unemployment benefits on that benefit
43.12 account; and

43.13 (2) a new application for unemployment benefits is filed and a new benefit account is
43.14 established at the time of the withdrawal.

43.15 A determination or amended determination of eligibility or ineligibility issued under
43.16 section 268.101, that was sent before the withdrawal of the benefit account, remains in
43.17 effect and is not voided by the withdrawal of the benefit account.

43.18 (d) An application for unemployment benefits is not allowed before the Sunday
43.19 following the expiration of the benefit year on a prior benefit account. Except as allowed
43.20 under paragraph (c), an applicant may establish only one benefit account each 52 calendar
43.21 weeks. This paragraph applies to benefit accounts established under any federal law or
43.22 the law of any other state.

43.23 **EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to
43.24 applications for unemployment benefits filed after that date.

43.25 Sec. 3. Minnesota Statutes 2014, section 268.095, subdivision 1, is amended to read:

43.26 Subdivision 1. **Quit.** An applicant who quit employment is ineligible for all
43.27 unemployment benefits according to subdivision 10 except when:

43.28 (1) the applicant quit the employment because of a good reason caused by the
43.29 employer as defined in subdivision 3;

43.30 (2) the applicant quit the employment to accept other covered employment that
43.31 provided substantially equal to or better terms and conditions of employment, but
43.32 the applicant did not work long enough at the second employment to have sufficient
43.33 subsequent earnings wages paid to satisfy the period of ineligibility that would otherwise
43.34 be imposed under subdivision 10 for quitting the first employment;

44.1 (3) the applicant quit the employment within 30 calendar days of beginning the
44.2 employment ~~because~~ and the employment was unsuitable ~~for the applicant~~;

44.3 (4) the employment was unsuitable ~~for the applicant~~ and the applicant quit to enter
44.4 reemployment assistance training;

44.5 (5) the employment was part time and the applicant also had full-time employment
44.6 in the base period, from which full-time employment the applicant separated because of
44.7 reasons for which the applicant ~~was held~~ is not ~~to be~~ ineligible, and the wage credits from
44.8 the full-time employment are sufficient to meet the minimum requirements to establish a
44.9 benefit account under section 268.07;

44.10 (6) the applicant quit because the employer notified the applicant that the applicant
44.11 was going to be laid off because of lack of work within 30 calendar days. An applicant
44.12 who quit employment within 30 calendar days of a notified date of layoff because of lack
44.13 of work is ineligible for unemployment benefits through the end of the week that includes
44.14 the scheduled date of layoff;

44.15 (7) the applicant quit the employment (i) because the applicant's serious illness or
44.16 injury made it medically necessary that the applicant quit; or (ii) in order to provide
44.17 necessary care because of the illness, injury, or disability of an immediate family member
44.18 of the applicant. This exception only applies if the applicant informs the employer of
44.19 the medical problem and requests accommodation and no reasonable accommodation
44.20 is made available.

44.21 If the applicant's serious illness is chemical dependency, this exception does not
44.22 apply if the applicant was previously diagnosed as chemically dependent or had treatment
44.23 for chemical dependency, and since that diagnosis or treatment has failed to make
44.24 consistent efforts to control the chemical dependency.

44.25 This exception raises an issue of the applicant's being available for suitable
44.26 employment under section 268.085, subdivision 1, that the commissioner must determine;

44.27 (8) the applicant's loss of child care for the applicant's minor child caused the
44.28 applicant to quit the employment, provided the applicant made reasonable effort to obtain
44.29 other child care and requested time off or other accommodation from the employer and no
44.30 reasonable accommodation is available.

44.31 This exception raises an issue of the applicant's being available for suitable
44.32 employment under section 268.085, subdivision 1, that the commissioner must determine;

44.33 (9) the applicant quit because domestic abuse, sexual assault, or stalking of the
44.34 applicant or an immediate family member of the applicant, necessitated the applicant's
44.35 quitting the employment.

44.36 For purposes of this subdivision:

- 45.1 (i) "domestic abuse" has the meaning given in section 518B.01;
- 45.2 (ii) "sexual assault" means an act that would constitute a violation of sections
- 45.3 609.342 to 609.3453 or 609.352; and
- 45.4 (iii) "stalking" means an act that would constitute a violation of section 609.749; or
- 45.5 (10) the applicant quit in order to relocate to accompany a spouse;
- 45.6 (1) who is in the military; or
- 45.7 (2) whose job was transferred by the spouse's employer to a new location ~~changed~~
- 45.8 making it impractical for the applicant to commute.

45.9 **EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to all

45.10 matters pending a determination or a decision by an unemployment law judge.

45.11 Sec. 4. Minnesota Statutes 2014, section 268.101, subdivision 2, is amended to read:

45.12 Subd. 2. **Determination.** (a) The commissioner must determine any issue of

45.13 ineligibility raised by information required from an applicant under subdivision 1,

45.14 paragraph (a) or (c), and send to the applicant and any involved employer, by mail or

45.15 electronic transmission, a document titled a determination of eligibility or a determination

45.16 of ineligibility, as is appropriate. The determination on an issue of ineligibility as a result

45.17 of a quit or a discharge of the applicant must state the effect on the employer under section

45.18 268.047. A determination must be made in accordance with this paragraph even if a

45.19 notified employer has not raised the issue of ineligibility.

45.20 (b) The commissioner must determine any issue of ineligibility raised by an

45.21 employer and send to the applicant and that employer, by mail or electronic transmission,

45.22 a document titled a determination of eligibility or a determination of ineligibility as is

45.23 appropriate. The determination on an issue of ineligibility as a result of a quit or discharge

45.24 of the applicant must state the effect on the employer under section 268.047.

45.25 If a base period employer:

45.26 (1) was not the applicant's most recent employer before the application for

45.27 unemployment benefits;

45.28 (2) did not employ the applicant during the six calendar months before the

45.29 application for unemployment benefits; and

45.30 (3) did not raise an issue of ineligibility as a result of a quit or discharge of the

45.31 applicant within ten calendar days of notification under subdivision 1, paragraph (b);

45.32 then any exception under section 268.047, subdivisions 2 and 3, begins the Sunday two

45.33 weeks following the week that the issue of ineligibility as a result of a quit or discharge of

45.34 the applicant was raised by the employer.

46.1 A communication from an employer must specifically set out why the applicant
46.2 should be determined ineligible for unemployment benefits for that communication to be
46.3 considered to have raised an issue of ineligibility for purposes of this section. A statement
46.4 of "protest" or a similar term without more information does not constitute raising an issue
46.5 of ineligibility for purposes of this section.

46.6 (c) Subject to section 268.031, an issue of ineligibility is determined based upon
46.7 that information required of an applicant, any information that may be obtained from an
46.8 applicant or employer, and information from any other source.

46.9 (d) Regardless of the requirements of this subdivision, the commissioner is not
46.10 required to send to an applicant a copy of the determination where the applicant has
46.11 satisfied a period of ineligibility because of a quit or a discharge under section 268.095,
46.12 subdivision 10.

46.13 (e) The commissioner may issue a determination on an issue of ineligibility ~~at any~~
46.14 ~~time~~ within 24 months from the establishment of a benefit account based upon information
46.15 from any source, even if the issue of ineligibility was not raised by the applicant or an
46.16 employer. ~~This paragraph does not prevent the imposition of a penalty on~~

46.17 If an applicant obtained unemployment benefits through fraud under section 268.18,
46.18 subdivision 2, or 268.182 a determination of ineligibility may be issued within 48 months
46.19 of the establishment of the benefit account.

46.20 (f) A determination of eligibility or determination of ineligibility is final unless an
46.21 appeal is filed by the applicant or ~~notified~~ employer within 20 calendar days after sending.
46.22 The determination must contain a prominent statement indicating the consequences of not
46.23 appealing. Proceedings on the appeal are conducted in accordance with section 268.105.

46.24 (g) An issue of ineligibility required to be determined under this section includes
46.25 any question regarding the denial or allowing of unemployment benefits under this chapter
46.26 except for issues under section 268.07. An issue of ineligibility for purposes of this section
46.27 includes any question of effect on an employer under section 268.047.

46.28 ~~(h) Except for issues of ineligibility as a result of a quit or discharge of the applicant,~~
46.29 ~~the employer will be (1) sent a copy of the determination of eligibility or a determination~~
46.30 ~~of ineligibility, or (2) considered an involved employer for purposes of an appeal under~~
46.31 ~~section 268.105, only if the employer raised the issue of ineligibility.~~

46.32 **EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to all
46.33 matters pending a determination.

46.34 Sec. 5. Minnesota Statutes 2014, section 268.182, subdivision 2, is amended to read:

47.1 Subd. 2. **Administrative penalties.** (a) Any applicant who knowingly makes a false
47.2 statement or representation, who knowingly fails to disclose a material fact, or who makes
47.3 a false statement or representation without a good faith belief as to the correctness of the
47.4 statement or representation, in order to obtain or in an attempt to obtain unemployment
47.5 benefits may be assessed, in addition to any other penalties, an administrative penalty of
47.6 being ineligible for unemployment benefits for 13 to 104 weeks.

47.7 (b) A determination of ineligibility setting out the weeks the applicant is ineligible
47.8 must be sent to the applicant by mail or electronic transmission. A determination of
47.9 ineligibility under this subdivision may be issued within 48 months of the establishment of
47.10 the benefit account upon which the unemployment benefits were obtained, or attempted to
47.11 be obtained. Unless an appeal is filed within 20 calendar days of sending, the determination
47.12 is final. Proceedings on the appeal are conducted in accordance with section 268.105.

47.13 **EFFECTIVE DATE.** This section is effective July 31, 2016 and applies to all
47.14 matters pending a determination.

47.15 ARTICLE 9

47.16 UNEMPLOYMENT INSURANCE ADVISORY COUNCIL HOUSEKEEPING

47.17 Section 1. Minnesota Statutes 2014, section 268.035, subdivision 12, is amended to read:

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

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

47.21 (i) the employment during the quarter is performed primarily in Minnesota;

47.22 (ii) the employment during the quarter is not performed primarily in Minnesota or
47.23 any other state but some of the employment is performed in Minnesota and the base
47.24 of operations or the place from which the employment is directed or controlled is in
47.25 Minnesota; or

47.26 (iii) the employment during the quarter is not performed primarily in Minnesota
47.27 or any other state and the base of operations or place from which the employment is
47.28 directed or controlled is not in any state where part of the employment is performed, but
47.29 the employee's residence is in Minnesota;

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

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

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

48.1 (3) the employment during the calendar quarter, performed entirely outside of the
48.2 United States and Canada, by an employee who is a United States citizen in the employ of
48.3 an American employer if the employer's principal place of business in the United States is
48.4 located in Minnesota. An "American employer," for the purposes of this clause, means a
48.5 corporation organized under the laws of any state, an individual who is a resident of the
48.6 United States, or a partnership if two-thirds or more of the partners are residents of the
48.7 United States, or a trust, if all of the trustees are residents of the United States; and

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

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

48.15 (c) For the purposes of ~~satisfying the period of ineligibility under~~ section 268.095,
48.16 ~~subdivision 10~~, "covered employment" includes covered employment covered under an
48.17 unemployment insurance program:

48.18 (1) of any other state; or

48.19 (2) established by an act of Congress.

48.20 **EFFECTIVE DATE.** This section is effective July 31, 2016, and applies to all
48.21 matters pending a determination or a decision by an unemployment law judge

48.22 Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 29, is amended to read:

48.23 Subd. 29. **Wages.** (a) "Wages" means all compensation for employment, including
48.24 commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and
48.25 holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by
48.26 a customer of an employer and accounted for by the employee to the employer; sickness
48.27 and accident disability payments, except as otherwise provided in this subdivision; and
48.28 the cash value of housing, utilities, meals, exchanges of services, and any other goods
48.29 and services provided to compensate an employee, except:

48.30 (1) the amount of any payment made to, or on behalf of, an employee under a plan
48.31 established by an employer that makes provision for employees generally or for a class or
48.32 classes of employees, including any amount paid by an employer for insurance or annuities,
48.33 or into a plan, to provide for a payment, on account of (i) retirement or (ii) medical and
48.34 hospitalization expenses in connection with sickness or accident disability, or (iii) death;

49.1 (2) the payment by an employer of the tax imposed upon an employee under United
49.2 States Code, title 26, section 3101 of the Federal Insurance Contribution Act, with respect
49.3 to compensation paid to an employee for domestic employment in a private household of
49.4 the employer or for agricultural employment;

49.5 (3) any payment made to, or on behalf of, an employee or beneficiary (i) from or
49.6 to a trust described in United States Code, title 26, section 401(a) of the federal Internal
49.7 Revenue Code, that is exempt from tax under section 501(a) at the time of the payment
49.8 unless the payment is made to an employee of the trust as compensation for services as an
49.9 employee and not as a beneficiary of the trust, or (ii) under or to an annuity plan that, at
49.10 the time of the payment, is a plan described in section 403(a);

49.11 (4) the value of any special discount or markdown allowed to an employee on goods
49.12 purchased from or services supplied by the employer where the purchases are optional and
49.13 do not constitute regular or systematic payment for services;

49.14 (5) customary and reasonable directors' fees paid to individuals who are not
49.15 otherwise employed by the corporation of which they are directors;

49.16 (6) the payment to employees for reimbursement of meal expenses when employees
49.17 are required to perform work after their regular hours;

49.18 (7) the payment into a trust or plan for purposes of providing legal or dental services
49.19 if provided for all employees generally or for a class or classes of employees;

49.20 (8) the value of parking facilities provided or paid for by an employer, in whole or in
49.21 part, if provided for all employees generally or for a class or classes of employees;

49.22 (9) royalties to an owner of a franchise, license, copyright, patent, oil, mineral,
49.23 or other right;

49.24 (10) advances or reimbursements for traveling or other bona fide ordinary and
49.25 necessary expenses incurred or reasonably expected to be incurred in the business of the
49.26 employer. Traveling and other reimbursed expenses must be identified either by making
49.27 separate payments or by specifically indicating the separate amounts where both wages
49.28 and expense allowances are combined in a single payment;

49.29 (11) residual payments to radio, television, and similar artists that accrue after
49.30 the production of television commercials, musical jingles, spot announcements, radio
49.31 transcriptions, film sound tracks, and similar activities;

49.32 (12) the income to a former employee resulting from the exercise of a nonqualified
49.33 stock option;

49.34 (13) ~~payments made to supplement~~ supplemental unemployment ~~benefits~~ benefit
49.35 payments under a plan established by an employer, ~~that makes provisions for employees~~
49.36 ~~generally or for a class or classes of employees under the written terms of an agreement,~~

50.1 ~~contract, trust arrangement, or other instrument~~ if the payment is not wages under the
50.2 Federal Unemployment Tax Act. ~~The plan must provide supplemental payments are~~
50.3 wages unless made solely for the supplementing of weekly state or federal unemployment
50.4 benefits. ~~The plan must provide supplemental payments only for those weeks the applicant~~
50.5 ~~has been paid regular, extended, or additional unemployment benefits. The supplemental~~
50.6 ~~payments, when combined with the applicant's weekly unemployment benefits paid, may~~
50.7 ~~not exceed the applicant's regular weekly pay. The plan must not allow the assignment~~
50.8 ~~of Supplemental unemployment benefit payments or provide for any type of additional~~
50.9 ~~payment. The plan must not require~~ may not be assigned, nor may any consideration be
50.10 required from the applicant, other than a release of claims, ~~and must not be designed for~~
50.11 ~~the purpose of avoiding the payment of Social Security obligations, or unemployment~~
50.12 ~~taxes on money disbursed from the plan~~ in order to be excluded from wages;

50.13 (14) sickness or accident disability payments made by the employer after the
50.14 expiration of six calendar months following the last calendar month that the individual
50.15 worked for the employer;

50.16 (15) disability payments made under the provisions of any workers' compensation
50.17 law;

50.18 (16) sickness or accident disability payments made by a third-party payer such as
50.19 an insurance company; or

50.20 (17) payments made into a trust fund, or for the purchase of insurance or an annuity,
50.21 to provide for sickness or accident disability payments to employees under a plan or
50.22 system established by the employer that provides for the employer's employees generally
50.23 or for a class or classes of employees.

50.24 (b) Nothing in this subdivision excludes from the term "wages" any payment
50.25 made under any type of salary reduction agreement, including payments made under a
50.26 cash or deferred arrangement and cafeteria plan, as defined in United States Code, title
50.27 26, sections 401(k) and 125 of the federal Internal Revenue Code, to the extent that the
50.28 employee has the option to receive the payment in cash.

50.29 (c) Wages includes the total payment to the operator and supplier of a vehicle or
50.30 other equipment where the payment combines compensation for personal services as well
50.31 as compensation for the cost of operating and hiring the equipment in a single payment.
50.32 This paragraph does not apply if:

50.33 (1) there is a preexisting written agreement providing for allocation of specific
50.34 amounts; or

50.35 (2) at the time of each payment there is a written ~~acknowledgement~~ acknowledgment
50.36 indicating the separate allocated amounts.

51.1 (d) Wages includes payments made for services as a caretaker. Unless there is a
51.2 contract or other proof to the contrary, compensation is considered as being equally
51.3 received by a married couple where the employer makes payment to only one spouse, or
51.4 by all tenants of a household who perform services where two or more individuals share
51.5 the same dwelling and the employer makes payment to only one individual.

51.6 (e) Wages includes payments made for services by a migrant family. Where services
51.7 are performed by a married couple or a family and an employer makes payment to only
51.8 one individual, each worker is considered as having received an equal share of the
51.9 compensation unless there is a contract or other proof to the contrary.

51.10 (f) Wages includes advances or draws against future earnings, when paid, unless
51.11 the payments are designated as a loan or return of capital on the books of the employer
51.12 at the time of payment.

51.13 (g) Wages includes payments made by a subchapter "S" corporation, as organized
51.14 under the Internal Revenue Code, to or on behalf of officers and shareholders that are
51.15 reasonable compensation for services performed for the corporation.

51.16 For a subchapter "S" corporation, wages does not include:

51.17 (1) a loan for business purposes to an officer or shareholder evidenced by a
51.18 promissory note signed by an officer before the payment of the loan proceeds and recorded
51.19 on the books and records of the corporation as a loan to an officer or shareholder;

51.20 (2) a repayment of a loan or payment of interest on a loan made by an officer to the
51.21 corporation and recorded on the books and records of the corporation as a liability;

51.22 (3) a reimbursement of reasonable corporation expenses incurred by an officer and
51.23 documented by a written expense voucher and recorded on the books and records of
51.24 the corporation as corporate expenses; and

51.25 (4) a reasonable lease or rental payment to an officer who owns property that is
51.26 leased or rented to the corporation.

51.27 Sec. 3. Minnesota Statutes 2015 Supplement, section 268.085, subdivision 2, is
51.28 amended to read:

51.29 Subd. 2. **Not eligible.** An applicant is ineligible for unemployment benefits for
51.30 any week:

51.31 (1) that occurs before the effective date of a benefit account;

51.32 (2) that the applicant, at ~~the beginning of any time during~~ the week, has an
51.33 outstanding fraud overpayment balance under section 268.18, subdivision 2, including
51.34 any penalties and interest;

52.1 (3) that occurs in a period when the applicant is a student in attendance at, or on
52.2 vacation from a secondary school including the period between academic years or terms;

52.3 (4) that the applicant is incarcerated or performing court-ordered community service.
52.4 The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day
52.5 the applicant is incarcerated or performing court-ordered community service;

52.6 (5) that the applicant fails or refuses to provide information on an issue of
52.7 ineligibility required under section 268.101;

52.8 (6) that the applicant is performing services 32 hours or more, in employment,
52.9 covered employment, noncovered employment, volunteer work, or self-employment
52.10 regardless of the amount of any earnings; or

52.11 (7) with respect to which the applicant has filed an application for unemployment
52.12 benefits under any federal law or the law of any other state. If the appropriate agency
52.13 finally determines that the applicant is not entitled to establish a benefit account under
52.14 federal law or the law of any other state, this clause does not apply.

52.15 Sec. 4. Minnesota Statutes 2014, section 268.0865, subdivision 3, is amended to read:

52.16 Subd. 3. **Continued request for unemployment benefits by electronic**
52.17 **transmission.** (a) A continued request for unemployment benefits by electronic
52.18 transmission must be filed to that electronic mail address, telephone number, or Internet
52.19 address prescribed by the commissioner for that applicant. In order to constitute a
52.20 continued request, all information asked for, including information authenticating that the
52.21 applicant is sending the transmission, must be provided in the format required. If all of the
52.22 information asked for is not provided, the communication does not constitute a continued
52.23 request for unemployment benefits.

52.24 (b) The continued request by electronic transmission ~~communication~~ must be filed
52.25 within four calendar weeks following the week for which payment is requested on the
52.26 date day of the week and during the time of day designated for the applicant ~~for filing a~~
52.27 ~~continued request by electronic transmission.~~

52.28 (c) ~~If the electronic transmission continued request is not filed as required under~~
52.29 ~~paragraph (b), a continued request by electronic transmission must be accepted if the~~
52.30 ~~applicant files the continued request by electronic transmission within three calendar~~
52.31 ~~weeks following the week for which payment is requested. If the continued request by~~
52.32 ~~electronic transmission is not filed within three~~ four ~~calendar weeks following the week~~
52.33 ~~for which payment is requested, the electronic continued request will not be accepted~~
52.34 ~~and the applicant is ineligible for unemployment benefits for the period covered by the~~

53.1 continued request, unless the applicant shows good cause for failing to file the continued
53.2 request by electronic transmission within the time period required.

53.3 Sec. 5. Minnesota Statutes 2014, section 268.0865, subdivision 4, is amended to read:

53.4 Subd. 4. **Continued request for unemployment benefits by mail.** (a) A
53.5 continued request for unemployment benefits by mail must be on a form prescribed by
53.6 the commissioner. The form, in order to constitute a continued request, must be totally
53.7 completed and signed by the applicant. The form must be filed by mail, in an envelope
53.8 with postage prepaid, and sent to the address designated ~~during the week following the~~
53.9 ~~week for which payment is requested.~~

53.10 ~~(b) If the mail continued request for unemployment benefits is not filed as required~~
53.11 ~~under paragraph (a), a continued request must be accepted if the form is filed by mail~~
53.12 ~~within three four calendar weeks following the week for which payment is requested.~~

53.13 (b) If the continued request form is not filed within three four calendar weeks
53.14 following the week for which payment is requested, the form will not be accepted and the
53.15 applicant is ineligible for unemployment benefits for the period covered by the continued
53.16 request for unemployment benefits, unless the applicant shows good cause for failing to
53.17 file the form by mail within the time period required.

53.18 (c) If the applicant has been designated to file a continued request for unemployment
53.19 benefits by mail, an applicant may submit the form by facsimile transmission within
53.20 three four calendar weeks following the week for which payment is requested. A form
53.21 submitted by facsimile transmission must be sent only to the telephone number assigned
53.22 for that purpose.

53.23 (d) An applicant who has been designated to file a continued request by mail may
53.24 personally deliver a continued request form only to the location to which the form was
53.25 otherwise designated to be mailed.

53.26 Sec. 6. Minnesota Statutes 2014, section 268.095, subdivision 2, is amended to read:

53.27 Subd. 2. **Quit defined.** (a) A quit from employment occurs when the decision to end
53.28 the employment was, at the time the employment ended, the employee's.

53.29 (b) When determining if an applicant quit, the theory of a constructive quit does
53.30 not apply.

53.31 ~~(b)~~ (c) An employee who has been notified that the employee will be discharged in
53.32 the future, who chooses to end the employment while employment in any capacity is still
53.33 available, ~~is considered to have~~ has quit the employment.

54.1 ~~(e)~~ (d) An employee who seeks to withdraw a previously submitted notice of quitting
 54.2 ~~is considered to have~~ has quit the employment, as of the intended date of quitting, if the
 54.3 employer does not agree that the notice may be withdrawn.

54.4 ~~(d)~~ (e) An applicant ~~who~~ has quit employment with a staffing service if, within
 54.5 five calendar days after completion of a suitable job assignment from a staffing service,
 54.6 the applicant:

54.7 (1) fails without good cause to affirmatively request an additional suitable job
 54.8 assignment;

54.9 (2) refuses without good cause an additional suitable job assignment offered;

54.10 (3) accepts employment with the client of the staffing service, ~~is considered to have~~
 54.11 ~~quit employment with the staffing service.~~ Accepting employment with the client of the
 54.12 staffing service meets the requirements of the exception to ineligibility under subdivision
 54.13 1, clause (2).

54.14 This paragraph applies only if, at the time of beginning of employment with the
 54.15 staffing service, the applicant signed and was provided a copy of a separate document
 54.16 written in clear and concise language that informed the applicant of this paragraph and
 54.17 that unemployment benefits may be affected.

54.18 For purposes of this paragraph, "good cause" is a reason that ~~is significant and~~ would
 54.19 compel an average, reasonable worker, who would otherwise want an additional suitable
 54.20 job assignment with the staffing service (1) to fail to contact the staffing service, or (2)
 54.21 to refuse an offered assignment.

54.22 Sec. 7. Minnesota Statutes 2014, section 268.095, subdivision 5, is amended to read:

54.23 Subd. 5. **Discharge defined.** (a) A discharge from employment occurs when any
 54.24 words or actions by an employer would lead a reasonable employee to believe that the
 54.25 employer will no longer allow the employee to work for the employer in any capacity. A
 54.26 layoff because of lack of work is ~~considered~~ a discharge. A suspension from employment
 54.27 without pay of more than 30 calendar days is ~~considered~~ a discharge.

54.28 (b) When determining if an applicant was discharged, the theory of a constructive
 54.29 discharge does not apply.

54.30 ~~(b)~~ (c) An employee who gives notice of intention to quit the employment and is not
 54.31 allowed by the employer to work the entire notice period is ~~considered~~ discharged from
 54.32 the employment as of the date the employer will no longer allow the employee to work. If
 54.33 the discharge occurs within 30 calendar days before the intended date of quitting, then,
 54.34 as of the intended date of quitting, the separation from employment is ~~considered~~ a quit
 54.35 from employment subject to subdivision 1.

55.1 ~~(e)~~ (d) The end of a job assignment with the client of a staffing service is considered
 55.2 a discharge from employment with the staffing service unless subdivision 2, paragraph
 55.3 (d), applies.

55.4 Sec. 8. Minnesota Statutes 2014, section 268.18, is amended to read:

55.5 **268.18 UNEMPLOYMENT BENEFIT OVERPAYMENTS.**

55.6 Subdivision 1. **Nonfraud Repaying an overpayment.** (a) Any applicant who (1)
 55.7 because of a determination or amended determination issued under section 268.07 or
 55.8 268.101, or any other section of this chapter, or (2) because of an unemployment law
 55.9 judge's decision under section 268.105, has received any unemployment benefits that the
 55.10 applicant was held not entitled to, is overpaid the benefits, and must promptly repay the
 55.11 unemployment benefits to the trust fund.

55.12 (b) If the applicant fails to repay the unemployment benefits overpaid, ~~the~~
 55.13 ~~commissioner may offset from any future unemployment benefits otherwise payable the~~
 55.14 ~~amount of the overpayment. Except when the overpayment resulted because the applicant~~
 55.15 ~~failed to report deductible earnings or deductible or benefit delaying payments, no single~~
 55.16 ~~offset may exceed 50 percent of the amount of the payment from which the offset is made.~~
 55.17 ~~The overpayment may also~~ including any penalty and interest assessed under subdivisions
 55.18 2 and 2a, the total due may be collected by the methods allowed under state and federal law.

55.19 ~~(c) If an applicant has been overpaid unemployment benefits under the law of~~
 55.20 ~~another state, because of a reason other than fraud, and that state certifies that the applicant~~
 55.21 ~~is liable under its law to repay the unemployment benefits and requests the commissioner~~
 55.22 ~~to recover the overpayment, the commissioner may offset from future unemployment~~
 55.23 ~~benefits otherwise payable the amount of overpayment, except that no single offset may~~
 55.24 ~~exceed 50 percent of the amount of the payment from which the offset is made.~~

55.25 Subd. 2. **Overpayment because of fraud.** (a) ~~Any~~ An applicant who receives has
 55.26 committed fraud if the applicant is overpaid unemployment benefits by:

55.27 (1) knowingly misrepresenting, misstating, or failing to disclose any material fact;
 55.28 or who makes

55.29 (2) making a false statement or representation without a good faith belief as to the
 55.30 correctness of the statement or representation, ~~has committed fraud.~~

55.31 After the discovery of facts indicating fraud, the commissioner must make issue a
 55.32 determination ~~that the applicant obtained unemployment benefits by fraud and that the~~
 55.33 ~~applicant must promptly repay the unemployment benefits to the trust fund. In addition, the~~
 55.34 ~~commissioner must assess~~ of overpayment penalty assessing a penalty equal to 40 percent

56.1 of the amount ~~fraudulently obtained~~ overpaid. This penalty is in addition to penalties under
 56.2 section 268.182. ~~The determination is effective the Sunday of the week that it was issued.~~

56.3 (b) Unless the applicant files an appeal within 20 calendar days after the sending of
 56.4 ~~the~~ a determination of overpayment by fraud penalty to the applicant by mail or electronic
 56.5 transmission, the determination is final. Proceedings on the appeal are conducted in
 56.6 accordance with section 268.105.

56.7 (c) ~~If the applicant fails to repay the unemployment benefits, penalty, and interest~~
 56.8 ~~assessed, the total due may be collected by the methods allowed under state and federal~~
 56.9 ~~law.~~ A determination of overpayment by fraud penalty must state the methods of collection
 56.10 the commissioner may use to recover the overpayment, penalty, and interest assessed.
 56.11 Money received in repayment of ~~fraudulently obtained~~ overpaid unemployment benefits,
 56.12 penalties, and interest is first applied to the ~~unemployment~~ benefits overpaid, then to the
 56.13 penalty amount due, then to any interest due. 62.5 percent of the payments made toward the
 56.14 penalty are credited to the contingent account and 37.5 percent credited to the trust fund.

56.15 (d) ~~If an applicant has been overpaid unemployment benefits under the law of~~
 56.16 ~~another state because of fraud and that state certifies that the applicant is liable to repay~~
 56.17 ~~the unemployment benefits and requests the commissioner to recover the overpayment,~~
 56.18 ~~the commissioner may offset from future unemployment benefits otherwise payable the~~
 56.19 ~~amount of overpayment.~~

56.20 (e) ~~Regardless of the limitations in section 268.101, subdivision 2, paragraph (e),~~
 56.21 ~~unemployment benefits paid for weeks more than four years before the date of (d) A~~
 56.22 ~~determination of overpayment by fraud issued penalty under this subdivision are not~~
 56.23 ~~considered overpaid unemployment benefits~~ may be issued within 48 months of the
 56.24 establishment of the benefit account upon which the unemployment benefits were obtained
 56.25 though fraud.

56.26 Subd. 2b. **Interest.** On any unemployment benefits fraudulently obtained, and any
 56.27 penalty amounts assessed under subdivision 2, the commissioner must assess interest at the
 56.28 rate of one percent per month on any amount that remains unpaid beginning 30 calendar
 56.29 days after the date of ~~the~~ a determination of overpayment by fraud penalty. A determination
 56.30 of overpayment by ~~fraud~~ penalty must state that interest will be assessed. Interest is
 56.31 assessed in the same manner as on employer debt under section 268.057, subdivision 5.
 56.32 Interest payments collected under this subdivision are credited to the trust fund.

56.33 Subd. 3a. **Offset of federal unemployment benefits.** ~~The commissioner is~~
 56.34 ~~authorized to enter into reciprocal agreements with the United States Secretary of Labor,~~
 56.35 ~~whereby,~~ (a) The commissioner may offset from any future unemployment benefits
 56.36 otherwise payable the amount of a nonfraud overpayment. Except when the nonfraud

57.1 overpayment resulted because the applicant failed to report deductible earnings or
 57.2 deductible or benefit delaying payments, no single offset may exceed 50 percent of the
 57.3 amount of the payment from which the offset is made.

57.4 (b) Overpayments of unemployment benefits as determined under a federal law
 57.5 program, may be recovered by offset from unemployment future benefits otherwise
 57.6 payable and.

57.7 (c) If an applicant has been overpaid unemployment benefits under the law of
 57.8 another state, the commissioner may offset from future benefits otherwise payable the
 57.9 amount of overpayment.

57.10 (d) Nonfraud unemployment benefit overpayments under subdivisions 1 and 2
 57.11 may be recovered by offset from unemployment future benefits otherwise payable under
 57.12 a federal program.

57.13 Subd. 4. **Cancellation of overpayments.** (a) If unemployment benefits overpaid
 57.14 under subdivision 1 for reasons other than fraud are not repaid or offset from subsequent
 57.15 unemployment benefits as provided for in subdivision 1 within six years after the date
 57.16 of the determination or decision holding the applicant overpaid, the commissioner must
 57.17 cancel the overpayment balance, and no administrative or legal proceedings may be used
 57.18 to enforce collection of those amounts.

57.19 (b) If unemployment benefits determined overpaid under subdivision 2 because of
 57.20 fraud including penalties and interest are not repaid within ten years after the date of
 57.21 the determination of overpayment by fraud penalty, the commissioner must cancel the
 57.22 overpayment balance and any penalties and interest due, and no administrative or legal
 57.23 proceeding may be used to enforce collection of those amounts.

57.24 (c) The commissioner may cancel at any time any overpayment, including penalties
 57.25 and interest, that the commissioner determines is uncollectible because of death or
 57.26 bankruptcy.

57.27 Subd. 4a. **Court fees; collection fees.** (a) If the commissioner department
 57.28 is required to pay any court fees in an attempt to enforce collection of overpaid
 57.29 unemployment benefits, penalties, or interest, the commissioner may add the amount of
 57.30 the court fees may be added to the total amount due.

57.31 (b) If an applicant who has been determined overpaid unemployment benefits
 57.32 because of fraud seeks to have any portion of the debt discharged under the federal
 57.33 bankruptcy code, and the commissioner department files an objection in bankruptcy court
 57.34 to the discharge, the commissioner may add the commissioner's cost of any court fees may
 57.35 be added to the debt if the bankruptcy court does not discharge the debt.

58.1 (c) If the Internal Revenue Service assesses the ~~commissioner~~ department a fee for
58.2 offsetting from a federal tax refund the amount of any overpayment, including penalties
58.3 and interest, the amount of the fee may be added to the total amount due. The offset
58.4 amount must be put in the trust fund and that amount credited to the total amount due
58.5 from the applicant.

58.6 Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of
58.7 unemployment benefits, including any penalties and interest, is not considered an election
58.8 of a method of recovery.

58.9 (b) Intervention or lack thereof, in whole or in part, in a workers' compensation
58.10 matter under section 176.361 is not considered an election of a remedy and does not
58.11 prevent the commissioner from determining any unemployment benefits overpaid under
58.12 subdivision 1 or 2 or taking action under section 268.182.

58.13 Subd. 6. **Collection of overpayments.** (a) The commissioner may not compromise
58.14 the amount ~~that has been determined of any overpaid under this section~~ unemployment
58.15 benefits including penalties and interest.

58.16 (b) The commissioner has discretion regarding the recovery of any overpayment
58.17 ~~under subdivision 1~~ for reasons other than fraud. Regardless of any law to the contrary, the
58.18 commissioner is not required to refer any ~~amount determined overpaid under subdivision~~
58.19 ~~1~~ overpayment for reasons other than fraud to a public or private collection agency,
58.20 including agencies of this state.

58.21 (c) Amounts ~~determined overpaid under subdivision 1~~ for reasons other than fraud
58.22 are not considered a "debt" to the state of Minnesota for purposes of any reporting
58.23 requirements to the commissioner of management and budget.

58.24 (d) A pending appeal under section 268.105 does not suspend the assessment of
58.25 interest, penalties, or collection of an overpayment ~~under this section~~.

58.26 (e) Section 16A.626 applies to the repayment by an applicant of any overpayment,
58.27 penalty, or interest ~~under this section~~.

58.28 Sec. 9. **EFFECTIVE DATE.**

58.29 This article is effective July 31, 2016, unless indicated otherwise.

58.30 **ARTICLE 10**

58.31 **UNEMPLOYMENT INSURANCE ADVISORY COUNCIL TECHNICAL**

58.32 Section 1. Minnesota Statutes 2014, section 268.035, is amended by adding a
58.33 subdivision to read:

59.1 Subd. 12e. **Earnings.** "Earnings" means all compensation to which the applicant has
 59.2 a legal claim and is earned income under state and federal law for income tax purposes.

59.3 Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 20, is amended to read:

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

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

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

59.9 (3) employment for a foreign government;

59.10 ~~(4) employment for an instrumentality wholly owned by a foreign government,~~
 59.11 ~~if the employment is of a character similar to that performed in foreign countries by~~
 59.12 ~~employees of the United States government or an instrumentality thereof and the United~~
 59.13 ~~States Secretary of State has certified that the foreign government grants an equivalent~~
 59.14 ~~exemption to similar employment performed in the foreign country by employees of the~~
 59.15 ~~United States government and instrumentalities thereof;~~

59.16 ~~(5) (4) employment covered under United States Code, title 45, section 351, the~~
 59.17 ~~federal Railroad Unemployment Insurance Act;~~

59.18 ~~(6) employment covered by a reciprocal arrangement between the commissioner and~~
 59.19 ~~another state or the federal government that provides that all employment performed by an~~
 59.20 ~~individual for an employer during the period covered by the reciprocal arrangement is~~
 59.21 ~~considered performed entirely within another state;~~

59.22 ~~(7) (5) employment for a church or convention or association of churches, or an~~
 59.23 ~~a nonprofit organization operated primarily for religious purposes that is operated,~~
 59.24 ~~supervised, controlled, or principally supported by a church or convention or association~~
 59.25 ~~of churches described in United States Code, title 26, section 501(e)(3) of the federal~~
 59.26 ~~Internal Revenue Code and exempt from income tax under section 501(a);~~

59.27 ~~(8) (6) employment for Minnesota or a political subdivision, or a nonprofit~~
 59.28 ~~organization, of a duly ordained or licensed minister of a church in the exercise of a~~
 59.29 ~~ministry or by a member of a religious order in the exercise of duties required by the order,~~
 59.30 ~~for Minnesota or a political subdivision or an organization described in United States~~
 59.31 ~~Code, title 26, section 501(e)(3) of the federal Internal Revenue Code and exempt from~~
 59.32 ~~income tax under section 501(a);~~

59.33 ~~(9) (7) employment for Minnesota or a political subdivision, or a nonprofit~~
 59.34 ~~organization, of an individual receiving rehabilitation of "sheltered" work in a facility~~
 59.35 ~~conducted for the purpose of carrying out a program of rehabilitation for individuals~~

60.1 whose earning capacity is impaired by age or physical or mental deficiency or injury or a
60.2 program providing "sheltered" work for individuals who because of an impaired physical
60.3 or mental capacity cannot be readily absorbed in the competitive labor market. This
60.4 clause applies only to services performed ~~for Minnesota or a political subdivision or an~~
60.5 ~~organization described in United States Code, title 26, section 501(e)(3) of the federal~~
60.6 ~~Internal Revenue Code and exempt from income tax under section 501(a)~~ in a facility
60.7 certified by the Rehabilitation Services Branch of the department or in a day training or
60.8 habilitation program licensed by the Department of Human Services;

60.9 ~~(10)~~ (8) employment for Minnesota or a political subdivision, or a nonprofit
60.10 organization, of an individual receiving work relief or work training as part of an
60.11 unemployment work relief or work training program assisted or financed in whole or
60.12 in part by any federal agency or an agency of a state or political subdivision thereof.
60.13 ~~This clause applies only to employment for Minnesota or a political subdivision or an~~
60.14 ~~organization described in United States Code, title 26, section 501(e)(3) of the federal~~
60.15 ~~Internal Revenue Code and exempt from income tax under section 501(a).~~ This clause does
60.16 not apply to programs that require unemployment benefit coverage for the participants;

60.17 ~~(11)~~ (9) employment for Minnesota or a political subdivision, as an elected official, a
60.18 member of a legislative body, or a member of the judiciary;

60.19 ~~(12)~~ (10) employment as a member of the Minnesota National Guard or Air National
60.20 Guard;

60.21 ~~(13)~~ (11) employment for Minnesota, or a political subdivision, or instrumentality
60.22 thereof, as an employee of an individual serving only on a temporary basis in case of
60.23 fire, flood, tornado, or similar emergency;

60.24 ~~(14)~~ (12) employment as an election official or election worker for Minnesota or
60.25 a political subdivision, ~~but only~~ if the compensation for that employment was less than
60.26 \$1,000 in a calendar year;

60.27 ~~(15)~~ (13) employment for Minnesota that is a major policy-making or advisory
60.28 position in the unclassified service;

60.29 ~~(16)~~ (14) employment for Minnesota in an unclassified position established under
60.30 section 43A.08, subdivision 1a;

60.31 ~~(17)~~ (15) employment for a political subdivision of Minnesota that is a nontenured
60.32 major policy making or advisory position;

60.33 ~~(18)~~ (16) domestic employment in a private household, local college club, or local
60.34 chapter of a college fraternity or sorority ~~performed for a person, only,~~ if the wages paid
60.35 in any calendar quarter in either the current or prior calendar year to all individuals in
60.36 domestic employment totaled less than \$1,000.

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

61.5 ~~(19)~~ (17) employment of an individual by a son, daughter, or spouse, and
61.6 employment of a child under the age of 18 by the child's father or mother;

61.7 ~~(20)~~ (18) employment of an inmate of a custodial or penal institution;

61.8 ~~(21)~~ (19) employment for a school, college, or university, by a student who is
61.9 enrolled and whose primary relation to the school, college, or university is as a student.

61.10 This does not include an individual whose primary relation to the school, college, or
61.11 university is as an employee who also takes courses;

61.12 ~~(22)~~ (20) employment of an individual who is enrolled as a student in a full-time
61.13 program at a nonprofit or public educational institution that maintains a regular faculty
61.14 and curriculum and has a regularly organized body of students in attendance at the place
61.15 where its educational activities are carried on, taken for credit at the institution, that
61.16 combines academic instruction with work experience, if the employment is an integral
61.17 part of the program, and the institution has so certified to the employer, except that this
61.18 clause does not apply to employment in a program established for or on behalf of an
61.19 employer or group of employers;

61.20 ~~(23)~~ (21) employment of university, college, or professional school students in an
61.21 internship or other training program with the city of St. Paul or the city of Minneapolis
61.22 under Laws 1990, chapter 570, article 6, section 3;

61.23 ~~(24)~~ (22) employment for a hospital by a patient of the hospital. "Hospital" means
61.24 an institution that has been licensed by the Department of Health as a hospital;

61.25 ~~(25)~~ (23) employment as a student nurse for a hospital or a nurses' training school by
61.26 an individual who is enrolled and is regularly attending classes in an accredited nurses'
61.27 training school;

61.28 ~~(26)~~ (24) employment as an intern for a hospital by an individual who has completed
61.29 a four-year course in an accredited medical school;

61.30 ~~(27)~~ (25) employment as an insurance salesperson, by other than a corporate
61.31 officer, if all the wages from the employment is solely by way of commission. The word
61.32 "insurance" includes an annuity and an optional annuity;

61.33 ~~(28)~~ (26) employment as an officer of a township mutual insurance company or
61.34 farmer's mutual insurance company ~~operating~~ under chapter 67A;

61.35 ~~(29)~~ (27) employment of a corporate officer, if the officer directly or indirectly,
61.36 including through a subsidiary or holding company, owns 25 percent or more of the

62.1 employer corporation, and employment of a member of a limited liability company, if the
 62.2 member directly or indirectly, including through a subsidiary or holding company, owns
 62.3 25 percent or more of the employer limited liability company;

62.4 ~~(30)~~ (28) employment as a real estate salesperson, ~~by~~ other than a corporate officer,
 62.5 if all the wages from the employment is solely by way of commission;

62.6 ~~(31)~~ (29) employment as a direct seller as defined in United States Code, title 26,
 62.7 section 3508;

62.8 ~~(32)~~ (30) employment of an individual under the age of 18 in the delivery or
 62.9 distribution of newspapers or shopping news, not including delivery or distribution to any
 62.10 point for subsequent delivery or distribution;

62.11 ~~(33)~~ (31) casual employment performed for an individual, other than domestic
 62.12 employment under clause ~~(18)~~ (16), that does not promote or advance that employer's
 62.13 trade or business;

62.14 ~~(34)~~ (32) employment in "agricultural employment" unless ~~considered~~ it is "covered
 62.15 agricultural employment" under subdivision 11; or

62.16 ~~(35)~~ (33) if employment during one-half or more of any pay period was covered
 62.17 employment, all the employment for the pay period is ~~considered~~ covered employment;
 62.18 but if during more than one-half of any pay period the employment was noncovered
 62.19 employment, then all of the employment for the pay period is ~~considered~~ noncovered
 62.20 employment. "Pay period" means a period of not more than a calendar month for which a
 62.21 payment or compensation is ordinarily made to the employee by the employer.

62.22 Sec. 3. Minnesota Statutes 2014, section 268.035, is amended by adding a subdivision
 62.23 to read:

62.24 Subd. 20b. **Nonprofit organization.** "Nonprofit organization" means an
 62.25 organization described in United States Code, title 26, section 501(c)(3), and is exempt
 62.26 from income tax under section 501(a).

62.27 Sec. 4. Minnesota Statutes 2014, section 268.035, subdivision 23a, is amended to read:

62.28 Subd. 23a. **Suitable employment.** (a) Suitable employment means employment in
 62.29 the applicant's labor market area that is reasonably related to the applicant's qualifications.
 62.30 In determining whether any employment is suitable for an applicant, the degree of risk
 62.31 involved to the health and safety, physical fitness, prior training, experience, length
 62.32 of unemployment, prospects for securing employment in the applicant's customary
 62.33 occupation, and the distance of the employment from the applicant's residence is
 62.34 considered.

63.1 (b) In determining what is suitable employment, primary consideration is given to the
63.2 temporary or permanent nature of the applicant's separation from employment and whether
63.3 the applicant has favorable prospects of finding employment in the applicant's usual or
63.4 customary occupation at the applicant's past wage level within a reasonable period of time.

63.5 If prospects are unfavorable, employment at lower skill or wage levels is suitable
63.6 if the applicant is reasonably suited for the employment considering the applicant's
63.7 education, training, work experience, and current physical and mental ability.

63.8 The total compensation must be considered, including the wage rate, hours of
63.9 employment, method of payment, overtime practices, bonuses, incentive payments, and
63.10 fringe benefits.

63.11 (c) When potential employment is at a rate of pay lower than the applicant's former
63.12 rate, consideration must be given to the length of the applicant's unemployment and the
63.13 proportion of difference in the rates. Employment that may not be suitable because of
63.14 lower wages during the early weeks of the applicant's unemployment may become suitable
63.15 as the duration of unemployment lengthens.

63.16 (d) For an applicant seasonally unemployed, suitable employment includes
63.17 temporary work in a lower skilled occupation that pays average gross weekly wages equal
63.18 to or more than 150 percent of the applicant's weekly unemployment benefit amount.

63.19 (e) If a majority of the applicant's weeks of employment in the base period includes
63.20 part-time employment, part-time employment in a position with comparable skills and
63.21 comparable hours that pays comparable wages is ~~considered~~ suitable employment.

63.22 Full-time employment is not ~~considered~~ suitable employment for an applicant if a
63.23 majority of the applicant's weeks of employment in the base period includes part-time
63.24 employment.

63.25 (f) To determine suitability of employment in terms of shifts, the arrangement of
63.26 hours in addition to the total number of hours is to be considered. Employment on a
63.27 second, third, rotating, or split shift is suitable employment if it is customary in the
63.28 occupation in the labor market area.

63.29 (g) Employment is not ~~considered~~ suitable if:

63.30 (1) the position offered is vacant because of a labor dispute;

63.31 (2) the wages, hours, or other conditions of employment are ~~substantially~~ less
63.32 favorable than those prevailing for similar employment in the labor market area; or

63.33 (3) as a condition of becoming employed, the applicant would be required to join a
63.34 company union or to resign from or refrain from joining any bona fide labor organization; ~~or~~

63.35 ~~(4) the employment is with a staffing service and less than 25 percent of the~~
63.36 ~~applicant's wage credits are from a job assignment with the client of a staffing service.~~

64.1 (h) A job assignment with a staffing service is ~~considered~~ suitable only if 25
64.2 percent or more of the applicant's wage credits are from job assignments with clients of
64.3 a staffing service and the job assignment meets the definition of suitable employment
64.4 under paragraph (a).

64.5 Sec. 5. Minnesota Statutes 2014, section 268.085, subdivision 4, is amended to read:

64.6 Subd. 4. **Social Security old age insurance benefits.** (a) Any applicant aged 62 or
64.7 over is required to state when filing an application for unemployment benefits and when
64.8 filing continued requests for unemployment benefits if the applicant is receiving, has filed
64.9 for, or intends to file for, primary Social Security old age benefits.

64.10 (b) Unless paragraph ~~(b)~~ (c) applies, 50 percent of the weekly equivalent of the
64.11 primary Social Security old age benefit the applicant has received, has filed for, or
64.12 intends to file for, with respect to that week must be deducted from an applicant's weekly
64.13 unemployment benefit amount.

64.14 ~~(b)~~ (c) If all of the applicant's wage credits were earned while the applicant was
64.15 claiming Social Security old age benefits, there is no deduction of the Social Security
64.16 benefits from the applicant's weekly unemployment benefit amount.

64.17 ~~(e)~~ (d) Information from the Social Security Administration is ~~considered~~ conclusive,
64.18 absent specific evidence showing that the information was erroneous.

64.19 ~~(d)~~ (e) This subdivision does not apply to Social Security survivor benefits.

64.20 Sec. 6. Minnesota Statutes 2014, section 268.085, subdivision 5, is amended to read:

64.21 Subd. 5. **Deductible earnings.** (a) If the applicant has earnings, including holiday
64.22 pay, with respect to any week, from employment, covered employment, noncovered
64.23 employment, self-employment, or volunteer work, equal to or in excess of the applicant's
64.24 weekly unemployment benefit amount, the applicant is ineligible for unemployment
64.25 benefits for that week.

64.26 (b) If the applicant has earnings, including holiday pay, with respect to any week,
64.27 that is less than the applicant's weekly unemployment benefit amount, from employment,
64.28 covered employment, noncovered employment, self-employment, or volunteer work, 50
64.29 percent of the earnings are deducted from the weekly unemployment benefit amount.

64.30 (c) No deduction is made from an applicant's weekly unemployment benefit amount
64.31 for earnings from service in the National Guard or a United States military reserve unit or
64.32 from direct service as a volunteer firefighter or volunteer ambulance service personnel.
64.33 This exception to paragraphs (a) and (b) does not apply to on-call or standby pay provided

65.1 to a volunteer firefighter or volunteer ambulance service personnel. No deduction is made
65.2 for jury duty pay or for pay as an election judge.

65.3 (d) The applicant may report deductible earnings on continued requests for
65.4 unemployment benefits at the next lower whole dollar amount.

65.5 (e) Deductible earnings does not include any money ~~considered that is~~ a deductible
65.6 payment under subdivision 3, ~~but includes all compensation considered wages under~~
65.7 ~~section 268.035, subdivision 29, and any other compensation considered earned income~~
65.8 ~~under state and federal law for income tax purposes.~~

65.9 **Sec. 7. REVISOR'S INSTRUCTION.**

65.10 (a) The revisor of statutes shall change "liability" to "liability for damages" in
65.11 Minnesota Rules, part 3315.0555, subpart 1.

65.12 (b) The revisor of statutes shall change "entitled to" to "eligible for" in Minnesota
65.13 Statutes, section 268.085, subdivision 1, clause (6).

65.14 (c) The revisor of statutes shall change "shall calculate" to "must calculate" in
65.15 Minnesota Statutes, section 268.035, subdivision 23.

65.16 (d) The revisor of statutes shall renumber Minnesota Statutes, section 268.035,
65.17 subdivision 12d, to subdivision 12f.

65.18 (e) The revisor of statutes shall reletter the paragraphs in Minnesota Statutes, section
65.19 268.085, subdivision 4, as follows:

65.20 (1) paragraph (a) shall be relettered paragraph (c); and

65.21 (2) paragraph (c) shall be relettered paragraph (a).

65.22 (f) The revisor of statutes shall renumber the reference to "clause (29)" to "clause
65.23 (27)" in Minnesota Statutes, section 268.046, subdivision 1.

65.24 (g) The revisor of statutes shall renumber the reference to "clause (10)" to "clause
65.25 (8)" in Minnesota Statutes, section 383C.19.

65.26 **Sec. 8. EFFECTIVE DATE.**

65.27 This article is effective July 31, 2016, and applies to all matters pending a
65.28 determination or a decision by an unemployment law judge.

65.29 **ARTICLE 11**

65.30 **TELEPHONE REGULATION**

65.31 Section 1. Minnesota Statutes 2014, section 237.01, is amended by adding a
65.32 subdivision to read:

66.1 **Subd. 9. Voice-over-Internet protocol service.** "Voice-over-Internet protocol
66.2 service" or "VoIP service" means any service that (1) enables real-time two-way voice
66.3 communications that originate from or terminate at the user's location in Internet protocol
66.4 or any successor protocol, and (2) permits users generally to receive calls that originate
66.5 on the public switched telephone network and terminate calls to the public switched
66.6 telephone network.

66.7 Sec. 2. Minnesota Statutes 2014, section 237.01, is amended by adding a subdivision
66.8 to read:

66.9 **Subd. 10. Internet protocol-enabled service.** "Internet protocol-enabled service"
66.10 or "IP-enabled service" means any service, capability, functionality, or application
66.11 provided using Internet protocol, or any successor protocol, that enables an end user to
66.12 send or receive a communication in Internet protocol format or any successor format,
66.13 regardless of whether that communication is voice, data, or video.

66.14 Sec. 3. **[237.037] VOICE-OVER-INTERNET PROTOCOL SERVICE AND**
66.15 **INTERNET PROTOCOL-ENABLED SERVICE.**

66.16 **Subdivision 1. Regulation prohibited.** Except as provided in this section, no
66.17 state agency, including the commission and the Department of Commerce, or political
66.18 subdivision of this state shall by rule, order, or other means directly or indirectly regulate
66.19 the entry, rates, terms, quality of service, availability, classification, or any other aspect of
66.20 VoIP service or IP-enabled service.

66.21 **Subd. 2. VoIP regulation.** (a) To the extent permitted by federal law, VoIP service
66.22 is subject to the requirements of sections 237.49, 237.52, 237.70, and 403.11 with regard
66.23 to the collection and remittance of the surcharges governed by those sections.

66.24 (b) A service provider required by state or federal law to provide 911 service must
66.25 comply with all the requirements of chapter 403 regarding the provision of 911 service by
66.26 a service provider.

66.27 **Subd. 3. Relation to other law.** Nothing in this section restricts, creates, expands,
66.28 or otherwise affects or modifies:

66.29 (1) the commission's authority under the Federal Communications Act of 1934,
66.30 United States Code, title 47, sections 251 and 252;

66.31 (2) any applicable wholesale tariff or any commission authority related to wholesale
66.32 services;

66.33 (3) any commission jurisdiction over (i) intrastate switched access rates, terms,
66.34 and conditions, including the implementation of federal law with respect to intercarrier

67.1 compensation, or (ii) existing commission authority to address or affect the resolution of
 67.2 disputes regarding intercarrier compensation;

67.3 (4) the rights of any entity, or the authority of the commission and local government
 67.4 authorities, with respect to the use and regulation of public rights-of-way under sections
 67.5 237.162 and 237.163; or

67.6 (5) the establishment or enforcement of standards, requirements or procedures in
 67.7 procurement policies, internal operational policies, or work rules of any state agency or
 67.8 political subdivision of the state relating to the protection of individual property.

67.9 Subd. 4. **Exemption.** The following services delivered by IP-enabled service are
 67.10 not regulated under this chapter:

67.11 (1) video services provided by a cable communications system, as defined in section
 67.12 238.02, subdivision 3; or

67.13 (2) cable service, as defined in United States Code, title 47, section 522, clause (6); or

67.14 (3) any other IP-enabled video service.

67.15 **ARTICLE 12**

67.16 **BROADBAND DEVELOPMENT**

67.17 Section 1. Minnesota Statutes 2015 Supplement, section 116J.394, is amended to read:

67.18 **116J.394 DEFINITIONS.**

67.19 (a) For the purposes of sections 116J.394 to ~~116J.396~~ 116J.398, the following terms
 67.20 have the meanings given them.

67.21 (b) "Broadband" or "broadband service" has the meaning given in section 116J.39,
 67.22 subdivision 1, paragraph (b).

67.23 (c) "Broadband infrastructure" means networks of deployed telecommunications
 67.24 equipment and technologies necessary to provide high-speed Internet access and other
 67.25 advanced telecommunications services for end users.

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

67.28 (e) "Last-mile infrastructure" means broadband infrastructure that serves as the
 67.29 final leg connecting the broadband service provider's network to the end-use customer's
 67.30 on-premises telecommunications equipment.

67.31 (f) "Middle-mile infrastructure" means broadband infrastructure that links a
 67.32 broadband service provider's core network infrastructure to last-mile infrastructure.

67.33 (g) "Political subdivision" means any county, city, town, school district, special
 67.34 district or other political subdivision, or public corporation.

68.1 (h) "Underserved areas" means areas of Minnesota in which households or businesses
68.2 lack access to wire-line broadband service at speeds that meet the state broadband goals of
68.3 ten to 20 megabits per second download and five to ten megabits per second upload.

68.4 (i) "Unserved areas" means areas of Minnesota in which households or businesses
68.5 lack access to wire-line broadband service, as defined in section 116J.39.

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

68.7 Sec. 2. Minnesota Statutes 2014, section 116J.395, subdivision 4, is amended to read:

68.8 Subd. 4. **Application process.** (a) An eligible applicant must submit an application
68.9 to the commissioner on a form prescribed by the commissioner. The commissioner shall
68.10 develop administrative procedures governing the application and grant award process.
68.11 The commissioner shall act as fiscal agent for the grant program and shall be responsible
68.12 for receiving and reviewing grant applications and awarding grants under this section.

68.13 (b) At least 30 days prior to the first day applications may be submitted each fiscal
68.14 year, the commissioner must publish the specific criteria and any quantitative weighting
68.15 scheme or scoring system the commissioner will use to evaluate or rank applications and
68.16 award grants under subdivision 6 on the department's Web site.

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

68.18 Sec. 3. Minnesota Statutes 2014, section 116J.395, is amended by adding a subdivision
68.19 to read:

68.20 Subd. 5a. **Incumbent right of first refusal.** (a) An applicant shall submit a copy of
68.21 its application to all incumbent broadband service providers operating in the geographic
68.22 area in which the proposed project is to be located at the same time the application is
68.23 submitted to the commissioner.

68.24 (b) An applicant shall withdraw its application if it receives notice in writing from an
68.25 incumbent broadband service provider of the service provider's intention and commitment
68.26 to begin construction, within 12 months of the date on which grant awards are to be
68.27 made under this section, and to complete construction within 24 months of that date, of a
68.28 project to extend or upgrade broadband service to speeds equal to or greater than the state
68.29 broadband speed goal contained in section 237.012, subdivision 1, throughout the area in
68.30 which the proposed project that is the subject of the application is to be located.

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

68.32 Sec. 4. Minnesota Statutes 2014, section 116J.395, subdivision 6, is amended to read:

69.1 Subd. 6. **Awarding grants.** (a) In evaluating applications and awarding grants, the
69.2 commissioner shall give priority to applications that are constructed in areas identified by
69.3 the director of the Office of Broadband Development as unserved.

69.4 (b) In evaluating applications and awarding grants, the commissioner may give
69.5 priority to applications that:

69.6 (1) are constructed in areas identified by the director of the Office of Broadband
69.7 Development as underserved;

69.8 (2) offer new or substantially upgraded broadband service to important community
69.9 institutions including, but not limited to, libraries, educational institutions, public safety
69.10 facilities, and healthcare facilities;

69.11 (3) facilitate the use of telemedicine and electronic health records;

69.12 (4) serve economically distressed areas of the state, as measured by indices of
69.13 unemployment, poverty, or population loss that are significantly greater than the statewide
69.14 average;

69.15 (5) provide technical support and train residents, businesses, and institutions in the
69.16 community served by the project to utilize broadband service;

69.17 (6) include a component to actively promote the adoption of the newly available
69.18 broadband services in the community;

69.19 (7) provide evidence of strong support for the project from citizens, government,
69.20 businesses, and institutions in the community;

69.21 (8) provide access to broadband service to a greater number of unserved or
69.22 underserved households and businesses; or

69.23 (9) leverage greater amounts of funding for the project from other private and
69.24 public sources.

69.25 (c) The commissioner shall endeavor to award grants under this section to qualified
69.26 applicants in all regions of the state.

69.27 (d) Within 90 days after the first grant is awarded under this section in a fiscal year,
69.28 the commissioner shall notify in writing each applicant who did not receive a grant why
69.29 the specific application was unsuccessful.

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

69.31 Sec. 5. Minnesota Statutes 2014, section 116J.395, is amended by adding a subdivision
69.32 to read:

69.33 **Subd. 8. Application evaluation report.** By June 30 of each year, the Office of
69.34 Broadband Development shall place on the Department of Employment and Economic
69.35 Development's Web site and provide to the chairs and ranking minority members of the

70.1 senate and house of representatives committees with primary jurisdiction over broadband
70.2 a list of all applications for grants under this section received during the previous year
70.3 and, for each application:

70.4 (1) the results of any quantitative weighting scheme or scoring system the
70.5 commissioner used to award grants or rank the applications;

70.6 (2) the grant amount requested; and

70.7 (3) the grant amount awarded, if any.

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

70.9 The initial report submission required under this section is due June 30, 2016.

70.10 **Sec. 6. [116J.397] UPDATED BROADBAND DEPLOYMENT DATA AND MAPS.**

70.11 Beginning in 2016, and continuing each year thereafter, the Office of Broadband
70.12 Development shall contract with one or more independent organizations that have
70.13 extensive experience working with Minnesota broadband providers to:

70.14 (1) collect broadband deployment data from Minnesota providers, verify its accuracy
70.15 through on-the-ground testing, and create state and county maps available to the public by
70.16 February 1, 2017, and each February 1 thereafter, showing the availability of broadband
70.17 service at various upload and download speeds throughout Minnesota;

70.18 (2) analyze the deployment data collected to help inform future investments in
70.19 broadband infrastructure; and

70.20 (3) conduct business and residential surveys that measure broadband adoption and
70.21 use in the state.

70.22 Data provided by a broadband provider under this section is nonpublic data under
70.23 section 13.02, subdivision 9. Maps produced under this paragraph are public data under
70.24 section 13.03.

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

70.26 **Sec. 7. [116J.398] BROADBAND PREVAILING WAGE EXEMPTION.**

70.27 Notwithstanding any other law to the contrary, Sections 116J.871 and 177.41
70.28 through 177.44 do not apply to the construction, installation, remodeling, and repair of last
70.29 mile infrastructure as defined under section 116J.394, paragraph (e).

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

70.31 **Sec. 8.** Minnesota Statutes 2014, section 237.012, subdivision 1, is amended to read:

71.1 Subdivision 1. **Universal access and high-speed goal.** It is a state goal that as soon
 71.2 as possible, but no later than ~~2015~~ 2020, all state residents and businesses have access to
 71.3 high-speed broadband that provides minimum download speeds of ten to 20 megabits per
 71.4 second and minimum upload speeds of five to ten megabits per second.

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

71.6 Sec. 9. Minnesota Statutes 2014, section 237.012, subdivision 2, is amended to read:

71.7 Subd. 2. **State broadband leadership position.** It is a goal of the state that by
 71.8 ~~2015~~ 2020 and thereafter, the state be in:

71.9 (1) the top five states of the United States for broadband speed universally accessible
 71.10 to residents and businesses;

71.11 (2) the top five states for broadband access; and

71.12 (3) the top 15 when compared to countries globally for broadband penetration.

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

71.14 **ARTICLE 13**

71.15 **ENERGY**

71.16 Section 1. Minnesota Statutes 2014, section 116C.779, subdivision 1, is amended to
 71.17 read:

71.18 Subdivision 1. **Renewable development account.** (a) Except as provided in
 71.19 subdivision 1a, the public utility that owns the Prairie Island nuclear generating plant
 71.20 must transfer to a renewable development account \$500,000 each year for each dry cask
 71.21 containing spent fuel that is located at the Prairie Island power plant for each year the plant
 71.22 is in operation, and \$7,500,000 each year the plant is not in operation if ordered by the
 71.23 commission pursuant to paragraph (c). The fund transfer must be made if nuclear waste
 71.24 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for
 71.25 any part of a year.

71.26 (b) Except as provided in subdivision 1a, the public utility that owns the Monticello
 71.27 nuclear generating plant must transfer to the renewable development account \$350,000
 71.28 each year for each dry cask containing spent fuel that is located at the Monticello nuclear
 71.29 power plant for each year the plant is in operation, and \$5,250,000 each year the plant is
 71.30 not in operation if ordered by the commission pursuant to paragraph (c). The fund transfer
 71.31 must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage
 71.32 facility at Monticello for any part of a year.

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

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

72.10 (1) to increase the market penetration within the state of renewable electric energy
72.11 resources at reasonable costs;

72.12 (2) to promote the start-up, expansion, and attraction of renewable electric energy
72.13 projects and companies within the state;

72.14 (3) to stimulate research and development within the state into renewable electric
72.15 energy technologies; and

72.16 (4) to develop near-commercial and demonstration scale renewable electric projects
72.17 or near-commercial and demonstration scale electric infrastructure delivery projects if
72.18 those delivery projects enhance the delivery of renewable electric energy.

72.19 The utility that owns a nuclear generating plant is eligible to apply for renewable
72.20 development account grants.

72.21 (e) Expenditures authorized by this subdivision from the account may be made only
72.22 after approval by order of the Public Utilities Commission upon a petition by the public
72.23 utility. The commission may approve proposed expenditures, may disapprove proposed
72.24 expenditures that it finds to be not in compliance with this subdivision or otherwise
72.25 not in the public interest, and may, if agreed to by the public utility, modify proposed
72.26 expenditures. The commission may approve reasonable and necessary expenditures
72.27 for administering the account in an amount not to exceed five percent of expenditures.
72.28 Commission approval is not required for expenditures required under subdivisions 2
72.29 and 3, section 116C.7791, or other law.

72.30 (f) The account shall be managed by the public utility but the public utility must
72.31 consult about account expenditures with an advisory group that includes, among others,
72.32 representatives of its ratepayers. The commission may require that other interests be
72.33 represented on the advisory group. The advisory group must be consulted with respect to
72.34 the general scope of expenditures in designing a request for proposal and in evaluating
72.35 projects submitted in response to a request for proposals. In addition to consulting with the
72.36 advisory group, the public utility must utilize an independent third-party expert to evaluate

73.1 proposals submitted in response to a request for proposal, including all proposals made by
73.2 the public utility. A request for proposal for research and development under paragraph (d),
73.3 clause (3), may be limited to or include a request to higher education institutions located in
73.4 Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for
73.5 multiple projects may include a provision that exempts the projects from the third-party
73.6 expert review and instead provides for project evaluation and selection by a merit peer
73.7 review grant system. The utility should attempt to reach agreement with the advisory
73.8 group after consulting with it but the utility has full and sole authority to determine which
73.9 expenditures shall be submitted to the commission for commission approval. In the
73.10 process of determining request for proposal scope and subject and in evaluating responses
73.11 to request for proposals, the public utility must strongly consider, where reasonable,
73.12 potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

73.13 (g) Funds in the account may not be directly appropriated by the legislature by a law
73.14 enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date
73.15 may be expended only pursuant to an order of the commission according to this subdivision.

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

73.19 (i) The public utility must annually, by February 15, report to the chairs and ranking
73.20 minority members of the legislative committees with jurisdiction over energy policy on
73.21 projects funded by the account for the prior year and all previous years. The report must,
73.22 to the extent possible and reasonable, itemize the actual and projected financial benefit to
73.23 the public utility's ratepayers of each project.

73.24 (j) A project receiving funds from the account must produce a written final report
73.25 that includes sufficient detail for technical readers and a clearly written summary for
73.26 nontechnical readers. The report must include an evaluation of the project's financial,
73.27 environmental, and other benefits to the state and the public utility's ratepayers.

73.28 (k) Final reports, any mid-project status reports, and renewable development account
73.29 financial reports must be posted online on a public Web site designated by the commission.

73.30 (l) All final reports must acknowledge that the project was made possible in whole
73.31 or part by the Minnesota renewable development fund, noting that the fund is financed
73.32 by the public utility's ratepayers.

73.33 Sec. 2. Minnesota Statutes 2014, section 116C.779, is amended by adding a subdivision
73.34 to read:

74.1 Subd. 1a. **Payment termination.** (a) The commissioner shall track the cumulative
 74.2 transfers made to the account each year since 1999 for each dry cask containing spent fuel
 74.3 that is stored at an independent spent-fuel storage facility at Prairie Island and Monticello.
 74.4 During the time when state law required the public utility to transfer a specific amount of
 74.5 funds to the account for all the casks stored, the per-cask allocation shall be calculated by
 74.6 dividing the total amount transferred by the number of casks stored that year.

74.7 (b) When the commissioner determines that the cumulative transfers calculated
 74.8 under paragraph (a) for a specific cask reach \$10,000,000, the commissioner shall notify
 74.9 the public utility that no additional transfers to the account for that cask shall be made.

74.10 (c) This subdivision does not affect any provisions of subdivision 1, paragraph (a) or
 74.11 (b), with respect to transfers to the account made after a plant has ceased operation.

74.12 Sec. 3. Minnesota Statutes 2014, section 216A.03, subdivision 1, is amended to read:

74.13 Subdivision 1. **Members.** The Public Utilities Commission shall consist of ~~five~~ nine
 74.14 members, ~~eight~~ of whom shall each represent one of the state's congressional districts, and
 74.15 one member appointed at large. At the time of appointment, each member, except for the
 74.16 at-large appointee, must reside in the congressional district the member is to represent.

74.17 The terms of members shall be six years and until their successors have been appointed
 74.18 and qualified. Each commissioner shall be appointed by the governor by and with the
 74.19 advice and consent of the senate. Not more than ~~three~~ five commissioners shall belong
 74.20 to the same political party. ~~At least one commissioner must have been domiciled at the~~
 74.21 ~~time of appointment outside the seven-county metropolitan area. If the membership of the~~
 74.22 ~~commission after July 31, 1986, does not consist of at least one member domiciled at the~~
 74.23 ~~time of appointment outside the seven-county metropolitan area, the membership shall~~
 74.24 ~~conform to this requirement following normal attrition of the present commissioners. The~~
 74.25 governor when selecting commissioners shall give consideration to persons learned in the
 74.26 law or persons who have engaged in the profession of engineering, public accounting,
 74.27 property and utility valuation, finance, physical or natural sciences, production agriculture,
 74.28 or natural resources as well as being representative of the general public.

74.29 ~~For purposes of this subdivision, "seven-county metropolitan area" means Anoka,~~
 74.30 ~~Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.~~

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

74.32 Sec. 4. Minnesota Statutes 2014, section 216A.03, is amended by adding a subdivision
 74.33 to read:

75.1 Subd. 2c. **Transition.** (a) Until the governor has appointed commissioners from
75.2 each congressional district and one at-large commissioner, this subdivision governs
75.3 membership of the commission.

75.4 (b) Members of the commission as of July 1, 2016 shall continue to serve until the
75.5 expiration of their term.

75.6 (c) No later than October 1, 2016, the governor shall appoint commissioners from
75.7 the first, seventh, and eighth congressional districts for terms to begin January 2, 2017.

75.8 (d) No later than October 1, 2018, the governor shall appoint a commissioner from
75.9 the second congressional district for a term to begin January 7, 2019.

75.10 (e) No later than October 1, 2019, the governor shall appoint commissioners from
75.11 the third, fourth, and fifth congressional districts for terms to begin January 6, 2020.

75.12 (f) No later than October 1, 2020, the governor shall appoint a commissioner from
75.13 the sixth congressional district for a term to begin January 4, 2021.

75.14 (g) No later than October 1, 2021, the governor shall appoint an at-large
75.15 commissioner for a term to begin January 3, 2022.

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

75.17 Sec. 5. **[216B.1615] ELECTRIC COOPERATIVE ALTERNATIVE RATE CASE**
75.18 **PROCESS.**

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

75.21 (b) "Base revenue" means the revenue generated by permanent rates and charges,
75.22 excluding revenue generated through (1) rider mechanisms, and (2) miscellaneous service
75.23 charges.

75.24 (c) "CFC" means the National Rural Utilities Cooperative Finance Corporation.

75.25 (d) "Rate structure change" means any of the following: (1) introduction of a new
75.26 rate schedule; (2) elimination of an existing rate schedule; (3) a change in base revenue
75.27 generated by any one rate class greater than 1.5 times the overall base revenue percent
75.28 increase; or (4) a change greater than 25 percent in the customer charge within a rate
75.29 schedule for residential customers.

75.30 (e) "RUS" means the United States Department of Agriculture, Rural Utilities
75.31 Service.

75.32 (f) "Test year" means a cooperative association's historic 12-month actual operating
75.33 results, adjusted for known and measurable changes.

76.1 Subd. 2. Eligibility. A cooperative association may propose and the commission
76.2 may approve a general rate application under this section, provided all of the following
76.3 eligibility criteria are met:

76.4 (1) the cooperative is subject to rate regulation by the commission through a member
76.5 vote under section 216B.026;

76.6 (2) the commission has issued a final determination, as defined in section 216B.16,
76.7 subdivision 2, regarding a rate change within the 180-month period immediately preceding
76.8 the filing of the cooperative's rate application;

76.9 (3) the commission's final determination in the cooperative's most recent general rate
76.10 case or alternative rate case process resulted in the cooperative receiving a minimum of 80
76.11 percent of its original revenue increase request;

76.12 (4) the cooperative has not filed a rate application under this section within the 12
76.13 months immediately preceding the filing of the cooperative's rate application;

76.14 (5) the cooperative is required by law or contract to make a certified annual financial
76.15 and statistical report to (i) a federal agency, including the RUS or the Federal Energy
76.16 Regulatory Commission, or (ii) an established national nonprofit lender that specializes
76.17 in the utility industry, including the CFC;

76.18 (6) the test year used in the cooperative's rate application complies with the
76.19 definition of a test year in subdivision 1;

76.20 (7) the cooperative's rate application includes audited financials for a period ending
76.21 no more than nine months before the beginning of the test year;

76.22 (8) the cooperative's rate application proposes an increase in total base revenue no
76.23 greater than six percent of the test year actual total base revenue;

76.24 (9) the cooperative's rate application proposes only a change in its monthly fixed
76.25 charges or volumetric charges, and does not include: (i) a change in an existing surcharge
76.26 or refund mechanism; (ii) adoption of a new surcharge or refund mechanism, unless
76.27 incorporating a charge or charges otherwise previously approved by the commission; or
76.28 (iii) adoption of a new connection or other fixed fee;

76.29 (10) the cooperative's rate application does not propose a rate structure change;

76.30 (11) the cooperative's rate application does not request consolidation with any other
76.31 docket; and

76.32 (12) the customer notice provided by the cooperative meets the requirements of
76.33 subdivision 4.

76.34 Subd. 3. Notice. A cooperative is prohibited from changing a rate that has been duly
76.35 established under this chapter, except upon 60 days' notice to the commission. The notice
76.36 for an application to change a rate under this subdivision must include the information in

77.1 subdivision 4, clause (5). The cooperative must also give written notice of the proposed
77.2 change to the governing body of each municipality and county in the area affected, and
77.3 must publish notice of the proposed change in newspapers of general circulation in all
77.4 county seats in its service area.

77.5 Subd. 4. **Filing requirements.** A cooperative filing for alternative rate review and
77.6 approval under this subdivision must provide:

77.7 (1) the name, address, and telephone number of the cooperative, without abbreviation;

77.8 (2) the name, address, and telephone number of the attorney for the cooperative, if
77.9 the cooperative is using an attorney;

77.10 (3) the date of the filing and the date the proposed rate change will go into effect;

77.11 (4) the signature and title of the utility employee responsible for the filing;

77.12 (5) a brief summary of the rate request, including sufficient detail to inform

77.13 potentially interested parties of its nature and general content;

77.14 (6) the information required under Minnesota Rules, parts 7825.3900 to 7829.4400,
77.15 as applicable for a cooperative;

77.16 (7) a copy of audited financials for the cooperative, for a period ending no earlier
77.17 than nine months before the beginning of the test year; and

77.18 (8) any additional information necessary for the commission to confirm the
77.19 eligibility of the cooperative for alternative review, as established under subdivision 2.

77.20 Subd. 5. **Interim rates.** If the cooperative rate application follows the alternative
77.21 procedure, interim rates up to 50 percent of the requested revenue increase must be
77.22 allowed and put into effect not later than 60 days after the rate application is filed. If the
77.23 commission fails to confirm that the application qualifies for the alternative rate case
77.24 process within 20 days after receipt of the application, the cooperative may implement
77.25 interim rates consistent with section 216B.16, subdivision 3.

77.26 Subd. 6. **Eligibility and sufficiency review.** Any person who objects to the
77.27 cooperative's rate application under this section must file an objection within 20 days of
77.28 the date of the application. The cooperative may reply within ten days of the date of an
77.29 objection. Within 30 days after the deadline for objections, the commission must determine
77.30 whether the cooperative is eligible and has met all applicable filing requirements. If the
77.31 commission determines the application is complete and the cooperative is eligible, the
77.32 application must be reviewed under subdivision 7.

77.33 Subd. 7. **Review and report.** Upon acceptance of an application by the commission,
77.34 the department must conduct a substantive review of the application and file its report and
77.35 recommendations within 90 days. The department review must consider the cooperative's
77.36 use of models and methodologies approved by the commission in prior general rate

78.1 case proceedings, and may request an extension of 30 days for the filing of its report if
78.2 necessary to fully review the application. Any interested party may also file comments
78.3 concurrently with the filing of the department report. The cooperative, the department,
78.4 and any interested person or party may file a response to the report within 15 days.

78.5 Subd. 8. **Final decision.** The commission must make its final decision regarding a
78.6 rate increase application under this section within 180 days of submission of a complete
78.7 application, unless the commission has granted a department extension request under
78.8 subdivision 7. If the commission has granted the department's extension request, the
78.9 commission must make its final determination within 210 days. The commission must
78.10 approve the cooperative's application unless it determines that the resulting rates would be
78.11 unjust and unreasonable. If the rates are deemed unjust and unreasonable, the commission
78.12 must determine the rates the cooperative may charge for the service or services in question.

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

78.14 Sec. 6. Minnesota Statutes 2014, section 216B.1641, is amended to read:

78.15 **216B.1641 COMMUNITY SOLAR GARDEN.**

78.16 (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a
78.17 plan with the commission to operate a community solar garden program which shall begin
78.18 operations within 90 days after commission approval of the plan. Other public utilities
78.19 may file an application at their election. The community solar garden program must be
78.20 designed to offset the energy use of not less than five subscribers in each community
78.21 solar garden facility of which no single subscriber has more than a 40 percent interest.
78.22 The owner of the community solar garden may be a public utility or any other entity or
78.23 organization that contracts to sell the output from the community solar garden to the
78.24 utility under section 216B.164. There shall be no limitation on the number or cumulative
78.25 generating capacity of community solar garden facilities other than the limitations imposed
78.26 under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

78.27 (b) A solar garden is a facility that generates electricity by means of a ground-mounted
78.28 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for
78.29 the electricity generated in proportion to the size of their subscription. The solar garden
78.30 must have a nameplate capacity of no more than one megawatt. Each subscription shall be
78.31 sized to represent at least 200 watts of the community solar garden's generating capacity
78.32 and to supply, when combined with other distributed generation resources serving the
78.33 premises, no more than 120 percent of the average annual consumption of electricity by
78.34 each subscriber at the premises to which the subscription is attributed.

79.1 (c) The solar generation facility must be located in the service territory of the public
79.2 utility filing the plan. Subscribers must be retail customers of the public utility located in
79.3 the same county or a county contiguous to where the facility is located.

79.4 (d) The public utility must purchase from the community solar garden all energy
79.5 generated by the solar garden. The purchase shall be at the rate calculated under section
79.6 216B.164, subdivision 10, or, until that rate for the public utility has been approved by
79.7 the commission, the applicable retail rate. A solar garden is eligible for any incentive
79.8 programs offered under either section 116C.7792 or section 216C.415. A subscriber's
79.9 portion of the purchase shall be provided by a credit on the subscriber's bill.

79.10 (e) The commission may approve, disapprove, or modify a community solar garden
79.11 program. Any plan approved by the commission must:

79.12 (1) reasonably allow for the creation, financing, and accessibility of community
79.13 solar gardens;

79.14 (2) establish uniform standards, fees, and processes for the interconnection
79.15 of community solar garden facilities that allow the utility to recover reasonable
79.16 interconnection costs for each community solar garden;

79.17 (3) not apply different requirements to utility and nonutility community solar garden
79.18 facilities;

79.19 (4) be consistent with the public interest;

79.20 (5) identify the information that must be provided to potential subscribers to ensure
79.21 fair disclosure of future costs and benefits of subscriptions;

79.22 (6) include a program implementation schedule;

79.23 (7) identify all proposed rules, fees, and charges; ~~and~~

79.24 (8) identify the means by which the program will be promoted; ~~;~~

79.25 (9) certify that the utility and the owner of a solar garden must submit copies of all
79.26 marketing and promotional material and sample contracts to the commission, and that
79.27 the materials will be updated periodically;

79.28 (10) provide a mechanism for subscribers to transfer subscriptions to other new or
79.29 current subscribers;

79.30 (11) require an owner of a solar garden and the utility purchasing electricity
79.31 generated by the solar garden to forward customer complaints regarding the operation of
79.32 the solar garden to the commission; and

79.33 (12) reflect the commission's determination that:

79.34 (i) the plan is financially viable; and

79.35 (ii) the contract between a subscriber and the owner of a solar garden is fair,
79.36 reasonable, and not discriminatory.

80.1 (f) Notwithstanding any other law, neither the manager of nor the subscribers to a
80.2 community solar garden facility shall be considered a utility solely as a result of their
80.3 participation in the community solar garden facility.

80.4 (g) Within 180 days of commission approval of a plan under this section, a utility
80.5 shall begin crediting subscriber accounts for each community solar garden facility in
80.6 its service territory, and shall file with the commissioner of commerce a description of
80.7 its crediting system.

80.8 (h) For the purposes of this section, the following terms have the meanings given:

80.9 (1) "subscriber" means a retail customer of a utility who owns one or more
80.10 subscriptions of a community solar garden facility interconnected with that utility; and

80.11 (2) "subscription" means a contract between a subscriber and the owner of a solar
80.12 garden.

80.13 **EFFECTIVE DATE.** This section is effective the day following final enactment
80.14 and applies to any plan submitted to the commission for approval on or after that date.

80.15 Sec. 7. Minnesota Statutes 2014, section 216B.241, subdivision 1, is amended to read:

80.16 Subdivision 1. **Definitions.** For purposes of this section and section 216B.16,
80.17 subdivision 6b, the terms defined in this subdivision have the meanings given them.

80.18 (a) "Commission" means the Public Utilities Commission.

80.19 (b) "Commissioner" means the commissioner of commerce.

80.20 (c) "Department" means the Department of Commerce.

80.21 (d) "Energy conservation" means demand-side management of energy supplies
80.22 resulting in a net reduction in energy use. Load management that reduces overall energy
80.23 use is energy conservation.

80.24 (e) "Energy conservation improvement" means a project that results in energy
80.25 efficiency or energy conservation. Energy conservation improvement may include waste
80.26 heat that is recovered and converted into electricity, but does not include electric utility
80.27 infrastructure projects approved by the commission under section 216B.1636. Energy
80.28 conservation improvement also includes waste heat recovered and used as thermal energy.

80.29 (f) "Energy efficiency" means measures or programs, including energy conservation
80.30 measures or programs, that target consumer behavior, equipment, processes, or devices
80.31 designed to produce either an absolute decrease in consumption of electric energy or natural
80.32 gas or a decrease in consumption of electric energy or natural gas on a per unit of production
80.33 basis without a reduction in the quality or level of service provided to the energy consumer.

80.34 (g) "Gross annual retail energy sales" means annual electric sales to all retail
80.35 customers in a utility's or association's Minnesota service territory or natural gas

81.1 throughput to all retail customers, including natural gas transportation customers, on a
81.2 utility's distribution system in Minnesota. For purposes of this section, gross annual
81.3 retail energy sales exclude:

81.4 (1) gas sales to:

81.5 (i) a large energy facility;

81.6 (ii) a large customer facility whose natural gas utility has been exempted by the
81.7 commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made
81.8 to the large customer facility; and

81.9 (iii) a commercial gas customer facility whose natural gas utility has been exempted
81.10 by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales
81.11 made to the commercial gas customer facility; and

81.12 (iv) a pipeline facility; and

81.13 (2) electric sales to:

81.14 (i) a large customer facility whose electric utility has been exempted by the
81.15 commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to
81.16 the large customer facility; and

81.17 (ii) a pipeline facility.

81.18 (h) "Investments and expenses of a public utility" includes the investments
81.19 and expenses incurred by a public utility in connection with an energy conservation
81.20 improvement, including but not limited to:

81.21 (1) the differential in interest cost between the market rate and the rate charged on a
81.22 no-interest or below-market interest loan made by a public utility to a customer for the
81.23 purchase or installation of an energy conservation improvement;

81.24 (2) the difference between the utility's cost of purchase or installation of energy
81.25 conservation improvements and any price charged by a public utility to a customer for
81.26 such improvements.

81.27 (i) "Large customer facility" means all buildings, structures, equipment, and
81.28 installations at a single site that collectively (1) impose a peak electrical demand on an
81.29 electric utility's system of not less than 20,000 kilowatts, measured in the same way as the
81.30 utility that serves the customer facility measures electrical demand for billing purposes or
81.31 (2) consume not less than 500 million cubic feet of natural gas annually. In calculating
81.32 peak electrical demand, a large customer facility may include demand offset by on-site
81.33 cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy
81.34 demand from the large customer facility's mining and processing operations.

81.35 (j) "Large energy facility" has the meaning given it in section 216B.2421,
81.36 subdivision 2, clause (1).

82.1 (k) "Load management" means an activity, service, or technology to change the
82.2 timing or the efficiency of a customer's use of energy that allows a utility or a customer to
82.3 respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

82.4 (l) "Low-income programs" means energy conservation improvement programs that
82.5 directly serve the needs of low-income persons, including low-income renters.

82.6 (m) "Petroleum products" has the meaning given in section 296A.01, subdivision 42,
82.7 and includes propane, as defined in section 216B.02, subdivision 3a.

82.8 (n) "Pipeline facility" means a pipeline located within Minnesota with a diameter of
82.9 six inches or greater and through which natural gas, petroleum, or petroleum products are
82.10 transported under pressure to a utility, petroleum refinery, or other wholesale customer.
82.11 Pipeline facility includes natural gas compressor stations, petroleum pumping stations,
82.12 and other facilities necessary to physically transport fuel through a pipeline to a wholesale
82.13 customer, but does not include facilities used to transport natural gas, petroleum, or
82.14 petroleum products within a petroleum refinery, storage, or manufacturing facility.

82.15 (o) "Qualifying utility" means a utility that supplies the energy to a customer that
82.16 enables the customer to qualify as a large customer facility.

82.17 ~~(n)~~ (p) "Waste heat recovered and used as thermal energy" means capturing
82.18 heat energy that would otherwise be exhausted or dissipated to the environment from
82.19 machinery, buildings, or industrial processes and productively using such recovered
82.20 thermal energy where it was captured or distributing it as thermal energy to other locations
82.21 where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

82.22 ~~(o)~~ (q) "Waste heat recovery converted into electricity" means an energy recovery
82.23 process that converts otherwise lost energy from the heat of exhaust stacks or pipes used
82.24 for engines or manufacturing or industrial processes, or the reduction of high pressure
82.25 in water or gas pipelines.

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

82.27 Sec. 8. Minnesota Statutes 2014, section 216B.241, subdivision 1a, is amended to read:

82.28 Subd. 1a. **Investment, expenditure, and contribution; public utility.** (a) For
82.29 purposes of this subdivision and subdivision 2, "public utility" has the meaning given it
82.30 in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy
82.31 conservation improvements under this subdivision and subdivision 2 the following
82.32 amounts:

82.33 (1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues
82.34 from service provided in the state;

83.1 (2) for a utility that furnishes electric service, 1.5 percent of its gross operating
83.2 revenues from service provided in the state; and

83.3 (3) for a utility that furnishes electric service and that operates a nuclear-powered
83.4 electric generating plant within the state, two percent of its gross operating revenues
83.5 from service provided in the state.

83.6 For purposes of this paragraph (a), "gross operating revenues" do not include
83.7 revenues from large customer facilities exempted under paragraph (b), ~~or~~ from commercial
83.8 gas customers that are exempted under paragraph (c) or (e), or from a customer that is
83.9 a pipeline facility.

83.10 (b) The owner of a large customer facility may petition the commissioner to exempt
83.11 both electric and gas utilities serving the large customer facility from the investment and
83.12 expenditure requirements of paragraph (a) with respect to retail revenues attributable to
83.13 the large customer facility. The filing must include a discussion of the competitive or
83.14 economic pressures facing the owner of the facility and the efforts taken by the owner
83.15 to identify, evaluate, and implement energy conservation and efficiency improvements.
83.16 A filing submitted on or before October 1 of any year must be approved within 90 days
83.17 and become effective January 1 of the year following the filing, unless the commissioner
83.18 finds that the owner of the large customer facility has failed to take reasonable measures
83.19 to identify, evaluate, and implement energy conservation and efficiency improvements.
83.20 If a facility qualifies as a large customer facility solely due to its peak electrical demand
83.21 or annual natural gas usage, the exemption may be limited to the qualifying utility if
83.22 the commissioner finds that the owner of the large customer facility has failed to take
83.23 reasonable measures to identify, evaluate, and implement energy conservation and
83.24 efficiency improvements with respect to the nonqualifying utility. Once an exemption is
83.25 approved, the commissioner may request the owner of a large customer facility to submit,
83.26 not more often than once every five years, a report demonstrating the large customer
83.27 facility's ongoing commitment to energy conservation and efficiency improvement after
83.28 the exemption filing. The commissioner may request such reports for up to ten years after
83.29 the effective date of the exemption, unless the majority ownership of the large customer
83.30 facility changes, in which case the commissioner may request additional reports for up to
83.31 ten years after the change in ownership occurs. The commissioner may, within 180 days
83.32 of receiving a report submitted under this paragraph, rescind any exemption granted under
83.33 this paragraph upon a determination that the large customer facility is not continuing
83.34 to make reasonable efforts to identify, evaluate, and implement energy conservation
83.35 improvements. A large customer facility that is, under an order from the commissioner,
83.36 exempt from the investment and expenditure requirements of paragraph (a) as of

84.1 December 31, 2010, is not required to submit a report to retain its exempt status, except as
84.2 otherwise provided in this paragraph with respect to ownership changes. No exempt large
84.3 customer facility may participate in a utility conservation improvement program unless the
84.4 owner of the facility submits a filing with the commissioner to withdraw its exemption.

84.5 (c) A commercial gas customer that is not a large customer facility and that
84.6 purchases or acquires natural gas from a public utility having fewer than 600,000 natural
84.7 gas customers in Minnesota may petition the commissioner to exempt gas utilities serving
84.8 the commercial gas customer from the investment and expenditure requirements of
84.9 paragraph (a) with respect to retail revenues attributable to the commercial gas customer.
84.10 The petition must be supported by evidence demonstrating that the commercial gas
84.11 customer has acquired or can reasonably acquire the capability to bypass use of the utility's
84.12 gas distribution system by obtaining natural gas directly from a supplier not regulated by
84.13 the commission. The commissioner shall grant the exemption if the commissioner finds
84.14 that the petitioner has made the demonstration required by this paragraph.

84.15 (d) The commissioner may require investments or spending greater than the amounts
84.16 required under this subdivision for a public utility whose most recent advance forecast
84.17 required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100
84.18 megawatts or greater within five years under midrange forecast assumptions.

84.19 (e) A public utility or owner of a large customer facility may appeal a decision of the
84.20 commissioner under paragraph (b), (c), or (d) to the commission under subdivision 2. In
84.21 reviewing a decision of the commissioner under paragraph (b), (c), or (d), the commission
84.22 shall rescind the decision if it finds that the required investments or spending will:

84.23 (1) not result in cost-effective energy conservation improvements; or

84.24 (2) otherwise not be in the public interest.

84.25 (f) No pipeline facility may participate in a utility conservation improvement
84.26 program.

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

84.28 Sec. 9. Minnesota Statutes 2014, section 216B.241, subdivision 1c, is amended to read:

84.29 Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving
84.30 goals for energy conservation improvement expenditures and shall evaluate an energy
84.31 conservation improvement program on how well it meets the goals set.

84.32 (b) Each individual utility and association shall have an annual energy-savings
84.33 goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the
84.34 commissioner under paragraph (d). The savings goals must be calculated based on the
84.35 most recent three-year weather-normalized average. A utility or association may elect to

85.1 carry forward energy savings in excess of 1.5 percent for a year to the succeeding three
85.2 calendar years, except that savings from electric utility infrastructure projects allowed
85.3 under paragraph (d) may be carried forward for five years. A particular energy savings can
85.4 be used only for one year's goal.

85.5 (c) The commissioner must adopt a filing schedule that is designed to have all
85.6 utilities and associations operating under an energy-savings plan by calendar year 2010.

85.7 (d) In its energy conservation improvement plan filing, a utility or association may
85.8 request the commissioner to adjust its annual energy-savings percentage goal based on
85.9 its historical conservation investment experience, customer class makeup, load growth, a
85.10 conservation potential study, or other factors the ~~commissioner determines warrants~~ utility
85.11 or association asserts warrant an adjustment. The commissioner:

85.12 (1) must approve a request by a municipal utility or cooperative electric association
85.13 to adjust the utility's or association's annual energy-savings goal;

85.14 (2) may approve a request from a public utility to adjust its annual energy-savings
85.15 goal; and

85.16 (3) ~~may not approve~~ is prohibited from approving a plan of a public utility that
85.17 provides for an annual energy-savings goal of less than one percent of gross annual retail
85.18 energy sales from energy conservation improvements.

85.19 A public utility or association may include in its energy conservation plan energy
85.20 savings from electric utility infrastructure projects approved by the commission under
85.21 section 216B.1636 or waste heat recovery converted into electricity projects ~~that~~ each of
85.22 which may count as energy savings only in addition to a minimum energy-savings goal of
85.23 at least one percent for energy conservation improvements. Energy savings from electric
85.24 utility infrastructure projects, as defined in section 216B.1636, may be included in the
85.25 energy conservation plan of a municipal utility or cooperative electric association. Electric
85.26 utility infrastructure projects must result in increased energy efficiency greater than that
85.27 which would have occurred through normal maintenance activity.

85.28 (e) An energy-savings goal is not satisfied by attaining the revenue expenditure
85.29 requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the
85.30 energy-savings goal established in this subdivision.

85.31 (f) An association or utility is not required to make energy conservation investments
85.32 to attain the energy-savings goals of this subdivision that are not cost-effective even
85.33 if the investment is necessary to attain the energy-savings goals. For the purpose of
85.34 this paragraph, in determining cost-effectiveness, the commissioner shall consider the
85.35 costs and benefits to ratepayers, the utility, participants, and society. In addition, the

86.1 commissioner shall consider the rate at which an association or municipal utility is
86.2 increasing its energy savings and its expenditures on energy conservation.

86.3 (g) On an annual basis, the commissioner shall produce and make publicly available
86.4 a report on the annual energy savings and estimated carbon dioxide reductions achieved
86.5 by the energy conservation improvement programs for the two most recent years for
86.6 which data is available. The commissioner shall report on program performance both in
86.7 the aggregate and for each entity filing an energy conservation improvement plan for
86.8 approval or review by the commissioner.

86.9 (h) By January 15, 2010, the commissioner shall report to the legislature whether
86.10 the spending requirements under subdivisions 1a and 1b are necessary to achieve the
86.11 energy-savings goals established in this subdivision.

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

86.13 Sec. 10. Minnesota Statutes 2014, section 216B.243, subdivision 8, is amended to read:

86.14 Subd. 8. **Exemptions.** This section does not apply to:

86.15 (1) cogeneration or small power production facilities as defined in the Federal Power
86.16 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
86.17 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
86.18 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
86.19 any case where the commission has determined after being advised by the attorney general
86.20 that its application has been preempted by federal law;

86.21 (2) a high-voltage transmission line proposed primarily to distribute electricity to
86.22 serve the demand of a single customer at a single location, unless the applicant opts to
86.23 request that the commission determine need under this section or section 216B.2425;

86.24 (3) the upgrade to a higher voltage of an existing transmission line that serves the
86.25 demand of a single customer that primarily uses existing rights-of-way, unless the applicant
86.26 opts to request that the commission determine need under this section or section 216B.2425;

86.27 (4) a high-voltage transmission line of one mile or less required to connect a new or
86.28 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

86.29 (5) conversion of the fuel source of an existing electric generating plant to using
86.30 natural gas;

86.31 (6) the modification of an existing electric generating plant to increase efficiency,
86.32 as long as the capacity of the plant is not increased more than ten percent or more than
86.33 100 megawatts, whichever is greater; or

86.34 (7) a wind energy conversion system or solar electric generation facility if the system
86.35 or facility is owned and operated by an independent power producer and the electric output

87.1 of the system or facility is not sold to an entity that provides retail service in Minnesota
 87.2 or wholesale electric service to another entity in Minnesota other than an entity that is a
 87.3 federally recognized regional transmission organization or independent system operator; or
 87.4 (8) an interstate pipeline traversing Minnesota whose termini lie outside the state.

87.5 **EFFECTIVE DATE.** This section is effective the day following final enactment
 87.6 and applies to (1) a pipeline that has not filed a certificate of need application before the
 87.7 effective date of this section, and (2) a pipeline that has a certificate of need application
 87.8 pending before the commission on the effective date of this section.

87.9 Sec. 11. Laws 2001, chapter 130, section 3, is amended to read:

87.10 Sec. 3. **ASSESSMENT.**

87.11 A propane education and research council, established and certified pursuant to
 87.12 section 2, may assess propane producers and retail marketers an amount not to exceed ~~one~~
 87.13 ~~mill~~ the maximum assessment authorized in United States Code, title 15, section 6405(a),
 87.14 per gallon of odorized propane in a manner established by the council in compliance with
 87.15 United States Code, title 15, section 6405, subsections (a) to (c). Propane producers and
 87.16 retail marketers shall be responsible for the amounts assessed.

87.17 Sec. 12. **PROHIBITION ON EXPENDITURE OF STATE FUNDS; CLEAN**
 87.18 **POWER PLAN.**

87.19 No state agency shall expend state funds to develop a state plan as required by the
 87.20 federal Clean Power Plan unless and until a final decision in the case of West Virginia,
 87.21 et. al., v. United States Environmental Protection Agency, et. al., determines that the
 87.22 federal Environmental Protection Agency has legal authority to require the submission
 87.23 of such state plans.

87.24 For the purposes of this section, "Clean Power Plan" means the final rule of the federal
 87.25 Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility
 87.26 Generating Units, issued by the United States Environmental Protection Agency in Docket
 87.27 No. EPA-HQ-OAR-2013-0602, and any subsequent amendments made to the plan."

87.28 Amend the title accordingly