

STATE OF MINNESOTA

NINETIETH SESSION — 2017

 FORTIETH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 4, 2017

The House of Representatives convened at 10:00 a.m. and was called to order by Tony Albright, Speaker pro tempore.

Prayer was offered by the Reverend Carol Reed, Calvin Presbyterian Church, Long Lake, Minnesota.

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

The roll was called and the following members were present:

Albright	Dehn, R.	Heintzeman	Lien	Nornes	Schultz
Anderson, P.	Dettmer	Hertaus	Lillie	O'Driscoll	Smith
Anderson, S.	Drazkowski	Hilstrom	Loeffler	Olson	Sundin
Anselmo	Ecklund	Hoppe	Lohmer	Omar	Swedzinski
Backer	Erickson	Hornstein	Loon	O'Neill	Theis
Bahr, C.	Fabian	Hortman	Loonan	Pelowski	Torkelson
Baker	Fenton	Howe	Lucero	Peppin	Uglen
Becker-Finn	Fischer	Jessup	Lueck	Petersburg	Urdahl
Bennett	Flanagan	Johnson, B.	Mahoney	Peterson	Vogel
Bernardy	Franke	Johnson, C.	Marquart	Pierson	Wagenius
Bliss	Franson	Johnson, S.	Masin	Pinto	Ward
Bly	Freiberg	Jurgens	Maye Quade	Poppe	West
Carlson, A.	Garofalo	Kiel	McDonald	Poston	Whelan
Carlson, L.	Green	Knoblach	Metsa	Pryor	Wills
Christensen	Grossell	Koegel	Miller	Pugh	Youakim
Clark	Gruenhagen	Koznick	Moran	Quam	Zerwas
Considine	Gunther	Kresha	Murphy, E.	Rarick	Spk. Daudt
Cornish	Haley	Kunesh-Podein	Murphy, M.	Rosenthal	
Daniels	Halverson	Layman	Nash	Runbeck	
Davids	Hamilton	Lee	Nelson	Sandstede	
Davnie	Hansen	Lesch	Neu	Sauke	
Dean, M.	Hausman	Liebling	Newberger	Schomacker	

A quorum was present.

Allen, Scott and Slocum were excused.

Applebaum; Barr, R., and Thissen were excused until 12:35 p.m. Mariani was excused until 1:10 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 3, 2017

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

Last Thursday, March 30, 2017, I received the Conference Report passed that day by both the Minnesota House and Senate, which appropriates \$542 million of state funds in the FY 18-19 Biennium to subsidize insurance companies operating in the so-called Individual Market. I recognize that this bill has been a top priority of your respective Leaders, since the Session's beginning; and I commend you and them for moving it expeditiously through the legislative process.

I thank you for involving members of my administration, including senior agency officials, governor's office staff, and myself, in your deliberations. I trust you feel that we were fully engaged with you, whenever requested, throughout that process. In particular, I am glad that my staff was able to help clarify with Centers for Medicare and Medicaid Services the language necessary to qualify this new program for a federal cost-share of up to 30 percent, which would save us about \$162 million while protecting federal funding for MinnesotaCare.

Unfortunately, two of my main concerns about the bill were not addressed in the final Conference Report. The first was the source of funding for the insurance subsidies. In my March 29th letter to the two of you, I reiterated what I had been saying during previous weeks: "The conference report uses the Health Care Access Fund and the General Fund to cover the state responsibility for reinsurance. I believe reinsurance should be funded by a tax on the industry itself, as was the Minnesota Comprehensive Health Association. The General Fund and Health Care Access Fund dollars should be used for statewide priorities like schools, early childhood education and health care for low-income Minnesotans. Furthermore, it is unwise to use Health Care Access Fund dollars without repealing the sunset of the two percent provider tax that sustains the fund."

My proposal was ignored, because of, I am told, opposition by the insurance industry. Thus, the bill not only provides insurers with up to \$542 million of taxpayers' dollars, as direct subsidies to their businesses, but also allows them both to dictate where that money shall come from and to evade any financial responsibility for their own aid program.

Secondly, my proposal to include a MinnesotaCare Buy-In option for Minnesotans purchasing health insurance on the Individual Market was rejected. As a result, private insurance companies will decide our citizens' options, including the extent of coverage, the composition of the provider networks, and the cost of their insurance.

The MinnesotaCare Buy-In would have added some much-needed competition into the Individual Market. It could have offered many Minnesotans more comprehensive health care coverage, through more accessible provider networks, at lower insurance costs, than will be available to them under this bill's limitations. Why would the insurance companies' preferences and profits be placed ahead of the people's best interests?

Finally, I am deeply concerned that this \$542 million subsidy is being offered to insurance companies, who refuse to make any commitments about their participations in next year's Individual Market or the insurance rates they will charge Minnesotans. On March 16, 2017, I wrote the attached letter to the Chief Executive Officers of each of the presently participating insurers. I said, in part, "If the Legislature chooses to advance these reinsurance bills, it is imperative that your industry publicly commit to Minnesotans that, moving forward, you will specifically: 1) sell products statewide in the individual market and; 2) lower premiums to a level that will make insurance coverage more affordable than it is today. I ask that you provide consumers, the Legislature, and me with these public commitments as soon as possible Minnesotans deserve to know that a program of this scale and cost will actually have the intended results of stabilizing the individual insurance market and improving its affordability for consumers. Thank you in advance for your swift reply."

To date, I have not received even the decency of a written reply from a single one of those CEOs, much less their answers to my questions. I know that they have refused to provide those same assurances, when asked by individual legislators and by legislative committees. Yet, this bill would contribute \$542 million of public monies to their bottom lines without even the acknowledgement of my request for information or the information I requested.

On March 22, I stated publicly that I would not sign a Reinsurance bill until I received written replies to my questions from the insurance executives. Having received no responses, I could not sign this legislation for that reason alone, in addition to my other concerns previously stated.

However, I agree with you, this bill's authors, and those legislative leaders, who believe that this subsidy must be committed to the health insurance industry at this time, to try to induce their participation in Minnesota's Individual Market in 2018 at the lowest possible rates. Thus I will allow this measure to become law by not acting upon it within the requisite three days, which end at midnight tonight. I will deposit, without signature, in the office of the Secretary of state, H. F. No. 5, Chapter No. 13.

I challenge Minnesota's health insurance companies to provide our citizens with good value for their \$542 million. I challenge the health plans to honor their promises to the Department of Human Services, to negotiate and work in good faith, and honor their commitment to service on behalf of the 1 million Minnesotans on Medicaid who rely on them. I challenge all of the companies to become partners with my administration in a common cause to once again provide Minnesotans with the best health coverage at the most affordable costs.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

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

The Honorable Michelle L. Fischbach
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2017 Session of the State Legislature has been received from the Office of the Governor, without the signature of the Governor, and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Filed 2017</i>
	5**	13	April 3

Deposited Without
Governor's Signature

Sincerely,

STEVE SIMON
Secretary of State

[NOTE: ** Indicates that H. F. No. 5, Chapter No. 13, became law without the Governor's signature.]

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Knoblach from the Committee on Ways and Means to which was referred:

S. F. No. 605, A bill for an act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, retirement funds; cancellation of certain appropriations; precluding agencies from transferring money to the governor's office for services; constraining the state auditor's use of funds for litigation expenses; requiring the state auditor to reimburse Wright, Becker, and Ramsey Counties for litigation expenses; limiting the state auditor's rates for 2017; requiring legislative approval for certain rules; making an ALJ decision the final decision in contested cases; creating an affirmative defense to certain rule violations; modifying the employee gainsharing program; requiring the Department of Administration to assess agencies for certain services; requiring the Office of MN.IT Services to report its project portfolio to the legislature; limiting severance pay for highly paid civil service employees; permitting state employees to opt out of insurance coverage under SEGIP; limiting public employer compensation under contracts to appropriated amounts; modifying uses for Support Our Troops account; requiring the Department of Veterans Affairs to develop a policy to grant free or reduced-cost burials in state veterans cemeteries to eligible indigent dependents of veterans; providing statutory appropriations to the Racing Commission in the event of a failure to pass a biennial appropriation; raising caps on Mighty Ducks grants; modifying expense calculation for the State Lottery; creating an advisory task force on fiscal notes; setting a deadline for consolidation of state information technology and for use of cloud-based solutions; creating a legislative commission to review consolidation of the state's information technology; establishing requirements for a grandfathered license for eyelash technicians; creating a working group for a rules status system; creating a grant program for election equipment; repealing the state auditor enterprise fund; repealing the campaign finance public subsidy program; repealing lottery payouts to people under 18; amending Minnesota Statutes 2016, sections 4.46; 6.481, subdivision 6; 6.56, subdivision 2; 6.581, subdivision 4; 14.18, subdivision 1; 14.27; 14.389, subdivision 3; 14.57; 16A.90; 16B.055, subdivision 1; 16B.371; 16B.4805, subdivisions 2, 4; 16E.0466; 43A.17, subdivision 11; 43A.24, by adding a subdivision; 155A.23, subdivisions 10, 15, 16, by adding a subdivision; 155A.29, subdivisions 1, 2; 155A.30, subdivisions 2, 5; 179A.20, by adding a subdivision; 190.19, subdivisions 2, 2a; 197.236, subdivision 9; 240.15, subdivision 6; 240.155, subdivision 1; 240A.09; 349A.08, subdivision 2; 349A.10, subdivision 6; Laws 2016, chapter 127, section 8; proposing coding for new law in Minnesota Statutes, chapters 6; 14; 16A; 240; repealing Minnesota Statutes 2016, sections 6.581, subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, 11; 10A.315; 10A.321; 10A.322, subdivisions 1, 2, 4; 10A.323; 155A.23, subdivision 8; 349A.08, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
STATE GOVERNMENT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2018</u>	<u>2019</u>

Sec. 2. **LEGISLATURE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$79,858,000</u>	<u>\$79,488,000</u>
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Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>79,730,000</u>	<u>79,360,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

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

<u>Subd. 2. Senate</u>	<u>29,849,000</u>	<u>29,655,000</u>
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\$3,124,000 of the senate carryforward balance is canceled to the general fund on July 1, 2017.

<u>Subd. 3. House of Representatives</u>	<u>32,383,000</u>	<u>32,383,000</u>
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During the biennium ending June 30, 2019, any revenue received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

\$4,092,000 of the house of representatives carryforward balance is canceled to the general fund on July 1, 2017.

Subd. 4. Legislative Coordinating Commission17,626,00017,450,000Appropriations by Fund

<u>General</u>	<u>17,498,000</u>	<u>17,322,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

Appropriations provided by this subdivision may be used for designated staff to support the following offices and commissions: Office of the Legislative Auditor; Office of the Revisor of Statutes; Legislative Reference Library; Legislative-Citizen Commission on Minnesota Resources; Legislative Commission on Pensions and Retirement; Legislative Energy Commission; and the Lessard-Sams Outdoor Heritage Council. The operation of all other joint offices and commissions must be supported by the central administrative staff of the Legislative Coordinating Commission.

From its funds, \$10,000 each year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

\$1,418,000 of the Legislative Coordinating Commission carryforward balance is canceled to the general fund on July 1, 2017.

Legislative Auditor. \$6,694,000 the first year and \$6,564,000 the second year are for the Office of the Legislative Auditor.

Of these amounts, \$130,000 the first year is for the transit financial activity reviews required by Minnesota Statutes, section 3.972, subdivision 4.

No later than January 15, 2018, the legislative auditor must complete a review of the small business investment tax credit incentive established in Minnesota Statutes, section 116J.8737. The review must follow the evaluation plan established for review of a general incentive program under Minnesota Statutes, section 3.9735, subdivision 4.

Revisor of Statutes. \$6,090,000 the first year and \$6,090,000 the second year are for the Office of the Revisor of Statutes.

As soon as practicable and consistent with the terms of the lease agreement, the revisor of statutes must terminate its lease of office space located at 525 Park Street in St. Paul. The revisor must consult with the Legislative Coordinating Commission to identify other suitable space within the State Capitol complex to which existing staff and equipment at that location may be relocated.

Legislative Budget Office. \$864,000 the first year and \$818,000 the second year are for the Legislative Budget Office established in section 3.8853.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR**

\$3,195,000

\$3,195,000

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) Up to \$19,000 the first year and up to \$19,000 the second year are for necessary expenses in the normal performance of the Governor's and Lieutenant Governor's duties for which no other reimbursement is provided.

(c) The Office of the Governor may receive payments of no more than \$720,000 each fiscal year from executive agencies under Minnesota Statutes, section 15.53, to support office costs, not including the residence groundskeeper, incurred by the office. Payments received under this paragraph must be deposited in a special revenue account. Money in the account is appropriated to the Office of the Governor.

By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

(d) Appropriations provided by this section may not be used to support the hiring of additional personnel in the Office of the Governor, to support current personnel in the office assigned to oversee federal policy or federal government relations, or to maintain office space located in the District of Columbia.

Sec. 4. **STATE AUDITOR**

Subdivision 1. **Total Appropriation**

\$9,243,000

\$9,488,000

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

Subd. 2. **Audit Practice**

7,449,000

7,694,000

Subd. 3. **Legal and Special Investigations**

272,000

272,000

Subd. 4. **Government Information**

511,000

511,000

Subd. 5. <u>Pension Oversight</u>	<u>485,000</u>	<u>485,000</u>
Subd. 6. <u>Operations Management</u>	<u>305,000</u>	<u>305,000</u>
Subd. 7. <u>Constitutional Office</u>	<u>221,000</u>	<u>221,000</u>
Sec. 5. <u>ATTORNEY GENERAL</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$23,894,000</u>	<u>\$23,894,000</u>

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>21,094,000</u>	<u>21,094,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>2,405,000</u>	<u>2,405,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>

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

Subd. 2. <u>Government Legal Services</u>	<u>3,764,000</u>	<u>3,764,000</u>
Subd. 3. <u>Regulatory Law and Professions</u>	<u>5,070,000</u>	<u>5,070,000</u>

Appropriations by Fund

<u>General</u>	<u>2,291,000</u>	<u>2,291,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>2,384,000</u>	<u>2,384,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>

Subd. 4. <u>State Government Services</u>	<u>6,345,000</u>	<u>6,345,000</u>
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Appropriations by Fund

<u>General</u>	<u>6,324,000</u>	<u>6,324,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>21,000</u>	<u>21,000</u>

Subd. 5. <u>Civil Law Section</u>	<u>3,102,000</u>	<u>3,102,000</u>
Subd. 6. <u>Civil Litigation</u>	<u>1,542,000</u>	<u>1,542,000</u>
Subd. 7. <u>Administrative Operations</u>	<u>4,071,000</u>	<u>4,071,000</u>

Sec. 6. **SECRETARY OF STATE**Subdivision 1. **Total Appropriation****\$5,419,000****\$5,530,000**

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

Subd. 2. **Administration**

512,000

525,000

Subd. 3. **Safe at Home**

659,000

676,000

Subd. 4. **Business Services**

1,422,000

1,174,000

Subd. 5. **Elections**

2,826,000

3,155,000

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD****\$689,000****\$689,000**

This appropriation includes administrative savings to the board resulting from the repeal of the campaign subsidy program provided in article 2.

Sec. 8. **STATE BOARD OF INVESTMENT****\$139,000****\$139,000**Sec. 9. **ADMINISTRATIVE HEARINGS**Subdivision 1. **Total Appropriation****\$8,170,000****\$8,170,000**Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>383,000</u>	<u>383,000</u>
<u>Workers' Compensation</u>	<u>7,787,000</u>	<u>7,787,000</u>

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

Subd. 2. **Campaign Violations**

115,000

115,000

These amounts are for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. These amounts may be used in either year of the biennium.

Subd. 3. **Data Practices**

6,000

6,000

These amounts are for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085. These amounts may be used in either year of the biennium.

Subd. 4. <u>Municipal Boundary Adjustments</u>	<u>262,000</u>	<u>262,000</u>
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Sec. 10. **OFFICE OF MN.IT SERVICES**

Subdivision 1. <u>Total Appropriation</u>	<u>\$2,622,000</u>	<u>\$2,622,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

The state chief information officer must prioritize use of appropriations provided by this section to enhance cybersecurity across state government.

Subd. 2. <u>State Chief Information Officer</u>	<u>1,316,000</u>	<u>1,316,000</u>
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The commissioner of management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of MN.IT Services for the purpose of managing revenue and expenditure differences. These funds shall be repaid with interest by the end of the fiscal year 2019 closing period.

During the biennium ending June 30, 2019, the Office of MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

Subd. 3. <u>Geospatial Information Office</u>	<u>871,000</u>	<u>871,000</u>
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Subd. 4. <u>Enterprise IT Security</u>	<u>435,000</u>	<u>435,000</u>
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Sec. 11. **ADMINISTRATION**

Subdivision 1. <u>Total Appropriation</u>	<u>\$19,584,000</u>	<u>\$19,584,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Government and Citizen Services</u>	<u>7,101,000</u>	<u>7,101,000</u>
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Appropriations provided by this section may not be used to fund continuous improvement initiatives, including the Office of Continuous Improvement (LEAN).

Council on Developmental Disabilities. \$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

Olmstead Plan. \$148,000 each year is for the Olmstead plan.

Materials Management. \$2,033,000 each year is for materials management.

Amounts allocated by the commissioner for each fiscal year to the Office of Equity in Procurement must be at least ten percent less than the amounts allocated for that purpose in fiscal year 2017.

Plant Management. \$371,000 each year is for plant management.

\$2,929,000 the first year of the balance in the facility repair and replacement account in the special revenue fund is canceled to the general fund. These amounts are in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5, paragraph (d).

Real Estate and Construction Services. \$2,088,000 each year is for real estate and construction services.

Enterprise Real Property. \$571,000 each year is for enterprise real property.

Small Agency Resource Team (SmART). \$416,000 each year is for the small agency resource team.

State Agency Accommodation Reimbursement. \$200,000 the first year and \$200,000 the second year are credited to the accommodation account established in Minnesota Statutes, section 16B.4805.

Community Services. \$1,200,000 each year is for community services.

Subd. 3. **Strategic Management Services**

1,706,000

1,706,000

Executive Leadership/Partnerships. \$500,000 each year is for executive leadership/partnerships.

School Trust Lands Director. \$185,000 each year is for school trust lands director.

Financial Management and Reporting. \$671,000 each year is for financial management and reporting.

Human Resources. \$350,000 each year is for human resources.

Subd. 4. **Fiscal Agent**10,777,00010,777,000

In-Lieu of Rent. \$8,158,000 the first year and \$8,158,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

Public Television. (a) \$1,550,000 the first year and \$1,550,000 the second year are for matching grants for public television.

(b) \$250,000 the first year and \$250,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13.

(c) The commissioner of administration must consider the recommendations of the Minnesota Public Television Association before allocating the amounts appropriated in paragraphs (a) and (b) for equipment or matching grants.

(d) **Public Radio.** \$392,000 the first year and \$392,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

(e) \$117,000 the first year and \$117,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

(f) \$310,000 the first year and \$310,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(g) The appropriations in paragraphs (d) to (f) may not be used for indirect costs claimed by an institution or governing body.

(h) The commissioner of administration must consider the recommendations of the Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (d) and (e). No grantee is eligible for a grant unless they are a member of the Association of Minnesota Public Educational Radio Stations on or before July 1, 2015.

(i) Any unencumbered balance remaining the first year for grants to public television or public radio stations does not cancel and is available for the second year.

Sec. 12. <u>CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD</u>	<u>\$345,000</u>	<u>\$345,000</u>
Sec. 13. <u>MINNESOTA MANAGEMENT AND BUDGET</u>	<u>\$18,320,000</u>	<u>\$18,320,000</u>

Subdivision 1. **Appropriations**

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

Subd. 2. <u>Accounting Services</u>	<u>3,751,000</u>	<u>3,751,000</u>
Subd. 3. <u>Budget Services</u>	<u>2,823,000</u>	<u>2,823,000</u>
Subd. 4. <u>Economic Analysis</u>	<u>424,000</u>	<u>424,000</u>
Subd. 5. <u>Debt Management</u>	<u>367,000</u>	<u>367,000</u>
Subd. 6. <u>Enterprise Communications and Planning</u>	<u>830,000</u>	<u>830,000</u>
Subd. 7. <u>Enterprise Human Resources</u>	<u>2,681,000</u>	<u>2,681,000</u>

Appropriations provided by this section or transferred to the commissioner from another agency may not be used to support a statewide executive recruiting program.

Subd. 8. <u>Labor Relations</u>	<u>868,000</u>	<u>868,000</u>
Subd. 9. <u>Agency Administration</u>	<u>6,576,000</u>	<u>6,576,000</u>

(a) No later than June 30, 2018, the commissioner must credit at least \$1,000,000 to the general fund based on savings realized through implementation of the employee gainsharing program required by Minnesota Statutes, section 16A.90. If a credit of at least this amount has not been made to the general fund as of that date, the appropriation provided in this subdivision for fiscal year 2019 is reduced in an amount equal to the difference between the amount actually credited to the general fund and the total credit required by this paragraph.

(b) Appropriations provided by this section may not support the development or implementation of the program evaluation methodologies authorized by Laws 2015, chapter 77, article 1, section 13.

Sec. 14. **REVENUE****Subdivision 1. Total Appropriation****\$141,485,000****\$141,310,000**Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	137,249,000	137,074,000
<u>Health Care Access</u>	1,749,000	1,749,000
<u>Highway User Tax</u>		
<u>Distribution</u>	2,184,000	2,184,000
<u>Environmental</u>	303,000	303,000

Notwithstanding the appropriations provided by this section, the amounts allocated for tax compliance activities of the department must be no less than the amounts allocated for those activities during fiscal year 2017.

Subd. 2. Tax System Management**114,128,000****113,953,000**Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	109,892,000	109,717,000
<u>Health Care Access</u>	1,749,000	1,749,000
<u>Highway User Tax</u>		
<u>Distribution</u>	2,184,000	2,184,000
<u>Environmental</u>	303,000	303,000

(a) Operations Support

<u>General</u>	<u>9,356,000</u>	<u>9,356,000</u>
<u>Health Care Access</u>	<u>126,000</u>	<u>126,000</u>

(b) Appeals, Legal Services, and Tax Research

<u>General</u>	<u>6,932,000</u>	<u>6,932,000</u>
<u>Health Care Access</u>	<u>113,000</u>	<u>113,000</u>

(c) Payment and Return Processing

<u>General</u>	<u>12,927,000</u>	<u>12,927,000</u>
<u>Health Care Access</u>	<u>51,000</u>	<u>51,000</u>
<u>Highway User Tax Distribution</u>	<u>343,000</u>	<u>343,000</u>

(d) Administration of State Taxes

<u>General</u>	<u>54,904,000</u>	<u>54,729,000</u>
<u>Health Care Access</u>	<u>1,407,000</u>	<u>1,407,000</u>
<u>Highway User Tax Distribution</u>	<u>1,621,000</u>	<u>1,621,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

(1) \$15,000 from the general fund in the first year is for preparing and submitting a supplemental 2017 tax incidence report meeting the requirements of Minnesota Statutes, section 270C.13, subdivision 1, as amended by this act. The supplemental report must be completed and submitted no later than January 2, 2018.

(2) \$160,000 from the general fund in the first year is for administration of a first-time home buyer savings account program. This appropriation is canceled to the general fund if income tax provisions related to first-time home buyer savings accounts are not enacted by law at the 2017 regular or special legislative session.

(e) Technology Development, Implementation, and Support

General	<u>21,781,000</u>	<u>21,781,000</u>
Health Care Access	<u>52,000</u>	<u>52,000</u>
Highway User Tax Distribution	<u>220,000</u>	<u>220,000</u>

(f) Property Tax Administration and State Aid

General	<u>3,992,000</u>	<u>3,992,000</u>
Subd. 3. <u>Debt Collection Management</u>	<u>27,357,000</u>	<u>27,357,000</u>
Sec. 15. <u>HUMAN RIGHTS</u>	<u>\$3,171,000</u>	<u>\$3,171,000</u>
Sec. 16. <u>GAMBLING CONTROL</u>	<u>\$3,422,000</u>	<u>\$3,457,000</u>

These appropriations are from the lawful gambling regulation account in the special revenue fund.

Sec. 17. <u>RACING COMMISSION</u>	<u>\$845,000</u>	<u>\$908,000</u>
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These appropriations are from the racing and card playing regulation accounts in the special revenue fund.

Sec. 18. **STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the State Lottery's operating budget must not exceed \$32,500,000 in fiscal year 2018 and \$33,000,000 in fiscal year 2019.

Sec. 19. <u>AMATEUR SPORTS COMMISSION</u>	<u>\$300,000</u>	<u>\$300,000</u>
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Sec. 20. <u>COUNCIL ON MINNESOTANS OF AFRICAN HERITAGE</u>	<u>\$401,000</u>	<u>\$401,000</u>
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Sec. 21. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	<u>\$364,000</u>	<u>\$364,000</u>
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Sec. 22. <u>COUNCIL ON LATINO AFFAIRS</u>	<u>\$386,000</u>	<u>\$386,000</u>
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Sec. 23. <u>INDIAN AFFAIRS COUNCIL</u>	<u>\$576,000</u>	<u>\$576,000</u>
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Sec. 24. **MINNESOTA HISTORICAL SOCIETY**Subdivision 1. **Total Appropriation****\$22,893,000****\$22,893,000**

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

Subd. 2. **Operations and Programs**22,572,00022,572,000

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

\$750,000 the first year and \$750,000 the second year are for digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history. These are onetime appropriations.

Subd. 3. **Fiscal Agent**(a) Global Minnesota39,00039,000(b) Minnesota Air National Guard Museum17,00017,000(c) Minnesota Military Museum50,00050,000(d) Farmamerica115,000115,000(e) Hockey Hall of Fame100,000100,000

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 25. **BOARD OF THE ARTS**Subdivision 1. **Total Appropriation****\$7,530,000****\$7,530,000**

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

Subd. 2. **Operations and Services**591,000591,000Subd. 3. **Grants Program**4,800,0004,800,000Subd. 4. **Regional Arts Councils**2,139,0002,139,000

Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year.

Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than five percent of the total grant for costs related to travel outside the state of Minnesota.

Sec. 26. **MINNESOTA HUMANITIES CENTER** **\$950,000** **\$950,000**

(a) \$325,000 each year is for the Healthy Eating, Here at Home program under Minnesota Statutes, section 138.912. No more than three percent of the appropriation may be used for the nonprofit administration of this program.

(b) \$250,000 each year is for grants to the Veterans Defense Project. Grants must be used to support, through education and outreach, military veterans who are involved with the criminal justice system. These are onetime appropriations.

Sec. 27. **BOARD OF ACCOUNTANCY** **\$641,000** **\$641,000**

Sec. 28. **BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN** **\$794,000** **\$794,000**

Sec. 29. **BOARD OF COSMETOLOGIST EXAMINERS** **\$1,346,000** **\$1,346,000**

Sec. 30. **BOARD OF BARBER EXAMINERS** **\$325,000** **\$325,000**

Sec. 31. **GENERAL CONTINGENT ACCOUNTS** **\$750,000** **\$500,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>250,000</u>	<u>-0-</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 32. **TORT CLAIMS****\$161,000****\$161,000**

These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 33. **MINNESOTA STATE RETIREMENT SYSTEM**Subdivision 1. **Total Appropriation****\$14,893,000****\$15,071,000**

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

Subd. 2. **Combined Legislators and Constitutional Officers Retirement Plan**

8,893,000

9,071,000

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

Subd. 3. **Judges Retirement Plan**

6,000,000

6,000,000

For transfer to the judges retirement fund under Minnesota Statutes, section 490.123. \$6,000,000 each fiscal year is included in the base for fiscal years 2020 and 2021. This transfer continues each fiscal year until the judges retirement plan reaches 100 percent funding as determined by an actuarial valuation prepared according to Minnesota Statutes, section 356.214.

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

Sec. 34. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION****\$6,000,000****\$6,000,000**

General employees retirement plan of the Public Employees Retirement Association relating to the merged former MERF division.

State payments from the general fund to the Public Employees Retirement Association on behalf of the former MERF division account are \$6,000,000 on September 15, 2017, and \$6,000,000 on September 15, 2018.

These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 35. **TEACHERS RETIREMENT ASSOCIATION****\$29,831,000****\$29,831,000**

The amounts estimated to be needed are as follows:

Special Direct State Aid. \$27,331,000 the first year and \$27,331,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354.436.

Special Direct State Matching Aid. \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

Sec. 36. <u>ST. PAUL TEACHERS RETIREMENT FUND</u>	<u>\$9,827,000</u>	<u>\$9,827,000</u>
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The amounts estimated to be needed for special direct state aid to the first class city teachers retirement fund association authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 37. **MILITARY AFFAIRS**

Subdivision 1. <u>Total Appropriation</u>	<u>\$19,616,000</u>	<u>\$19,616,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions. If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available.

Subd. 2. <u>Maintenance of Training Facilities</u>	<u>9,661,000</u>	<u>9,661,000</u>
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Subd. 3. <u>General Support</u>	<u>3,067,000</u>	<u>3,067,000</u>
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Subd. 4. <u>Enlistment Incentives</u>	<u>6,888,000</u>	<u>6,888,000</u>
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The appropriations in this subdivision are available until expended, except that any unspent amounts allocated to a program otherwise supported by this appropriation are canceled to the general fund upon receipt of federal funds in the same amount to support administration of that program.

Sec. 38. **VETERANS AFFAIRS**

Subdivision 1. <u>Total Appropriation</u>	<u>\$74,029,000</u>	<u>\$74,029,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Veterans Programs and Services</u>	<u>16,811,000</u>	<u>16,811,000</u>
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Veterans Service Organizations. \$353,000 each year is for grants to the following congressionally chartered veterans service organizations as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations. These are onetime appropriations.

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

(1) utilities;

(2) employment; and

(3) legal issues.

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

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

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

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

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

Veterans Journey Home. \$350,000 each year is for grants to the veterans Journey Home program. Grants must support the development of new or rehabilitated affordable housing dedicated for low-to-moderate income veterans and their families. These are onetime appropriations.

Subd. 3. Veterans Health Care

57,218,000

57,218,000

The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

No later than January 15, 2018, the commissioner must submit a report to the legislative committees with jurisdiction over veterans affairs and state government finance on reserve amounts maintained in the veterans homes special revenue account. The report must detail current and historical amounts maintained as a reserve, and uses of those amounts. The report must also include data on the utilization of existing veterans homes, including current and historical bed capacity and usage, staffing levels and staff vacancy rates, and staff-to-resident ratios.

Sec. 39. **PRESERVATION OF PROGRAMS AND SERVICES.**

To the extent that appropriations provided by this article are less than the amounts appropriated for fiscal year 2017, the affected constitutional office, agency, board, or commission must prioritize reductions to its central administration and general operations in absorbing those reductions. Unless otherwise specified, reductions must not be made to programs or services of the constitutional office, agency, board, or commission that are provided directly to members of the public.

Sec. 40. **APPROPRIATION CANCELLATIONS.**

All unspent funds estimated to be \$7,166,000 designated for grants under Minnesota Statutes, sections 240A.085 to 240A.11, are canceled to the general fund on June 30, 2017.

Sec. 41. **SAVINGS; APPROPRIATION REDUCTION FOR EXECUTIVE AGENCIES.**

(a) The commissioner of management and budget must reduce general fund appropriations to executive agencies, including constitutional offices, for agency operations for the biennium ending June 30, 2019, by \$4,394,000 due to savings from permitting employees to opt out of insurance coverage under the state employee group insurance coverage.

(b) If savings obtained through permitting employees to opt out of insurance coverage under the state employee group insurance coverage yield savings in nongeneral funds other than those established in the state constitution or protected by federal law, the commissioner of management and budget may transfer the amount of savings to the general fund. The amount transferred to the general fund from other funds reduces the required general fund reduction in this section. Reductions made in 2019 must be reflected as reductions in agency base budgets for fiscal years 2020 and 2021. The commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means Committee regarding the amount of reductions in spending by each agency under this subdivision.

Sec. 42. **SAVINGS; APPROPRIATION REDUCTIONS FOR INFORMATION TECHNOLOGY CONSOLIDATION.**

(a) The commissioner of management and budget must reduce general fund appropriations to agencies subject to the executive branch information technology consolidation required by Laws 2011, First Special Session chapter 10, article 4, section 7, as amended by Laws 2013, chapter 134, section 29 by at least \$3,000,000 for the biennium ending June 30, 2019, to reflect savings on enterprise services personnel costs resulting from the consolidation.

(b) If savings obtained through the completion of information technology consolidation yield savings in nongeneral funds other than those established in the state constitution or protected by federal law, the commissioner may transfer the amount of savings to the general fund. The amount transferred to the general fund from other funds reduces the required general fund reduction in this section. Reductions made in 2019 must be reflected as reductions in agency base budgets for fiscal years 2020 and 2021.

Sec. 43. **BASE BUDGET REPORT.**

No later than October 15, 2017, the commissioners of management and budget, revenue, and veterans affairs must each submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance that detail the agency's base budget, by fiscal year. At a minimum, the report must include:

(1) a description of each appropriation rider enacted for the agency, and the year the rider was first enacted in a substantially similar form;

(2) a description of the agency's use of appropriated funds that are not directed by a rider, including an itemization of programs that appeared in a rider in a prior biennium and continue to receive funding despite no longer appearing in a rider; and

(3) an itemization of any appropriations provided to the agency under a provision of statute or the state constitution.

ARTICLE 2
STATE GOVERNMENT OPERATIONS

Section 1. **[2.92] DISTRICTING PRINCIPLES.**

Subdivision 1. **Applicability.** The principles in this section apply to legislative and congressional districts.

Subd. 2. **Nesting.** A representative district may not be divided in the formation of a senate district.

Subd. 3. **Equal population.** (a) Legislative districts must be substantially equal in population. The population of a legislative district must not deviate from the ideal by more than 0.5 percent, plus or minus.

(b) Congressional districts must be as nearly equal in population as practicable.

Subd. 4. **Contiguity; compactness.** The districts must be composed of convenient contiguous territory. To the extent consistent with the other principles in this section, districts should be compact. Contiguity by water is sufficient if the water is not a serious obstacle to travel within the district. Point contiguity is not sufficient.

Subd. 5. **Numbering.** (a) Legislative districts must be numbered in a regular series, beginning with house district 1A in the northwest corner of the state and proceeding across the state from west to east, north to south, but bypassing the 11-county metropolitan area until the southeast corner has been reached; then to the 11-county metropolitan area. In a county that includes more than one whole senate district, the districts must be numbered consecutively.

(b) Congressional district numbers must begin with district one in the southeast corner of the state and end with district eight in the northeast corner of the state.

Subd. 6. **Minority representation.** (a) The dilution of racial or ethnic minority voting strength is contrary to the laws of the United States and the state of Minnesota. These principles must not be construed to supersede any provision of the Voting Rights Act of 1965, as amended.

(b) A redistricting plan must not have the intent or effect of dispersing or concentrating minority population in a manner that prevents minority communities from electing their candidates of choice.

Subd. 7. **Minor civil divisions.** (a) A county, city, or town must not be unduly divided unless required to meet equal population requirements or to form districts composed of convenient, contiguous territory.

(b) A county, city, or town is not unduly divided in the formation of a legislative or congressional district if:

(1) the division occurs because a portion of a city or town is noncontiguous with another portion of the same city or town; or

(2) despite the division, the known population of any affected county, city, or town remains wholly located within a single district.

Subd. 8. **Preserving communities of interest.** (a) Districts should attempt to preserve identifiable communities of interest where that can be done in compliance with the principles under this section.

(b) For purposes of this subdivision, "communities of interest" means recognizable areas with similarities of interests including but not limited to racial, ethnic, geographic, social, or cultural interests.

Subd. 9. **Incumbents.** The districts must not be drawn for the purpose of protecting or defeating an incumbent.

Subd. 10. **Data to be used.** (a) The geographic areas and population counts used in maps, tables, and legal descriptions of the districts must be those used by the Geographic Information Systems Office of the Legislative Coordinating Commission. The population counts shall be the block population counts provided to the state under Public Law 94-171 after each decennial census, subject to correction of any errors acknowledged by the United States Census Bureau.

(b) Nothing in this subdivision prohibits the use of additional data, as determined by the legislature.

Subd. 11. **Consideration of plans.** A redistricting plan must not be considered for adoption by the senate or house of representatives until a block equivalency file showing the district to which each census block has been assigned, in a form prescribed by the director of the Geographic Information Systems Office, has been filed with the director.

Subd. 12. **Priority of principles.** Where it is not possible to fully comply with the principles contained in subdivisions 2 to 9, a redistricting plan must give priority to those principles in the order in which they are listed, except to the extent that doing so would violate federal or state law.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any plan for districts enacted or established for use on or after that date.

Sec. 2. Minnesota Statutes 2016, section 3.305, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission, committee, or other entity in the legislative branch composed exclusively of members of the senate and the house of representatives.

(b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the Office of Legislative Auditor, the Legislative Budget Office, and any other joint legislative service office.

Sec. 3. Minnesota Statutes 2016, section 3.855, subdivision 2, is amended to read:

Subd. 2. **State employee negotiations.** (a) The commissioner of management and budget shall regularly advise the commission on the progress of collective bargaining activities with state employees under the state Public Employment Labor Relations Act. During negotiations, the commission may make recommendations to the commissioner as it deems appropriate but no recommendation shall impose any obligation or grant any right or privilege to the parties.

(b) The commissioner shall submit to the chair of the commission any negotiated collective bargaining agreements, arbitration awards, compensation plans, or salaries for legislative approval or disapproval. Negotiated agreements shall be submitted within five days of the date of approval by the commissioner or the date of approval by the affected state employees, whichever occurs later. Arbitration awards shall be submitted within five days of their receipt by the commissioner. If the commission disapproves a collective bargaining agreement, award, compensation plan, or salary, the commission shall specify in writing to the parties those portions with which it disagrees and its reasons. If the commission approves a collective bargaining agreement, award, compensation plan, or salary, it shall submit the matter to the legislature to be accepted or rejected under this section.

(c) When the legislature is not in session, the commission may give interim approval to a negotiated collective bargaining agreement, salary, compensation plan, or arbitration award. ~~When the legislature is not in session, failure of the commission to disapprove a collective bargaining agreement or arbitration award within 30 days constitutes approval.~~ The commission shall submit the negotiated collective bargaining agreements, salaries, compensation plans, or arbitration awards for which it has provided approval to the entire legislature for ratification at a special legislative session called to consider them or at its next regular legislative session as provided in this section. Approval or disapproval by the commission is not binding on the legislature.

(d) When the legislature is not in session, the proposed collective bargaining agreement, arbitration decision, salary, or compensation plan must be implemented upon its approval by the commission, and state employees covered by the proposed agreement or arbitration decision do not have the right to strike while the interim approval is in effect. Wages and economic fringe benefit increases provided for in the agreement or arbitration decision paid in accordance with the interim approval by the commission are not affected, but the wages or benefit increases must cease to be paid or provided effective upon the rejection of the agreement, arbitration decision, salary, or compensation plan, or upon adjournment of the legislature without acting on it.

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

Sec. 4. Minnesota Statutes 2016, section 3.8843, subdivision 7, is amended to read:

Subd. 7. **Expiration.** This section expires June 30, ~~2017~~ 2019.

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

Sec. 5. **[3.8853] LEGISLATIVE BUDGET OFFICE.**

The Legislative Budget Office is established under control of the Legislative Coordinating Commission to provide the house of representatives and the senate with nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors. The Legislative Coordinating Commission shall appoint a director who may hire staff necessary to do the work of the office. The director serves a term of six years and may not be removed during a term except for cause after a public hearing.

Sec. 6. Minnesota Statutes 2016, section 3.971, subdivision 2, is amended to read:

Subd. 2. **Staff; compensation.** (a) The legislative auditor shall establish a Financial Audits Division and a Program Evaluation Division to fulfill the duties prescribed in this section.

(b) Each division may be supervised by a deputy auditor, appointed by the legislative auditor, with the approval of the commission, for a term coterminous with the legislative auditor's term. The deputy auditors may be removed before the expiration of their terms only for cause. The legislative auditor and deputy auditors may each appoint a confidential secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy auditors and

confidential secretaries shall be determined by the compensation plan approved by the Legislative Coordinating Commission. The deputy auditors may perform and exercise the powers, duties and responsibilities imposed by law on the legislative auditor when authorized by the legislative auditor.

(c) The legislative auditor must appoint a fiscal oversight officer with duties that include performing the review under section 3.972, subdivision 4.

(d) The deputy auditors and the confidential secretaries serve in the unclassified civil service, but the fiscal oversight officer and all other employees of the legislative auditor are in the classified civil service. Compensation for employees of the legislative auditor in the classified service shall be governed by a plan prepared by the legislative auditor and approved by the Legislative Coordinating Commission and the legislature under section 3.855, subdivision 3.

(e) While in office, a person appointed deputy for the Financial Audit Division must hold an active license as a certified public accountant.

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

Sec. 7. Minnesota Statutes 2016, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, offices, courts, and other organizations subject to audit by the legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Council, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds and other public resources are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

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

Sec. 8. Minnesota Statutes 2016, section 3.972, is amended by adding a subdivision to read:

Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must perform a transit financial activity review of financial information for the Metropolitan Council's Transportation Division and the joint powers board under section 297A.992. Within 14 days of the end of each fiscal quarter, the legislative auditor must submit the review to the Legislative Audit Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance, finance, and ways and means.

(b) At a minimum, each transit financial activity review must include:

(1) a summary of monthly financial statements, including balance sheets and operating statements, that shows income, expenditures, and fund balance;

(2) a list of any obligations and agreements entered into related to transit purposes, whether for capital or operating, including but not limited to bonds, notes, grants, and future funding commitments;

(3) the amount of funds in clause (2) that has been committed;

(4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues and fund balance compared to expenditures, taking into account:

(i) all expenditure commitments;

(ii) cash flow;

(iii) sufficiency of estimated funds; and

(iv) financial solvency of anticipated transit projects; and

(5) a notification concerning whether the requirements under paragraph (c) have been met.

(c) The Metropolitan Council and the joint powers board under section 297A.992 must produce monthly financial statements as necessary for the review under paragraph (b), clause (1), and provide timely information as requested by the legislative auditor.

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

Sec. 9. Minnesota Statutes 2016, section 3.98, subdivision 1, is amended to read:

Subdivision 1. **Preparation.** (a) The head or chief administrative officer of each department or agency of the state government, including the Supreme Court, Legislative Budget Office shall prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.

(b) The head or chief administrative officer of each department or agency of state government, including the Supreme Court, shall supply information for fiscal notes upon request of the director of the Legislative Budget Office. The Legislative Budget Office may adopt standards and guidelines governing timing of responses to requests for information and governing access to data, consistent with laws governing access to data. Agencies must comply with these standards and guidelines.

(c) For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.

Sec. 10. Minnesota Statutes 2016, section 3.98, subdivision 4, is amended to read:

Subd. 4. **Uniform procedure.** The commissioner of management and budget Legislative Budget Office shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section.

Sec. 11. Minnesota Statutes 2016, section 3.987, subdivision 1, is amended to read:

Subdivision 1. **Local impact notes.** The commissioner of management and budget Legislative Budget Office shall coordinate the development of a local impact note for any proposed legislation introduced after June 30, 1997, upon request of the chair or the ranking minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon receipt of a request to prepare a local impact note, the commissioner office must notify the authors of the proposed legislation that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The commissioner office shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The commissioner of

~~management and budget office~~ may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the ~~commissioner of management and budget office~~ with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the ~~commissioner office~~ must provide a copy to the authors of the proposed legislation and to the chair and ranking minority member of each committee to which the proposed legislation is referred.

Sec. 12. Minnesota Statutes 2016, section 6.481, subdivision 6, is amended to read:

Subd. 6. **Payments to state auditor.** A county audited by the state auditor must pay the state auditor for the costs and expenses of the audit. If the state auditor makes additional examinations of a county whose audit is performed by a CPA firm, the county must pay the auditor for the cost of these examinations. Payments must be deposited in the ~~state auditor enterprise~~ general fund.

Sec. 13. Minnesota Statutes 2016, section 6.56, subdivision 2, is amended to read:

Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts, and affairs of any political subdivision, as provided by law, such political subdivision shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor may bill such political subdivision periodically for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The ~~state auditor enterprise~~ general fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Sec. 14. Minnesota Statutes 2016, section 6.581, subdivision 4, is amended to read:

Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges for examinations, the state auditor must report the proposed increases to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered year, the state auditor must report to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over the budget of the state auditor a summary of ~~the state auditor enterprise fund~~ anticipated revenues, and expenditures related to examinations for the biennium ending June 30 of that year. The report must also include for the biennium the number of full-time equivalents ~~paid by the fund~~ employed by the Office of the State Auditor, any audit rate changes stated as a percentage, the number of audit reports issued, and the number of counties audited.

Sec. 15. Minnesota Statutes 2016, section 10A.01, subdivision 26, is amended to read:

Subd. 26. **Noncampaign disbursement.** "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, or a donation in kind received, by a principal campaign committee for any of the following purposes:

- (1) payment for accounting and legal services;
- (2) return of a contribution to the source;
- (3) repayment of a loan made to the principal campaign committee by that committee;

~~(4)~~ (4) return of a public subsidy;

~~(5)~~ (4) payment for food, beverages, and necessary utensils and supplies, entertainment, and facility rental for a fund-raising event;

~~(6)~~ (5) services for a constituent by a member of the legislature or a constitutional officer in the executive branch, including the costs of preparing and distributing a suggestion or idea solicitation to constituents, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;

~~(7)~~ (6) payment for food and beverages consumed by a candidate or volunteers while they are engaged in campaign activities;

~~(8)~~ (7) payment for food or a beverage consumed while attending a reception or meeting directly related to legislative duties;

~~(9)~~ (8) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;

~~(10)~~ (9) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;

~~(11)~~ (10) costs of child care for the candidate's children when campaigning;

~~(12)~~ (11) fees paid to attend a campaign school;

~~(13)~~ (12) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;

~~(14)~~ (13) interest on loans paid by a principal campaign committee on outstanding loans;

~~(15)~~ (14) filing fees;

~~(16)~~ (15) post-general election holiday or seasonal cards, thank-you notes, or advertisements in the news media mailed or published prior to the end of the election cycle;

~~(17)~~ (16) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;

~~(18)~~ (17) contributions to a party unit;

~~(19)~~ (18) payments for funeral gifts or memorials;

~~(20)~~ (19) the cost of a magnet less than six inches in diameter containing legislator contact information and distributed to constituents;

~~(21)~~ (20) costs associated with a candidate attending a political party state or national convention in this state;

~~(22)~~ (21) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question; and

~~(23)~~ (22) costs paid to a third party for processing contributions made by a credit card, debit card, or electronic check.

The board must determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

A noncampaign disbursement is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

EFFECTIVE DATE. This section is effective July 1, 2017, and applies to elections held on or after that date.

Sec. 16. Minnesota Statutes 2016, section 10A.105, subdivision 1, is amended to read:

Subdivision 1. **Single committee.** A candidate must not accept contributions from a source, other than self, in aggregate in excess of \$750 ~~or accept a public subsidy~~ unless the candidate designates and causes to be formed a single principal campaign committee for each office sought. A candidate may not authorize, designate, or cause to be formed any other political committee bearing the candidate's name or title or otherwise operating under the direct or indirect control of the candidate. However, a candidate may be involved in the direct or indirect control of a party unit.

EFFECTIVE DATE. This section is effective July 1, 2017, and applies to elections held on or after that date.

Sec. 17. Minnesota Statutes 2016, section 10A.15, subdivision 1, is amended to read:

Subdivision 1. **Anonymous contributions.** A political committee, political fund, principal campaign committee, or party unit may not retain an anonymous contribution in excess of \$20, but must forward it to the board for deposit in the general ~~account of the state elections campaign account~~ fund.

Sec. 18. Minnesota Statutes 2016, section 10A.245, subdivision 2, is amended to read:

Subd. 2. **Termination by board.** The board may terminate the registration of a principal campaign committee, party unit, political committee, or political fund found to be inactive under this section 60 days after sending written notice of inactivity by certified mail to the affected association at the last address on record with the board for that association. Within 60 days after the board sends notice under this section, the affected association must dispose of its assets as provided in this subdivision. The assets of the principal campaign committee, party unit, or political committee must be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated and deposited in the general ~~account of the state elections campaign account~~ fund. The assets of an association's political fund that were derived from the association's general treasury money revert to the association's general treasury. Assets of a political fund that resulted from contributions to the political fund must be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated and deposited in the general ~~account of the state elections campaign account~~ fund.

Sec. 19. Minnesota Statutes 2016, section 10A.25, subdivision 1, is amended to read:

Subdivision 1. **Limits are voluntary.** The expenditure limits imposed by this section apply only to a candidate who has signed ~~an agreement a pledge~~ under section 10A.322 ~~to be bound by them as a condition of receiving a public subsidy for the candidate's campaign.~~

Sec. 20. Minnesota Statutes 2016, section 10A.25, subdivision 10, is amended to read:

Subd. 10. **Effect of opponent's conduct.** (a) After the deadline for filing a ~~spending limit agreement~~ pledge under section 10A.322, a candidate who has ~~agreed~~ pledged to be bound by the expenditure limits imposed by this section ~~as a condition of receiving a public subsidy~~ for the candidate's campaign may choose to be released from the expenditure limits ~~but remain eligible to receive a public subsidy~~ if the candidate has an opponent who has not ~~agreed~~ pledged to be bound by the limits and has received contributions or made or become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to the close of the reporting period before the primary election, receipts or expenditures equal to 20 percent of the election segment expenditure limit for that office as set forth in subdivision 2; or

(2) after the close of the reporting period before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the election cycle expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in the primary election.

(b) A candidate who has not ~~agreed~~ pledged to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a). The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a).

(c) Upon receipt of the notice, a candidate who had ~~agreed~~ pledged to be bound by the limits may file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the State Canvassing Board has declared the results of the state primary.

(d) A candidate who has ~~agreed~~ pledged to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits ~~but remains eligible to receive a public subsidy~~.

Sec. 21. Minnesota Statutes 2016, section 10A.257, subdivision 1, is amended to read:

Subdivision 1. **Unused funds.** For election cycles ending on or before December 31, 2018, after all campaign expenditures and noncampaign disbursements for an election cycle have been made, an amount up to 25 percent of the 2016 election cycle expenditure limit for the office may be carried forward. Any remaining amount up to the total amount of the 2016 public subsidy from the state elections campaign fund must be returned to the state treasury for credit to the general fund under Minnesota Statutes 2016, section 10A.324. Any remaining amount in excess of the total 2016 public subsidy must be contributed to the state elections campaign account or a political party for multicandidate expenditures as defined in section 10A.275.

EFFECTIVE DATE. This section is effective July 1, 2017, and applies to elections held on or after that date.

Sec. 22. Minnesota Statutes 2016, section 10A.27, subdivision 10, is amended to read:

Subd. 10. **Limited personal contributions.** A candidate who signs ~~an agreement~~ a pledge under section 10A.322 may not contribute to the candidate's own campaign during a segment of an election cycle more than five times the candidate's contribution limit for that segment under subdivision 1.

Sec. 23. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to read:

Subd. 11a. **Contributions from the sale of goods or services.** Proceeds from the sale of goods or services by a political committee must be reported as a contribution to that committee, as provided in section 10A.13. A political committee may not use proceeds from the sale of goods or services to make a contribution to a principal campaign committee, a party unit, or a political committee or political fund, unless the political committee or political fund makes only independent expenditures and disbursements permitted under section 10A.121, subdivision 1. A political committee selling goods or services must disclose to each purchaser, prior to a sale, that proceeds may be used to make a contribution to an independent expenditure political committee or fund, or may be used by the committee for other political purposes as authorized by law, and must offer the purchaser an opportunity to review the committee's most recent report submitted to the board under section 10A.20. A copy of the report must be clearly posted in a conspicuous location on at least 8.5-inch by 11-inch sized paper and available for public inspection at the point of sale.

Sec. 24. Minnesota Statutes 2016, section 10A.322, subdivision 1, is amended to read:

Subdivision 1. **Agreement Pledge by candidate.** (a) ~~As a condition of receiving a public subsidy,~~ A candidate ~~must~~ may sign and file with the board a written ~~agreement~~ pledge in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; ~~10A.324;~~ and 10A.38 until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the pledge was filed, whichever occurs first.

(b) Before the first day of filing for office, the board must forward ~~agreement~~ pledge forms to all filing officers. The board must also provide ~~agreement~~ pledge forms to candidates on request at any time. The candidate must file the ~~agreement~~ pledge with the board at least three weeks before the candidate's state primary. ~~An agreement~~ A pledge may not be filed after that date. ~~An agreement~~ The board must post a copy of each pledge filed by a candidate on the board's Web site. For purposes of public posting, a pledge once filed may not be rescinded.

~~(c) The board must notify the commissioner of revenue of any agreement signed under this subdivision.~~

~~(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement not later than the day after the close of the filing period for the special election for which the candidate filed.~~

(c) A pledge filed by a candidate under this subdivision is a voluntary agreement by the candidate to comply with the sections listed in paragraph (a). Compliance with the terms of a pledge, or any provisions of law cited within the pledge, may not be the subject of an advisory opinion issued under section 10A.02, subdivision 12, and is not subject to an audit, investigation, or enforcement action by the board under section 10A.02, 10A.022, or any other applicable law.

Sec. 25. Minnesota Statutes 2016, section 10A.38, is amended to read:

10A.38 CAPTIONING OF CAMPAIGN ADVERTISEMENTS.

(a) This section applies to a campaign advertisement by a candidate who ~~is governed by an agreement~~ has filed a pledge under section 10A.322.

(b) "Campaign advertisement" means a professionally produced visual or audio recording of two minutes or less produced by the candidate for the purpose of influencing the nomination or election of a candidate.

(c) A campaign advertisement that is disseminated as an advertisement by broadcast or cable television must include closed captioning for deaf and hard-of-hearing viewers, unless the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so. A campaign advertisement that is disseminated as an advertisement to the public on the candidate's Web site must include closed captioning for deaf and hard-of-hearing viewers, unless the candidate has posted on the Web site a transcript of the spoken content of the advertisement or the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so. A campaign advertisement must not be disseminated as an advertisement by radio unless the candidate has posted on the candidate's Web site a transcript of the spoken content of the advertisement or the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so.

Sec. 26. **15.0395 INTERAGENCY AGREEMENTS AND INTRA-AGENCY TRANSFERS.**

(a) The head of each agency must provide quarterly reports to the chairs and ranking minority members of the legislative committees with jurisdiction over the department or agency's budget on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with another agency if the cumulative value of those agreements is more than \$50,000 in a single fiscal year; and

(2) transfers of appropriations between accounts within or between agencies, if the cumulative value of the transfers is more than \$50,000 in a single fiscal year.

The report must include the statutory citation authorizing the agreement, transfer or dollar amount, purpose, and effective date of the agreement, the duration of the agreement, and a copy of the agreement.

(b) As used in this section, "agency" includes the departments of the state listed in section 15.01, a multimember state agency in the executive branch described in section 15.012, paragraph (a), the Office of MN.IT Services, and the Office of Higher Education.

Sec. 27. **16A.117 CONTINUING APPROPRIATIONS.**

Subdivision 1. Appropriations continue for one year. If a major appropriation bill is not enacted before July 1 of an odd-numbered year, the existing appropriation amounts pertaining to that bill for the fiscal year ending that June 30 are in effect again at 95 percent of the base level through the fiscal year beginning July 1 of that odd-numbered year. The base level is the amount appropriated for the fiscal year ending that June 30, except as otherwise provided by subdivision 2 or by other law. The amounts needed to implement this section are appropriated from each fund covered by this section.

Subd. 2. Exceptions and adjustments. (a) An appropriation remaining in effect under authority of subdivision 1 must be adjusted or discontinued as required by other law and according to paragraphs (b) to (e).

(b) In order to meet the fiscal obligations required under current law, the commissioner must adjust the appropriation for each forecasted program according to the forecast adjusted base spending level estimated by the commissioner in the preceding February forecast.

(c) An appropriation for the fiscal year ending June 30 of the odd-numbered year does not remain in effect for the fiscal year starting on July 1 if the legislature specifically designated the appropriation as a onetime appropriation, if the commissioner of management and budget determines that the legislature clearly intended the appropriation to be onetime, or if the program for which the appropriation was made expires on or before July 1.

(d) If an appropriation remains in effect under authority of subdivision 1, but the program or activity that is the subject of the appropriation is scheduled to expire during a fiscal year, the commissioner of management and budget must prorate the appropriation consistent with the expiration date.

(e) The commissioner of management and budget may make technical adjustments to the amount of an appropriation to the extent the commissioner determines the technical adjustments are needed to accurately reflect the amount that constitutes the annual base level of the appropriation. The commissioner may make an adjustment under this paragraph only if one or more of the following conditions is met:

(1) the legislature previously appropriated money for a biennium, with the entire appropriation being allocated to one year of the biennium, and the commissioner determines an adjustment is necessary to accurately reflect the annual amount needed to maintain program operations at the same level;

(2) laws or policies under which revenues and expenditures are accounted for have changed to eliminate or consolidate certain funds or accounts or to create new funds or accounts, and adjustments in appropriations are necessary to implement these changes;

(3) duties have been transferred between agency programs, or between agencies, and adjustments in appropriations are necessary to reflect these transfers; or

(4) a program, or changes to a program, were not fully operational in one fiscal year, but will be fully operational in the following year, and an adjustment to the appropriation is needed to accurately reflect the annual cost of the new or changed program.

(f) The commissioner of management and budget must give the chairs and ranking minority members of the senate finance and house ways and means committees written notice of any adjustments made under this subdivision.

Subd. 3. **Statutory appropriations.** All statutory appropriations from the general fund or another fund in the state treasury continue as required under current law and are not limited by subdivision 1.

Sec. 28. Minnesota Statutes 2016, section 16A.90, is amended to read:

16A.90 EMPLOYEE GAINSHARING SYSTEM.

Subdivision 1. **Commissioner must establish program.** (a) The commissioner shall establish a program to provide onetime bonus compensation to state employees for efforts made to reduce the costs of operating state government or for ways of providing better or more efficient state services. The commissioner may authorize an executive branch appointing authority to make a onetime award to an employee or group of employees whose suggestion or involvement in a project is determined by the commissioner to have resulted in documented cost-savings to the state. Before authorizing awards under this section, the commissioner shall establish guidelines for the program including but not limited to:

(1) the maximum award is ten percent of the documented savings in the first fiscal year in which the savings are realized up to \$50,000;

(2) the award must be paid from the appropriation to which the savings accrued; and

(3) employees whose primary job responsibility is to identify cost savings or ways of providing better or more efficient state services are generally not eligible for bonus compensation under this section except in extraordinary circumstances as defined by the commissioner.

(b) The program required by this section must be in addition to any existing monetary or nonmonetary performance-based recognition programs for state employees, including achievement awards, continuous improvement awards, and general employee recognitions.

Subd. 2. **Monthly legislative report.** No later than August 1, 2017, and monthly thereafter, the commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over Minnesota Management and Budget on the status of the program required by this section. The report must detail:

(1) the specific program guidelines established by the commissioner as required by subdivision 1, if the guidelines have not been described in a previous report;

(2) any proposed modifications to the established guidelines under consideration by the commissioner, including the reason for the proposed modifications;

(3) the methods used by the commissioner to promote the program to state employees, if the methods have not been described in a previous report;

(4) a summary of the results of the program that includes the following, categorized by agency:

(i) the number of state employees whose suggestions or involvement in a project were considered for possible bonus compensation, and a description of each suggestion or project that was considered;

(ii) the total amount of bonus compensation actually awarded, itemized by each suggestion or project that resulted in an award and the amount awarded for that suggestion or project; and

(iii) the total amount of documented cost-savings that accrued to the agency as a result of each suggestion or project for which bonus compensation was granted; and

(5) any recommendations for legislation that, in the judgment of the commissioner, would improve the effectiveness of the bonus compensation program established by this section or which would otherwise increase opportunities for state employees to actively participate in the development and implementation of strategies for reducing the costs of operating state government or for providing better or more efficient state services.

Sec. 29. Minnesota Statutes 2016, section 16B.335, subdivision 1, is amended to read:

Subdivision 1. **Construction and major remodeling.** (a) The commissioner, or any other recipient to whom an appropriation is made to acquire or better public lands or buildings or other public improvements of a capital nature, must not prepare final plans and specifications for any construction, major remodeling, or land acquisition in anticipation of which the appropriation was made until the agency that will use the project has presented the program plan and cost estimates for all elements necessary to complete the project to the chair of the senate Finance Committee and the chair of the house of representatives Ways and Means Committee and the chairs have made their

recommendations, and the chair and ranking minority member of the senate Capital Investment Committee and the chair and ranking minority member of the house of representatives Capital Investment Committee are notified. "Construction or major remodeling" means construction of a new building, a substantial addition to an existing building, or a substantial change to the interior configuration of an existing building. The presentation must note any significant changes in the work that will be done, or in its cost, since the appropriation for the project was enacted or from the predesign submittal. The program plans and estimates must be presented for review at least two weeks before a recommendation is needed. The recommendations are advisory only. Failure or refusal to make a recommendation is considered a negative recommendation.

(b) The chairs and ranking minority members of the senate Finance and Capital Investment Committees and the house of representatives Capital Investment and Ways and Means Committees, and the house of representatives and senate budget committees or divisions with jurisdiction over the agency that will use the project must also be notified whenever there is a substantial change in a construction or major remodeling project, or in its cost. This notice must include the nature and reason for the change and the anticipated cost of the change. The notice must be given no later than ten days after signing a change order or other document authorizing a change in the project, or if there is not a change order or other document, no later than ten days after the project owner becomes aware of a substantial change in the project or its cost.

(c) Capital projects exempt from the requirements of this subdivision in paragraph (a) to seek recommendations before preparing final plans and specifications include demolition or decommissioning of state assets, hazardous material projects, utility infrastructure projects, environmental testing, parking lots, parking structures, park and ride facilities, bus rapid transit stations, light rail lines, passenger rail projects, exterior lighting, fencing, highway rest areas, truck stations, storage facilities not consisting primarily of offices or heated work areas, roads, bridges, trails, pathways, campgrounds, athletic fields, dams, floodwater retention systems, water access sites, harbors, sewer separation projects, water and wastewater facilities, port development projects for which the commissioner of transportation has entered into an assistance agreement under section 457A.04, ice centers, a local government project with a construction cost of less than \$1,500,000, or any other capital project with a construction cost of less than \$750,000. The requirements in paragraph (b) to give notice of changes applies to these projects.

Sec. 30. Minnesota Statutes 2016, section 16B.4805, subdivision 4, is amended to read:

Subd. 4. **Administration costs.** The commissioner may use up to ~~45~~ five percent of the biennial appropriation for administration of this section.

Sec. 31. Minnesota Statutes 2016, section 16B.97, is amended by adding a subdivision to read:

Subd. 6. **Commerce grants.** The office must monitor grants made by the Department of Commerce.

Sec. 32. **[16B.991] TERMINATION OF GRANT.**

Each grant agreement subject to sections 16B.97 and 16B.98 must provide that the agreement will immediately be terminated if:

(1) the recipient is convicted of a criminal offense relating to a state grant agreement; or

(2) the agency entering into the grant agreement or the commissioner of administration determines that the grant recipient is under investigation by a federal agency, a state agency, or a local law enforcement agency for matters relating to administration of a state grant.

Sec. 33. Minnesota Statutes 2016, section 16E.016, is amended to read:

16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES AND EQUIPMENT.

(a) The chief information officer is responsible for providing or entering into managed services contracts for the provision, improvement, and development of the following information technology systems and services to state agencies:

- (1) state data centers;
- (2) mainframes including system software;
- (3) servers including system software;
- (4) desktops including system software;
- (5) laptop computers including system software;
- (6) a data network including system software;
- (7) database, electronic mail, office systems, reporting, and other standard software tools;
- (8) business application software and related technical support services;
- (9) help desk for the components listed in clauses (1) to (8);
- (10) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to (8);
- (11) regular upgrades and replacement for the components listed in clauses (1) to (8); and
- (12) network-connected output devices.

(b) All state agency employees whose work primarily involves functions specified in paragraph (a) are employees of the Office of MN.IT Services. This includes employees who directly perform the functions in paragraph (a), as well as employees whose work primarily involves managing, supervising, or providing administrative services or support services to employees who directly perform these functions. The chief information officer may assign employees of the office to perform work exclusively for another state agency.

(c) Subject to sections 16C.08 and 16C.09, the chief information officer may allow a state agency to obtain services specified in paragraph (a) through a contract with an outside vendor when the chief information officer and the agency head agree that a contract would provide best value, as defined in section 16C.02, under the service-level agreement. The chief information officer must require that agency contracts with outside vendors ensure that systems and services are compatible with standards established by the Office of MN.IT Services.

~~(d) The Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the State Board of Investment, the Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide Radio Board are not state agencies for purposes of this section.~~

Sec. 34. Minnesota Statutes 2016, section 16E.0466, is amended to read:

16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.

Subdivision 1. Consultation required. (a) Every state agency with an information or telecommunications project must consult with the Office of MN.IT Services to determine the information technology cost of the project. Upon agreement between the commissioner of a particular agency and the chief information officer, the agency must transfer the information technology cost portion of the project to the Office of MN.IT Services. Service level agreements must document all project-related transfers under this section. Those agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of this section.

(b) Notwithstanding section 16A.28, subdivision 3, any unexpended operating balance appropriated to a state agency may be transferred to the information and telecommunications technology systems and services account for the information technology cost of a specific project, subject to the review of the Legislative Advisory Commission, under section 16E.21, subdivision 3.

Subd. 2. Legislative report. No later than October 1, 2017, and quarterly thereafter, the state chief information officer must submit a comprehensive project portfolio report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance on projects requiring consultation under subdivision 1. The report must itemize:

- (1) each project presented to the office for consultation in the time since the last report;
- (2) the information technology cost associated with the project, including the information technology cost as a percentage of the project's complete budget;
- (3) the status of the information technology components of the project's development;
- (4) the date the information technology components of the project are expected to be complete; and
- (5) the projected costs for ongoing support and maintenance of the information technology components after the project is complete.

Sec. 35. **[43A.035] LIMIT ON NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES; USE OF AGENCY SAVINGS.**

Subdivision 1. Number of full-time equivalent employees limited. The total number of full-time equivalent employees employed in all executive branch agencies may not exceed 31,691. The commissioner of management and budget may forbid an executive agency from hiring a new employee or from filling a vacancy as the commissioner determines necessary to ensure compliance with this section. Any reductions in staff should prioritize protecting client-facing health care workers, corrections officers, public safety workers, and mental health workers. As a means of achieving compliance with this subdivision, the commissioner may authorize an agency to provide an early retirement incentive to an executive branch employee, under which the state will continue to make the employer contribution for health insurance after the employee has terminated state service. The commissioner must prescribe eligibility requirements and the maximum duration of the payments.

Subd. 2. Use of savings resulting from vacant positions. To the extent that an executive branch agency accrues savings in personnel costs resulting from the departure of an agency employee or the maintenance of a vacant position, those savings may only be used to support a new employee in that position at an equal or lesser rate of compensation, and for an equal or lesser full-time equivalent work status. Savings accrued from departed personnel or maintenance of a vacant position may not be transferred or reallocated to another program or activity within the executive branch agency, or used to increase the number of full-time equivalent employees at the agency, unless expressly authorized by law.

Subd. 3. **Definition.** For purposes of this section, an "executive branch agency" does not include the Minnesota State Colleges and Universities or statewide pension plans.

Sec. 36. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision, "highly compensated employee" means an employee of the state whose estimated annual compensation is greater than 60 percent of the governor's annual salary, and who is not covered by a collective bargaining agreement negotiated under chapter 179A.

(b) Severance pay for a highly compensated employee includes benefits or compensation with a quantifiable monetary value, that are provided for an employee upon termination of employment and are not part of the employee's annual wages and benefits and are not specifically excluded by this subdivision. Severance pay does not include payments for accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to cover the cost of group term insurance. Severance pay for a highly compensated employee does not include payments of periodic contributions by an employer toward premiums for group insurance policies. The severance pay for a highly compensated employee must be excluded from retirement deductions and from any calculations of retirement benefits. Severance pay for a highly compensated employee must be paid in a manner mutually agreeable to the employee and the employee's appointing authority over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, the balance due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except as provided in paragraph (c), severance pay provided for a highly compensated employee leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser of:

(1) six months pay; or

(2) the highly compensated employee's regular rate of pay multiplied by 35 percent of the highly compensated employee's accumulated but unused sick leave hours.

(c) Severance pay for a highly compensated employee may exceed ~~an amount equivalent to six months of pay~~ the limit prescribed in paragraph (b) if the severance pay is part of an early retirement incentive offer approved by the state and the same early retirement incentive offer is also made available to all other employees of the appointing authority who meet generally defined criteria relative to age or length of service.

(d) An appointing authority may make severance payments to a highly compensated employee, up to the limits prescribed in this subdivision, only if doing so is authorized by a compensation plan under section 43A.18 that governs the employee, provided that the following highly compensated employees are not eligible for severance pay:

(1) a commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, including the state chief information officer; and

(2) any unclassified employee who is also a public official, as defined in section 10A.01, subdivision 35.

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

Sec. 37. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to read:

Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental benefits under this section has the right to decline those benefits, provided the individual declining the benefits can prove health insurance coverage from another source. Any individual declining benefits must do so in writing, signed and dated, on a form provided by the commissioner.

(b) The commissioner must create and make available in hard copy and online a form for individuals to use in declining state-paid hospital, medical, and dental benefits. The form must, at a minimum, include notice to the declining individual of the next available opportunity and procedure to re-enroll in the benefits.

Sec. 38. **[118A.09] ADDITIONAL LONG-TERM EQUITY INVESTMENT AUTHORITY.**

Subdivision 1. Definition; qualifying government. "Qualifying government" means:

(1) a county or statutory or home rule charter city with a population of more than 100,000;

(2) a county or statutory or home rule charter city which had its most recently issued general obligation bonds rated in the highest category by a national bond rating agency; or

(3) a self-insurance pool listed in section 471.982, subdivision 3.

A county or statutory or home rule charter city with a population of 100,000 or less that is a qualifying government, but is subsequently rated less than the highest category by a national bond rating agency on a general obligation bond issue, may not invest additional funds under this section but may continue to manage funds previously invested under subdivision 2.

Subd. 2. Additional investment authority. Qualifying governments may invest the amount described in subdivision 3:

(1) in index mutual funds based in the United States and indexed to a broad market United States equity index; or

(2) with the Minnesota State Board of Investment subject to such terms and minimum amounts as may be adopted by the board. Index mutual fund investments must be made directly with the main sales office of the fund.

Subd. 3. Funds. (a) Qualifying governments may only invest under subdivision 2 according to the limitations in this subdivision. A qualifying government under subdivision 1, clause (1) or (2), may only invest its funds that are held for long-term capital plans authorized by the city council or county board, or long-term obligations of the qualifying government. Long-term obligations of the qualifying government include long-term capital plan reserves, funds held to offset long-term environmental exposure, other postemployment benefit liabilities, compensated absences, and other long-term obligations established by applicable accounting standards.

(b) Qualifying governments under subdivision 1, clause (1) or (2), may invest up to 15 percent of the sum of:

(1) unassigned cash;

(2) cash equivalents;

(3) deposits; and

(4) investments.

This calculation must be based on the qualifying government's most recent audited statement of net position, which must be compliant and audited pursuant to governmental accounting and auditing standards. Once the amount invested reaches 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments, no further funds may be invested under this section; however, a qualifying government may continue to manage the funds previously invested under this section even if the total amount subsequently exceeds 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments.

(c) A qualified government under subdivision 1, clause (3), may invest up to the lesser of:

(1) 15 percent of the sum of its cash, cash equivalents, deposits, and investments; or

(2) 25 percent of its net assets as reported on the pool's most recent audited statement of net position, which must be compliant and audited pursuant to governmental accounting and auditing standards.

Subd. 4. **Approval.** Before investing pursuant to this section, the governing body of the qualifying government must adopt a resolution that includes the following statements:

(1) the governing body understands that investments under subdivision 2 have a risk of loss;

(2) the governing body understands the type of funds that are being invested and the specific investment itself; and

(3) the governing body certifies that all funds designated for investment through the State Board of Investment meet the requirements of this section and the policies and procedures established by the State Board of Investment.

Subd. 5. **Public Employees Retirement Association to act as account administrator.** A qualifying government exercising authority under this section to invest amounts with the State Board of Investment shall establish an account with the Public Employees Retirement Association (PERA), which shall act as the account administrator.

Subd. 6. **Purpose of account.** The account established under subdivision 5 may only be used for the purposes provided under subdivision 3. PERA may rely on representations made by the qualifying government in exercising its duties as account administrator and has no duty to further verify qualifications, use, or intended use of the funds that are invested or withdrawn.

Subd. 7. **Account maintenance.** (a) A qualifying government may establish an account to be held under the supervision of PERA for the purposes of investing funds with the State Board of Investment under subdivision 2. PERA shall establish a separate account for each qualifying government. PERA may charge participating qualifying governments a fee for reasonable administrative costs. The amount of any fee charged by PERA is annually appropriated to the association from the account. PERA may establish other reasonable terms and conditions for creation and maintenance of these accounts.

(b) PERA must report to the qualifying government on the investment returns of invested funds and on all investment fees or costs incurred by the account.

Subd. 8. **Investment.** (a) The assets of an account shall be invested and held as required by this subdivision.

(b) PERA must certify all money in the accounts for which it is account administrator to the State Board of Investment for investment under section 11A.14, subject to the policies and procedures established by the State Board of Investment. Investment earnings must be credited to the account of the individual qualifying government.

(c) For accounts invested by the State Board of Investment, the investment restrictions shall be the same as those generally applicable to the State Board of Investment.

(d) A qualifying government may provide investment direction to PERA, subject to the policies and procedures established by the State Board of Investment.

Subd. 9. Withdrawal of funds and termination of account. (a) A government may withdraw some or all of its money or terminate the account.

(b) A government requesting withdrawal of money from an account created under this section must do so at a time and in the manner required by the executive director of PERA, subject to the policies and procedures established by the State Board of Investment.

Sec. 39. Minnesota Statutes 2016, section 190.19, subdivision 2, is amended to read:

Subd. 2. Uses. (a) Money appropriated from the Minnesota "Support Our Troops" account to the Department of Military Affairs may be used for:

(1) grants directly to eligible individuals;

(2) grants to one or more eligible foundations for the purpose of making grants to eligible individuals, as provided in this section;

(3) veterans' services; or

(4) grants to family readiness groups chartered by the adjutant general.

(b) As used in paragraph (a), the term "eligible individual" includes any person who is:

(1) a member in good standing of the Minnesota National Guard or a reserve unit based in Minnesota ~~who has been called to active service as defined in section 190.05, subdivision 5;~~

(2) a Minnesota resident who is a member of a military reserve unit not based in Minnesota, if the member is called to active service as defined in section 190.05, subdivision 5;

(3) any other Minnesota resident performing active service for any branch of the military of the United States;

(4) a person who honorably served in one of the capacities listed in clause (1), (2), or (3) who has current financial needs ~~directly related to that service;~~ and

(5) a member of the immediate family of an individual identified in clause (1), (2), (3), or (4). For purposes of this clause, "immediate family" means the individual's spouse and minor children and, if they are dependents of the member of the military, the member's parents, grandparents, siblings, stepchildren, and adult children.

(c) As used in paragraph (a), the term "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

(2) has articles of incorporation under chapter 317A specifying the purpose of the organization as including the provision of financial assistance to members of the Minnesota National Guard and other United States armed forces reserves and their families and survivors; and

(3) agrees in writing to distribute any grant money received from the adjutant general under this section to eligible individuals as defined in this section and in accordance with any written policies and rules the adjutant general may impose as conditions of the grant to the foundation.

(d) The maximum grant awarded to an eligible individual under paragraph (a) in a calendar year with funds from the Minnesota "Support Our Troops" account, either through an eligible institution or directly from the adjutant general, may not exceed ~~\$2,000~~ \$4,000.

Sec. 40. Minnesota Statutes 2016, section 190.19, subdivision 2a, is amended to read:

Subd. 2a. **Uses; veterans.** (a) Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

- (1) grants to veterans service organizations;
- (2) outreach to underserved veterans;
- (3) providing services and programs for veterans and their families;
- (4) transfers to the vehicle services account for Gold Star license plates under section 168.1253;
- (5) grants of up to \$100,000 to any organization approved by the commissioner of veterans affairs for the purpose of supporting and improving the lives of veterans and their families; ~~and~~
- (6) grants to an eligible foundation; and
- (7) the agency's uncompensated burial costs for eligible dependents to whom the commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant to section 197.236, subdivision 9, paragraph (b).

(b) For purposes of this subdivision, "eligible foundation" includes any organization that:

- (1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and
- (2) is a nonprofit corporation under chapter 317A and the organization's articles of incorporation specify that a purpose of the organization includes: (i) providing assistance to veterans and their families; or (ii) enhancing the lives of veterans and their families.

Sec. 41. Minnesota Statutes 2016, section 196.05, subdivision 1, is amended to read:

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

- (1) act as the agent of a resident of the state having a claim against the United States for benefits arising out of or by reason of service in the armed forces and prosecute the claim without charge;
- (2) act as custodian of veterans' bonus records;
- (3) administer the laws relating to the providing of bronze flag holders at veterans' graves for memorial purposes;
- (4) administer the laws relating to recreational or rest camps for veterans so far as applicable to state agencies;
- (5) administer the state soldiers' assistance fund and veterans' relief fund and other funds appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation of veterans;

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

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

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

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

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

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

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

Sec. 42. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:

Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee schedule, which may be adjusted from time to time, for the interment of eligible spouses and dependent children. The fees shall cover as nearly as practicable the actual costs of interment, excluding the value of the plot.

(b) Upon application, the commissioner may waive or reduce the burial fee in the case of for an indigent eligible person. The commissioner shall develop a policy, eligibility standards, and application form for requests to waive or reduce the burial fee to indigent eligible applicants.

(c) No plot or interment fees may be charged for the burial of service members who die on active duty or eligible veterans, as defined in United States Code, title 38, section 101, paragraph (2).

Sec. 43. **[197.6091] VETERANS BENEFITS SERVICES; DISCLOSURE REQUIREMENTS.**

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

(b)(1) "Advertising" or "advertisement" means any of the following:

(i) any written or printed communication made for the purpose of soliciting business for veterans benefits appeal services, including but not limited to a brochure, letter, pamphlet, newspaper, telephone listing, periodical, or other writing;

(ii) any directory listing caused or permitted by a person and made available by that person indicating that veterans benefits appeal services are being offered; or

(iii) any radio, television, computer network, or similar airwave or electronic transmission that solicits business for or promotes a person offering veterans benefits appeal services.

(2) "Advertising" or "advertisement" does not include any of the following:

(i) any printing or writing used on buildings, uniforms, or badges, where the purpose of the writing is for identification; or

(ii) any printing or writing in a memorandum or other communication used in the ordinary course of business where the sole purpose of the writing is other than soliciting business for veterans benefits appeal services.

(c) "Veterans benefits appeal services" means services that a veteran might reasonably require in order to appeal a denial of federal or state veterans benefits, including but not limited to denials of disability, limited income, home loan, insurance, education and training, burial and memorial, and dependent and survivor benefits.

(d) "Veterans benefits services" means services that a veteran or a family member of a veteran might reasonably use in order to obtain federal, state, or county veterans benefits.

(e) "Written disclosure statement" means the written disclosure statement developed by the commissioner of veterans affairs pursuant to section 196.05, subdivision 1.

Subd. 2. **Advertising disclosure requirements.** A person advertising veterans benefits appeal services must conspicuously disclose in the advertisement, in similar type size or voice-over, that veterans benefits appeal services are also offered at no cost by county veterans service officers under sections 197.603 and 197.604.

Subd. 3. **Veterans benefits services disclosure requirements.** A person who provides veterans benefits services in exchange for compensation shall provide a written disclosure statement to each client or prospective client. Before a person enters into an agreement to provide veterans benefits services or accepts money or any other thing of value for the provision of veterans benefits services, the person must obtain the signature of the client on a written disclosure statement containing an attestation by the client that the client has read and understands the written disclosure statement.

Subd. 4. **Violations; penalties.** A person who fails to comply with this section is subject to a civil penalty not to exceed \$1,000 for each violation. Civil penalties shall be assessed by the district court in an action initiated by the attorney general. For the purposes of computing the amount of each civil penalty, each day of a continuing violation constitutes a separate violation. Additionally, the attorney general may accept a civil penalty as determined by the attorney general in settlement of an investigation of a violation of this section regardless of whether an action has been filed under this section. Any civil penalty recovered shall be deposited in the Support Our Troops account established under section 190.19.

Subd. 5. **Nonapplicability.** This section does not apply to the owner or personnel of any medium in which an advertisement appears or through which an advertisement is disseminated.

Sec. 44. Minnesota Statutes 2016, section 197.791, subdivision 2, is amended to read:

Subd. 2. **Program established.** The Minnesota GI Bill program is established to provide postsecondary educational assistance, apprenticeship and on-the-job training benefits, and other professional and educational benefits to eligible Minnesota veterans and to the children and spouses of deceased and severely disabled Minnesota veterans.

The commissioner, in cooperation with eligible postsecondary educational institutions, shall administer the program for the purpose of providing postsecondary educational assistance to eligible persons in accordance with this section. Each public postsecondary educational institution in the state must participate in the program and each private postsecondary educational institution in the state is encouraged to participate in the program. Any participating private institution may suspend or terminate its participation in the program at the end of any semester or other academic term.

Sec. 45. Minnesota Statutes 2016, section 197.791, subdivision 3, is amended to read:

Subd. 3. **Duties; responsibilities.** (a) The commissioner shall establish policies and procedures including, but not limited to, procedures for student application record keeping, information sharing, payment of educational assistance benefits under subdivision 5, payment of apprenticeship or on-the-job training benefits under subdivision 5a, payment of other educational or professional benefits under subdivision 5, and other procedures the commissioner considers appropriate and necessary for effective and efficient administration of the program established in this section.

(b) The commissioner may delegate part or all of the administrative procedures for the program to responsible representatives of participating eligible institutions. The commissioner may execute an interagency agreement with the Minnesota Office of Higher Education for services the commissioner determines necessary to administer the program.

Sec. 46. Minnesota Statutes 2016, section 197.791, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under ~~this section~~ subdivisions 5 and 5a if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time;

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military and who has died as a direct result of that military service, only if the surviving spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; or

(iv) the spouse or child of a person who has served in the military at any time and who has a total and permanent service-connected disability as rated by the United States Veterans Administration, only if the spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; and

(2) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(3) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) has completed the Free Application for Federal Student Aid (FAFSA).

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Sec. 47. Minnesota Statutes 2016, section 197.791, subdivision 5, is amended to read:

Subd. 5. **Benefit Educational assistance amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration and payments made under the Veterans Retraining Assistance Program (VRAP).

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

~~(1) \$1,000 per semester or term of enrollment;~~

~~(2) (1) \$3,000 per state fiscal year; and~~

~~(3) (2) \$10,000 in a lifetime.~~

(d) A person eligible under this subdivision may use the benefit amounts for the following purposes:

(1) licensing or certification tests, the successful completion of which demonstrates an individual's possession of the knowledge or skill required to enter into, maintain, or advance in employment in a predetermined and identified vocation or profession, provided that the tests and the licensing or credentialing organizations or entities that offer the tests are approved by the commissioner;

(2) tests for admission to institutions of higher learning or graduate schools;

(3) national tests providing an opportunity for course credit at institutions of higher learning;

(4) a preparatory course for a test that is required or used for admission to an institution of higher education or a graduate program; and

(5) any fee associated with the pursuit of a professional or educational objective specified in clauses (1) to (4).

(e) If an eligible person receives benefits under subdivision 5, the eligible person's aggregate benefits under this subdivision and subdivision 5 must not exceed \$10,000 in the eligible person's lifetime.

(f) If an eligible person receives benefits under subdivision 5a, the eligible person's aggregate benefits under this subdivision and subdivision 5a must not exceed \$10,000 in the eligible person's lifetime.

For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits or the equivalent for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is \$50 per term.

Sec. 48. Minnesota Statutes 2016, section 197.791, subdivision 5a, is amended to read:

Subd. 5a. **Apprenticeship and on-the-job training.** (a) The commissioner, in consultation with the commissioners of employment and economic development and labor and industry, shall develop and implement an apprenticeship and on-the-job training program to administer a portion of the Minnesota GI Bill program to pay benefit amounts to eligible ~~applicants~~ persons, as provided in this subdivision.

(b) An "eligible employer" means an employer operating a qualifying apprenticeship or on-the-job training program that has been approved by the commissioner.

(c) A person is eligible for apprenticeship and on-the-job training assistance under this subdivision if the person meets the criteria established under subdivision 4, ~~paragraphs paragraph (a), clause (1), and (e) to (e).~~ The commissioner may determine eligibility as provided in subdivision 4, paragraph (c), and may deny or terminate benefits as prescribed under subdivision 4, paragraphs (d) and (e). The amount of assistance paid to or on behalf of an eligible individual under this subdivision must not exceed the following:

(1) ~~\$2,000~~ \$3,000 per fiscal year for apprenticeship expenses;

(2) ~~\$2,000~~ \$3,000 per fiscal year for on-the-job training;

(3) \$1,000 for a job placement credit payable to an eligible employer upon hiring and completion of six consecutive months' employment of a person receiving assistance under this subdivision; and

(4) \$1,000 for a job placement credit payable to an eligible employer after a person receiving assistance under this subdivision has been employed by the eligible employer for at least 12 consecutive months as a full-time employee.

No more than ~~\$3,000~~ \$5,000 in aggregate benefits under this paragraph may be paid to or on behalf of an individual in one fiscal year, and not more than ~~\$9,000~~ \$10,000 in aggregate benefits under this paragraph may be paid to or on behalf of an individual over any period of time.

(d) Assistance for apprenticeship expenses and on-the-job training is available for qualifying programs, which must, at a minimum, meet the following criteria:

(1) the training must be with an eligible employer;

(2) the training must be documented and reported;

(3) the training must reasonably be expected to lead to an entry-level position; and

(4) the position must require at least six months of training to become fully trained.

Sec. 49. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics. The report must also include information on the distribution of the burden of federal taxes borne by Minnesota residents.

Sec. 50. **[270C.303] FREE ELECTRONIC FILING OF INDIVIDUAL INCOME TAX RETURNS.**

(a) The commissioner must develop and implement a system for the secure electronic filing of individual income tax returns and payment of individual income tax liabilities on the department's Web site at no cost. The system must allow for filing of individual returns by individuals and also by tax preparers.

(b) The system must automatically populate returns with taxpayer data available to the commissioner including but not limited to wage data received from one or more employers, state income tax withheld by one or more employers, and additional taxes owed to the state or refund owed to the taxpayer.

(c) The system must be available:

(1) by January 15, 2019, for the filing and payment of tax year 2018 individual income taxes of filers with income only from wages, fewer than five dependents, and federal adjusted gross income less than \$200,000 for married couples filing joint returns, and less than \$100,000 for all other filers; and

(2) by January 15, 2020, for the filing and payment of tax year 2019 individual income taxes of filers with income only from wages, Social Security benefits, interest, dividends, individual retirement account distributions and pensions, fewer than five dependents, and federal adjusted gross income less than \$200,000 for married couples filing joint returns, and less than \$100,000 for all other filers.

(d) For purposes of this section, "federal adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code. Other terms have the meanings given in chapter 290.

(e) By September 15 of each year, beginning in 2019, the commissioner must provide a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over taxes, in compliance with sections 3.195 and 3.197. The report must include statistics on usage of the free electronic filing system required in this section; ways in which the commissioner could expand the system, including draft legislation if needed for system expansion; and any other information the commissioner considers relevant.

(f) Costs associated with implementation of this section must be paid from existing funds appropriated to the commissioner by law.

Sec. 51. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, 2015, through December 31, 2031, the member contributions for former members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

(b) The member contribution for a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(c) The employer regular contribution with respect to a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(d) ~~For calendar years 2015 and 2016, The annual~~ employer supplemental contribution is the employing unit's share of \$31,000,000. ~~For calendar years 2017 through 2031, the employer supplemental contribution is the employing unit's share of \$21,000,000.~~

(e) Each employing unit's share under paragraph (d) is the amount determined from an allocation between each employing unit in the portion equal to the unit's employer supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50, during calendar year 2014.

(f) The employer supplemental contribution amount under paragraph (d) for calendar year 2015 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount on or before September 30, 2015. For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year and is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with compound interest at the rate of 0.71 percent per month for each month or portion of a month that has elapsed after the due date.

(g) The employer supplemental contribution under paragraph (d) terminates on December 31, 2031.

Sec. 52. Minnesota Statutes 2016, section 353.505, is amended to read:

353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.

(a) On September 15, 2015, ~~and~~ September 15, 2016, and annually thereafter, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$6,000,000. ~~By September 15 of each year after 2016, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$16,000,000.~~

(b) State contributions under this section end on September 15, 2031.

Sec. 53. Minnesota Statutes 2016, section 471.6161, subdivision 8, is amended to read:

Subd. 8. **School districts; group health insurance coverage.** (a) Any entity providing group health insurance coverage to a school district must provide the school district with school district-specific nonidentifiable aggregate claims records for the most recent 24 months within 30 days of the request.

(b) School districts shall request proposals for group health insurance coverage as provided in subdivision 2 from a minimum of three potential sources of coverage. ~~One of these requests must go to an administrator governed by chapter 43A.~~ Entities referenced in subdivision 1 must respond to requests for proposals received directly from a school district. School districts that are self-insured must also follow these provisions, except as provided in paragraph (f). School districts must make requests for proposals at least 150 days prior to the expiration of the existing contract but not more frequently than once every 24 months. The request for proposals must include the most recently available 24 months of nonidentifiable aggregate claims data. The request for proposals must be publicly released at or prior to its release to potential sources of coverage.

(c) School district contracts for group health insurance must not be longer than ~~two~~ four years ~~unless the exclusive representative of the largest employment group and the school district agree otherwise.~~

(d) All initial proposals shall be sealed upon receipt until they are all opened no less than 90 days prior to the plan's renewal date in the presence of up to three representatives selected by the exclusive representative of the largest group of employees. Section 13.591, subdivision 3, paragraph (b), applies to data in the proposals. The representatives of the exclusive representative must maintain the data according to this classification and are subject to the remedies and penalties under sections 13.08 and 13.09 for a violation of this requirement.

(e) A school district, in consultation with the same representatives referenced in paragraph (d), may continue to negotiate with any entity that submitted a proposal under paragraph (d) in order to reduce costs or improve services under the proposal. Following the negotiations any entity that submitted an initial proposal may submit a final proposal incorporating the negotiations, which is due no less than 75 days prior to the plan's renewal date. All the final proposals submitted must be opened at the same time in the presence of up to three representatives selected by the exclusive representative of the largest group of employees. Notwithstanding section 13.591, subdivision 3, paragraph (b), following the opening of the final proposals, all the proposals, including any made under paragraph (d), and other data submitted in connection with the proposals are public data. The school district may choose from any of the initial or final proposals without further negotiations and in accordance with subdivision 5, but not sooner than 15 days after the proposals become public data.

(f) School districts that are self-insured shall follow all of the requirements of this section, except that:

(1) their requests for proposals may be for third-party administrator services, where applicable;

(2) these requests for proposals must be from a minimum of three different sources, which may include both entities referenced in subdivision 1 and providers of third-party administrator services;

~~(3) for purposes of fulfilling the requirement to request a proposal for group insurance coverage from an administrator governed by chapter 43A, self-insured districts are not required to include in the request for proposal the coverage to be provided;~~

~~(4) a district that is self-insured on or before the date of enactment, or that is self-insured with more than 1,000 insured lives, or a district in which the school board adopted a motion on or before May 14, 2014, to approve a self-insured health care plan to be effective July 1, 2014, may, but need not, request a proposal from an administrator governed by chapter 43A;~~

~~(5) (3) requests for proposals must be sent to providers no less than 90 days prior to the expiration of the existing contract; and~~

~~(6) (4) proposals must be submitted at least 60 days prior to the plan's renewal date and all proposals shall be opened at the same time and in the presence of the exclusive representative, where applicable.~~

~~(g) Nothing in this section shall restrict the authority granted to school district boards of education by section 471.59, except that districts will not be considered self-insured for purposes of this subdivision solely through participation in a joint powers arrangement.~~

(h) An entity providing group health insurance to a school district under a multiyear contract must give notice of any rate or plan design changes applicable under the contract at least 90 days before the effective date of any change. The notice must be given to the school district and to the exclusive representatives of employees.

(i) The exclusive representative of the largest group of employees shall comply with this subdivision and must not exercise any of their abilities under section 43A.316, subdivision 5, notwithstanding anything contained in that section, or any other law to the contrary.

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

Sec. 54. Minnesota Statutes 2016, section 471.617, subdivision 2, is amended to read:

Subd. 2. **Jointly.** Any two or more statutory or home rule charter cities, counties, school districts, or instrumentalities thereof which together have more than 100 employees may jointly self-insure for any employee health benefits including long-term disability, but not for employee life benefits, subject to the same requirements as an individual self-insurer under subdivision 1. Self-insurance pools under this section are subject to section 62L.045. A self-insurance pool established and operated by one or more service cooperatives governed by section 123A.21 to provide coverage described in this subdivision qualifies under this subdivision, ~~but the individual school district members of such a pool shall not be considered to be self-insured for purposes of section 471.6161, subdivision 8, paragraph (f).~~ The commissioner of commerce may adopt rules pursuant to chapter 14, providing standards or guidelines for the operation and administration of self-insurance pools.

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

Sec. 55. Minnesota Statutes 2016, section 508.12, subdivision 1, is amended to read:

Subdivision 1. **Examiner and deputy examiner.** The judges of the district court shall appoint a competent attorney in each county within their respective districts to be an examiner of titles and legal adviser to the registrar in said county, to which examiner all applications to register title to land are referred without further order, and may

appoint attorneys to serve as deputy examiners who shall act in the name of the examiner and under the examiner's supervision and control, and the deputy's acts shall be the acts of the examiners. The examiner of titles and deputy examiners shall hold office subject to the will and discretion of the district court by whom appointed. The examiner's compensation and that of the examiner's deputies shall be fixed and determined by the court and paid in the same manner as the compensation of other county employees is paid except that in all counties having fewer than 75,000 inhabitants, and in Stearns, Dakota, Scott, Wright, Sherburne, and Olmsted Counties the fees and compensation of the examiners for services as legal adviser to the registrar shall be determined by the judges of the district court and paid in the same manner as the compensation of other county employees is paid, but in every other instance shall be paid by the person applying to have the person's title registered or for other action or relief which requires the services, certification or approval of the examiner.

Sec. 56. Minnesota Statutes 2016, section 518A.79, is amended by adding a subdivision to read:

Subd. 3a. **Open meetings.** Except as otherwise provided in this section, the task force is subject to chapter 13D. A meeting of the task force occurs when a quorum is present and the members receive information, discuss, or take action on any matter relating to the duties of the task force. The task force may conduct meetings as provided in section 13D.015 or 13D.02. The task force may conduct meetings at any location in the state that is appropriate for the purposes of the task force as long as the location is open and accessible to the public. For legislative members of the task force, enforcement of this subdivision is governed by section 3.055, subdivision 2. For nonlegislative members of the task force, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 57. **COMMISSIONER OF REVENUE TO DETERMINE ADEQUACY OF CURRENT RULES AND VALUATION PRACTICES FOR STATE-ASSESSED PIPELINES.**

The commissioner of revenue must review all current rules and practices relating to the valuation of pipeline companies that are assessed by the state. The commissioner must determine whether current rules and practices provide accurate estimates of market value. By February 1, 2018, the commissioner must prepare testimony for the house of representatives and senate committees having jurisdiction over property taxes recommending changes to the rules and practices to provide more accurate assessments and reduce the number and amount of judgments against the state and counties for state-assessed pipeline property. Costs associated with conducting the review required by this section must be paid from existing funds appropriated to the commissioner by law.

Sec. 58. **FREE ELECTRONIC FILING OF INDIVIDUAL INCOME TAX RETURNS; PILOT PROGRAM.**

(a) The commissioner must conduct a pilot program to test the free electronic filing requirement in Minnesota Statutes, section 270C.303. The pilot program must operate at no fewer than three taxpayer assistance sites that receive grants under Minnesota Statutes, section 270C.21. At least one of the pilot program sites must be in the seven-county metropolitan area, and at least one must be in greater Minnesota. The pilot program system must be available by January 15, 2018, for the filing and payment of tax year 2017 individual income taxes of filers with income only from wages, fewer than five dependents, and federal adjusted gross income less than \$200,000 for married couples filing joint returns, and less than \$100,000 for all other filers.

(b) The system must automatically populate returns with taxpayer data available to the commissioner including but not limited to W-2 data on wages and state income tax withholding.

(c) For purposes of this section, "federal adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code. Other terms have the meanings given in Minnesota Statutes, chapter 290.

(d) By August 15, 2018, the commissioner must report final statistics on usage of the pilot program and on plans to implement tax year 2018 electronic filing as required in Minnesota Statutes, section 270C.303. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197.

(e) Costs associated with developing and implementing the pilot program required by this section must be paid from existing funds appropriated to the commissioner by law.

Sec. 59. **INITIAL TRANSIT FINANCIAL ACTIVITY REPORTING.**

(a) The first transit financial activity review and report submitted under Minnesota Statutes, section 3.972, subdivision 4, must include financial information from the period beginning on January 1, 2016, and through the end of the fiscal quarter immediately preceding the date of the report.

(b) The legislative auditor must provide a copy of the review under paragraph (a) to each county that is party to the joint powers agreement under Minnesota Statutes, section 297A.992.

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

Sec. 60. **LIMIT ON EXPENDITURES FOR ADVERTISING.**

During the fiscal years ending June 30, 2018, and June 30, 2019, an executive branch agency's spending on advertising and promotions may not exceed 90 percent of the amount the agency spent on advertising and promotions during the fiscal year ending June 30, 2016. The commissioner of management and budget must ensure compliance with this limit and may issue guidelines and policies to executive agencies. The commissioner may forbid an agency from engaging in advertising as the commissioner determines necessary to ensure compliance with this section. This section does not apply to the Minnesota Lottery, Explore Minnesota Tourism, or the Minnesota State Colleges and Universities. Spending during the biennium ending June 30, 2019, on advertising relating to a declared emergency, an emergency, or a disaster, as those terms are defined in Minnesota Statutes, section 12.03, is excluded for purposes of this section.

Sec. 61. **OFFICE OF MN.IT SERVICES; PERFORMANCE OUTCOMES REQUIRED.**

Subdivision 1. **Completion of agency consolidation.** No later than December 31, 2018, the state chief information officer must complete the executive branch information technology consolidation required by Laws 2011, First Special Session chapter 10, article 4. The head of any state agency subject to consolidation must assist the state chief information officer as necessary to implement the requirements of this subdivision.

Subd. 2. **Information technology efficiencies and solutions.** No later than December 31, 2018, the state chief information officer shall:

- (1) host at least 25 percent of all state agency servers on a public cloud solution;
- (2) store at least 35 percent of all state agency data on a public cloud solution; and
- (3) operate no more than six data centers statewide.

Subd. 3. **Enterprise services; personnel efficiencies.** No later than June 30, 2019, the state chief information officer shall reduce the Office of MN.IT Services' total cost for enterprise services personnel by at least \$3,000,000.

Subd. 4. **Legislative report; application consolidation.** No later than January 1, 2018, the state chief information officer must submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance on the status of business application software

consolidation across state agencies. At a minimum, the report must describe the outcomes achieved to date, a plan and timeline for continued consolidation of business application software with measurable outcome goals, and recommendations, if any, on legislation necessary to facilitate achievement of these goals.

Sec. 62. **STATE AUDITOR LITIGATION EXPENSES; SCHEDULE OF CHARGES.**

Subdivision 1. **Litigation expenses; core functions of the state auditor.** (a) Unless funds are otherwise expressly provided by law for this purpose, all costs incurred by the state auditor in preparing and asserting a civil claim or appeal, or in defending against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally authorized core functions must be paid by the auditor's constitutional office division. Only allocations made to the constitutional office division on or before January 1, 2017, may be used to pay these costs.

(b) In complying with paragraph (a), the state auditor may not, directly or indirectly, decrease allocations previously made to, transfer funds from, or otherwise reduce services provided by any other division of the office.

Subd. 2. **Schedule of charges.** Notwithstanding Minnesota Statutes, section 6.581, subdivision 3, or any other law to the contrary, the rates included in the state auditor's schedule of charges for examinations conducted after June 30, 2017, must be no greater than the rates included in the schedule of charges established for examinations conducted in calendar year 2016.

Sec. 63. **TRANSITION; STATE AUDITOR ENTERPRISE FUND.**

Notwithstanding any law to the contrary, receipts received by the state auditor on or after July 1, 2017, from examinations conducted by the state auditor under Minnesota Statutes, chapter 6, must be credited to the general fund. Amounts in the state auditor enterprise fund at the end of fiscal year 2017 are transferred to the general fund.

Sec. 64. **LIMIT ON INCREASE IN MANAGERIAL COMPENSATION.**

During the biennium ending June 30, 2019, an employee covered by the managerial plan in Minnesota Statutes, section 43A.18, subdivision 3, may not be granted a percentage increase in annual salary that exceeds the lesser of:

(1) the percentage increase in Minnesota median household income, as determined by the American Community Survey compiled by the United States Bureau of the Census, for the most recent 12-month period for which data is available; or

(2) the percentage increase in the Consumer Price Index, as determined by the United States Bureau of Economic Analysis, for the most recent 12-month period for which data is available.

Sec. 65. **SALARY LIMIT.**

Subdivision 1. **Executive branch.** (a) During the fiscal year ending June 30, 2018, the aggregate amount spent by all executive branch agencies on employee salaries may not exceed 101 percent of the aggregate amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

(b) During the fiscal year ending June 30, 2019, the aggregate amount spent by all executive branch agencies on employee salaries may not exceed 103 percent of the aggregate amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

(c) For purposes of this section, "executive branch" has the meaning given in Minnesota Statutes, section 43A.02, subdivision 22, and includes the Minnesota State Colleges and Universities but not constitutional offices.

Subd. 2. **Legislative branch.** (a) During the fiscal year ending June 30, 2018, the amount spent on employee salaries may not exceed 101 percent of the amount spent on these salaries during the fiscal year ending June 30, 2017, for:

- (1) the house of representatives;
- (2) the senate; and
- (3) the Legislative Coordinating Commission and all groups under its jurisdiction.

(b) During the fiscal year ending June 30, 2019, the amount spent on employee salaries may not exceed 103 percent of the amount spent on these salaries during the fiscal year ending June 30, 2017, for:

- (1) the house of representatives;
- (2) the senate; and
- (3) the Legislative Coordinating Commission and all groups under its jurisdiction.

Each entity listed in this subdivision must be treated separately for purposes of determining compliance, except that the Legislative Coordinating Commission and all groups under its jurisdiction must be treated as one unit.

Sec. 66. ICE PALACE ON CAPITOL GROUNDS AUTHORIZED.

Subdivision 1. **Use agreement; terms required.** The commissioner of administration may enter a use agreement with the St. Paul Festival and Heritage Foundation for the construction, operation, and removal of an ice palace and related temporary structures on the grounds of the State Capitol complex. If a use agreement for this purpose is entered, the terms must include the following:

(1) mutually agreed upon beginning and end dates for access to the grounds for construction, operation, and removal of the ice palace and related temporary structures;

(2) notwithstanding Minnesota Rules, part 7525.0400, an allowance for the St. Paul Festival and Heritage Foundation to establish fees for admission to the ice palace and for participation in related activities, and for vendors to sell concessions subject to terms negotiated in the use agreement. Any fees established must allow a reasonable opportunity for all Minnesotans, regardless of income, to access the palace and participate in related activities, and must allow free or discounted admission to members of the military, military veterans, and their families. A fee may not be charged for general admission to the Capitol grounds or, to the extent practicable, for access to public memorials and monuments located on the Capitol grounds;

(3) notwithstanding Minnesota Statutes, section 15B.28, and related rules of the Capitol Area Architectural and Planning Board, an allowance for the St. Paul Festival and Heritage Foundation to erect advertising devices promoting the ice palace and its sponsors and donors, subject to terms negotiated in the use agreement;

(4) a restriction on private events that limit public access to the ice palace or surrounding Capitol grounds, without prior approval of the commissioner of administration; and

(5) a requirement that, following removal of the ice palace and related temporary structures, the St. Paul Festival and Heritage Foundation restore the Capitol grounds to the same condition as existed prior to their construction.

Subd. 2. **Additional terms.** In addition to the terms required by subdivision 1, a use agreement authorized by this section may include additional terms as necessary to preserve the integrity, dignity, and security of the State Capitol building, the Capitol grounds, and the surrounding public buildings, memorials, and monuments, and to ensure compliance with other applicable laws governing commercial activity on public property.

Subd. 3. **Costs, expenses, and liabilities.** Unless expressly provided in the use agreement, any costs or expenses incurred by the state or the city of St. Paul in implementing a use agreement entered under this section must be paid or reimbursed by the St. Paul Festival and Heritage Foundation. Notwithstanding Minnesota Statutes, section 3.736, subdivision 1, and Minnesota Statutes, section 466.02, the state, the city of St. Paul, and their employees are not liable for losses incurred during the construction, operation, or removal of an ice palace or related temporary structures, or losses incurred by a person while visiting the ice palace or participating in related activities.

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

Sec. 67. **REPEALER.**

Subdivision 1. **Campaign subsidy.** Minnesota Statutes 2016, sections 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, and 11; 10A.315; 10A.321; 10A.322, subdivisions 2 and 4; 10A.323; and 10A.324, subdivisions 1 and 3, and Minnesota Rules, parts 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, and 9; and 4503.1450, are repealed effective July 1, 2017, and apply to elections held on or after that date. Money in the account under Minnesota Statutes, section 10A.30, on June 30, 2017, cancels to the general fund, and amounts designated under Minnesota Statutes, section 10A.31, on income tax and property tax refund returns filed after June 30, 2017, are not effective and remain in the general fund.

Subd. 2. **State auditor enterprise fund.** Minnesota Statutes 2016, section 6.581, subdivision 1, is repealed.

Subd. 3. **Legislative commissions.** Minnesota Statutes 2016, sections 3.886; and 161.1419, are repealed.

Subd. 4. **Washington, D.C. office.** Minnesota Statutes 2016, section 4.46, is repealed.

ARTICLE 3 STATE BUDGETING TECHNICAL

Section 1. Minnesota Statutes 2016, section 15.0596, is amended to read:

15.0596 ADDITIONAL COMPENSATION FROM CONTINGENT FUND PROHIBITED.

In all cases where the compensation of an officer of the state is fixed by law at a specified sum, it shall be unlawful for any such officer or employee to receive additional compensation for the performance of official services out of the contingent fund of the officer or the department, and it shall be unlawful for the head of any department of the state government to direct the payment of such additional compensation out of the contingent fund; and the commissioner of management and budget is hereby prohibited from issuing a ~~warrant~~ payment upon such contingent fund in payment of such additional compensation.

Every person offending against the provisions of this section shall be guilty of a misdemeanor.

Sec. 2. Minnesota Statutes 2016, section 15.191, subdivision 1, is amended to read:

Subdivision 1. **Emergency disbursements.** Imprest cash funds for the purpose of making minor disbursements, providing for change, and providing employees with travel advances or a portion or all of their payroll ~~warrant~~ where the ~~warrant~~ payment has not been received through the payroll system, may be established by state departments or agencies from existing appropriations in the manner prescribed by this section.

Sec. 3. Minnesota Statutes 2016, section 15.191, subdivision 3, is amended to read:

Subd. 3. **Warrant Payment against designated appropriation.** Imprest cash funds established under this section shall be created by ~~warrant drawn~~ payment issued against the appropriation designated by the commissioner of management and budget.

Sec. 4. Minnesota Statutes 2016, section 16A.065, is amended to read:

16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.

Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an agency to make advance deposits or payments for software or software maintenance services for state-owned or leased electronic data processing equipment, for information technology hosting services, for sole source maintenance agreements where it is not cost-effective to pay in arrears, for exhibit booth space or boat slip rental when required by the renter to guarantee the availability of space, for registration fees where advance payment is required or advance payment discount is provided, ~~and~~ for newspaper, magazine, and other subscription fees, and other costs where advance payment discount is provided or are customarily paid for in advance. The commissioner may also allow advance deposits by any department with the Library of Congress and federal Supervisor of Documents for items to be purchased from those federal agencies.

Sec. 5. Minnesota Statutes 2016, section 16A.13, subdivision 2a, is amended to read:

Subd. 2a. **Procedure.** The commissioner shall see that the deduction for the withheld tax is made from an employee's pay on the payroll abstract. The commissioner shall approve one ~~warrant payable~~ payment to the commissioner for the total amount deducted on the abstract. Deductions from the pay of an employee paid direct by an agency shall be made by the employee's payroll authority. A later deduction must correct an error made on an earlier deduction. The paying authority shall see that a ~~warrant or check~~ payment for the deductions is promptly sent to the commissioner. The commissioner shall deposit the amount of the ~~warrant or check~~ payment to the credit of the proper federal authority or other person authorized by federal law to receive it.

Sec. 6. Minnesota Statutes 2016, section 16A.134, is amended to read:

16A.134 CHARITABLE ORGANIZATIONS PAYROLL DEDUCTIONS.

An employee's contribution to a registered combined charitable organization defined in section 43A.50 may be deducted from the employee's pay. On the employee's written request, the commissioner shall deduct a requested amount from the pay of the employee for each pay period. The commissioner shall issue a ~~warrant~~ payment in that amount to the specified organization.

Sec. 7. Minnesota Statutes 2016, section 16A.15, subdivision 3, is amended to read:

Subd. 3. **Allotment and encumbrance.** (a) A payment may not be made without prior obligation. An obligation may not be incurred against any fund, allotment, or appropriation unless the commissioner has certified a sufficient unencumbered balance or the accounting system shows sufficient allotment or encumbrance balance in the fund, allotment, or appropriation to meet it. The commissioner shall determine when the accounting system may be used to incur obligations without the commissioner's certification of a sufficient unencumbered balance. An expenditure or obligation authorized or incurred in violation of this chapter is invalid and ineligible for payment until made valid. A payment made in violation of this chapter is illegal. An employee authorizing or making the payment, or taking part in it, and a person receiving any part of the payment, are jointly and severally liable to the state for the amount paid or received. If an employee knowingly incurs an obligation or authorizes or makes an expenditure in violation of this chapter or takes part in the violation, the violation is just cause for the employee's

removal by the appointing authority or by the governor if an appointing authority other than the governor fails to do so. In the latter case, the governor shall give notice of the violation and an opportunity to be heard on it to the employee and to the appointing authority. A claim presented against an appropriation without prior allotment or encumbrance may be made valid on investigation, review, and approval by the agency head in accordance with the commissioner's policy, if the services, materials, or supplies to be paid for were actually furnished in good faith without collusion and without intent to defraud. The commissioner may then ~~draw a warrant to~~ pay the claim just as properly allotted and encumbered claims are paid.

(b) The commissioner may approve payment for materials and supplies in excess of the obligation amount when increases are authorized by section 16C.03, subdivision 3.

(c) To minimize potential construction delay claims, an agency with a project funded by a building appropriation may allow a contractor to proceed with supplemental work within the limits of the appropriation before money is encumbered. Under this circumstance, the agency may requisition funds and allow contractors to expeditiously proceed with a construction sequence. While the contractor is proceeding, the agency shall immediately act to encumber the required funds.

Sec. 8. Minnesota Statutes 2016, section 16A.17, subdivision 5, is amended to read:

Subd. 5. **Payroll duties.** When the department prepares the payroll for an agency, the commissioner assumes the agency head's duties to make authorized or required deductions from, or employer contributions on, the pay of the agency's employees and to prepare and issue the necessary ~~warrants~~ payments.

Sec. 9. Minnesota Statutes 2016, section 16A.272, subdivision 3, is amended to read:

Subd. 3. **Section 7.19 16A.271 to apply.** The provisions of Minnesota Statutes ~~1941~~, section ~~7.19~~ 16A.271, shall apply to deposits of securities made pursuant to this section.

Sec. 10. Minnesota Statutes 2016, section 16A.40, is amended to read:

16A.40 WARRANTS AND ELECTRONIC FUND TRANSFERS.

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a ~~warrant~~ warrant payment register, the number, amount, date, and payee for every ~~warrant~~ warrant payment issued.

The commissioner may require payees to supply their bank routing information to enable the payments to be made through an electronic fund transfer.

Sec. 11. Minnesota Statutes 2016, section 16A.42, subdivision 2, is amended to read:

Subd. 2. **Approval.** If the claim is approved, the commissioner shall ~~complete and sign a warrant~~ issue a payment in the amount of the claim.

Sec. 12. Minnesota Statutes 2016, section 16A.42, subdivision 4, is amended to read:

Subd. 4. **Register.** The commissioner shall enter a ~~warrant~~ warrant payment in the ~~warrant~~ warrant payment register as if it were a cash payment.

Sec. 13. Minnesota Statutes 2016, section 16A.42, is amended by adding a subdivision to read:

Subd. 5. **Invalid claims.** If the commissioner determines that a claim is invalid after issuing a warrant, the commissioner may void an unpaid warrant. The commissioner is not liable to any holder who took the void warrant for value.

Sec. 14. Minnesota Statutes 2016, section 16A.56, is amended to read:

16A.56 COMMISSIONER'S RECEIPT AND CLAIM DUTIES.

The commissioner or a designee shall examine every receipt and claim, and if proper, approve them, name the account to be charged or credited, and issue ~~warrants~~ payments to pay claims.

Sec. 15. Minnesota Statutes 2016, section 16A.671, subdivision 1, is amended to read:

Subdivision 1. **Authority; advisory recommendation.** To ensure that cash is available when needed to ~~pay warrants~~ make payments drawn on the general fund under appropriations and allotments, the commissioner may (1) issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) issue additional certificates to refund outstanding certificates and interest on them, under the Constitution, article XI, section 6.

Sec. 16. Minnesota Statutes 2016, section 16B.37, subdivision 4, is amended to read:

Subd. 4. **Work of department for another.** To avoid duplication and improve efficiency, the commissioner may direct an agency to do work for another agency or may direct a division or section of an agency to do work for another division or section within the same agency and shall require reimbursement for the work. Reimbursements received by an agency are reappropriated to the account making the original expenditure in accordance with the transfer ~~warrant~~ procedure established by the commissioner of management and budget.

Sec. 17. Minnesota Statutes 2016, section 16D.03, subdivision 2, is amended to read:

Subd. 2. **State agency reports.** State agencies shall report quarterly to the commissioner of management and budget the debts owed to them. The commissioner of management and budget, ~~in consultation with the commissioners of revenue and human services, and the attorney general,~~ shall establish internal guidelines for the recognition, tracking, and reporting, and collection of debts owed the state. The internal guidelines must include accounting standards, performance measurements, and uniform reporting requirements applicable to all state agencies. The commissioner of management and budget shall require a state agency to recognize, track, report, and attempt to collect debts according to the internal guidelines. The commissioner, in consultation with the commissioner of management and budget and the attorney general, shall establish internal guidelines for the collection of debt owed to the state.

Sec. 18. Minnesota Statutes 2016, section 16D.09, subdivision 1, is amended to read:

Subdivision 1. **Generally.** When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt has been discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of the debt. ~~The determination of the~~

~~uncollectibility of a~~ Uncollectible debt must be reported by the state agency ~~along with the basis for that decision~~ as part of its quarterly reports to the commissioner of management and budget. The basis for the determination of the uncollectibility of the debt must be maintained by the state agency. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

Sec. 19. Minnesota Statutes 2016, section 21.116, is amended to read:

21.116 EXPENSES.

All necessary expenses incurred in carrying out the provisions of sections 21.111 to 21.122 and the compensation of officers, inspectors, and employees appointed, designated, or employed by the commissioner, as provided in such sections, together with their necessary traveling expenses, together with the traveling expenses of the members of the advisory seed potato certification committee, and other expenses necessary in attending committee meetings, shall be paid from, and only from, the seed potato inspection account, on order of the commissioner and commissioner of management and ~~budget's voucher warrant~~ budget.

Sec. 20. Minnesota Statutes 2016, section 43A.30, subdivision 2, is amended to read:

Subd. 2. **Payroll deduction.** If an eligible person who is on any payroll of the state or an eligible person's dependents is enrolled for any of the optional coverages made available by the commissioner pursuant to section 43A.26 the commissioner of management and budget, upon the person's written order, shall deduct from the salary or wages of the person those amounts required from time to time to maintain the optional coverages in force, and issue a ~~warrant~~ payment therefor to the appropriate carrier.

Sec. 21. Minnesota Statutes 2016, section 43A.49, is amended to read:

43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours in each two-year period beginning July 1 of each odd-numbered year. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll ~~warrant~~ payment after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the applicable retirement system.

Sec. 22. Minnesota Statutes 2016, section 49.24, subdivision 13, is amended to read:

Subd. 13. **Disposition of unclaimed dividends.** Upon the liquidation of any financial institution liquidated by the commissioner as statutory liquidator, if any dividends or other moneys set apart for the payment of claims remain unpaid, and the places of residence of the owners thereof are unknown to the commissioner, the commissioner may pay same into the state treasury as hereinafter provided. Whenever the commissioner shall be

satisfied that the process of liquidation should not be further continued the commissioner may make and certify triplicate lists of any such unclaimed dividends or other moneys, specifying the name of each owner, the amount due, and the last known address. Upon one of such lists, to be retained by the commissioner shall be endorsed the commissioner's order that such unclaimed moneys be forthwith deposited in the state treasury. When so deposited, one of said lists shall be delivered to the commissioner of management and budget and the commissioner shall retain in the commissioner's office such records and proofs concerning said claims as the commissioner may have, which shall thereafter remain on file in the office. The commissioner of management and budget shall execute upon the list retained by the commissioner a receipt for such money, which shall operate as a full discharge of the commissioner on account of such claims. At any time within six years after such receipt, but not afterward, the claimant may apply to the commissioner for the amount so deposited for the claimant's benefit, and upon proof satisfactory to the governor, the attorney general and the commissioner, or to a majority of them, they shall give an order to the commissioner of management and budget to issue a warrant payment for such amount, and such warrant payment shall thereupon be issued. If no such claim be presented within six years, the commissioner shall so note upon the commissioner's copy of said list and certify the fact to the commissioner of management and budget who shall make like entries upon the commissioner of management and budget's corresponding lists; and all further claims to said money shall be barred. Provided, that the commissioner of management and budget shall transfer to the commissioner of commerce's liquidation fund created by this section not to exceed 50 percent of the amount so turned over by the commissioner, to be used to partially defray expenses in connection with the liquidation of closed banks and the conduct of the liquidation division, in such amounts and at such times as the commissioner shall request.

There is hereby appropriated to the persons entitled to such amounts, from such moneys in the state treasury not otherwise appropriated, an amount sufficient to make such payment.

Sec. 23. Minnesota Statutes 2016, section 49.24, subdivision 16, is amended to read:

Subd. 16. **Transfers to liquidation fund.** The following moneys shall be transferred to and deposited in the commissioner of commerce's liquidation fund:

(1) All moneys paid to the commissioner of management and budget by the commissioner out of funds of any financial institution in the commissioner's hands as reimbursement for services and expenses pursuant to the provisions of subdivision 7.

(2) All moneys in the possession of the commissioner set aside for the purpose of meeting unforeseen and contingent expenses incident to the liquidation of closed financial institutions, which funds have been or shall be hereafter established by withholding portions of final liquidating dividends in such cases.

(3) All moneys which the commissioner shall request the commissioner of management and budget to transfer to such fund pursuant to the provisions of subdivision 13.

(4) All moneys in the possession of the commissioner now carried on the commissioner's books in "stamp account," "suspense account," and "unclaimed deposit account."

(5) All moneys in the possession of the commissioner which the commissioner may be authorized by order of any district court having jurisdiction of any liquidation proceedings to transfer to such fund, or to use for any of the purposes for which the fund is established.

(6) All moneys in the possession of the commissioner carried on the commissioner's books in the "unclaimed bonds account." At any time within six years after any bond the proceeds of the sale of which constitute a portion of the moneys in this paragraph referred to came into the possession of the commissioner as liquidator of any financial institution, any claimant thereto may apply to the commissioner for the proceeds of the sale of such bond, and, upon proof satisfactory to the governor, the attorney general, and the commissioner, or a majority of them, they shall give

an order to the commissioner of management and budget to issue a ~~warrant~~ payment for such amount, without interest, and such ~~warrant~~ payment shall thereupon be issued and the amount thereof paid out of the commissioner of commerce's liquidation fund. If no such claim be presented within such period, all further claims to the proceeds of any such bond shall be barred.

(7) All sums which the commissioner may receive from the sale of personal property of liquidated financial institutions where the final dividend has been paid and no disposition of said property made by any order of the court, and the proceeds of sales of any personal property used by the liquidation division which have been purchased with funds of financial institutions in liquidation.

Sec. 24. Minnesota Statutes 2016, section 69.031, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's ~~warrant~~ payment.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a ~~warrant~~ payment for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Sec. 25. Minnesota Statutes 2016, section 80A.65, subdivision 9, is amended to read:

Subd. 9. **Generally.** No filing for which a fee is required shall be deemed to be filed or given any effect until the proper fee is paid. All fees and charges collected by the administrator shall be covered into the state treasury. When any person is entitled to a refund under this section, the administrator shall certify to the commissioner of management and budget the amount of the fee to be refunded to the applicant, and the commissioner of management and budget shall issue a ~~warrant~~ in payment thereof out of the fund to which such fee was credited in the manner provided by law. There is hereby appropriated to the person entitled to such refunds from the fund in the state treasury to which such fees were credited an amount to make such refunds and payments.

Sec. 26. Minnesota Statutes 2016, section 84A.23, subdivision 4, is amended to read:

Subd. 4. **Drainage ditch bonds; reports.** (a) Immediately after a project is approved and accepted and then after each distribution of the tax collections on the June and November tax settlements, the county auditor shall certify to the commissioner of management and budget the following information relating to bonds issued to finance or refinance public drainage ditches wholly or partly within the projects, and the collection of assessments levied on account of the ditches:

(1) the amount of principal and interest to become due on the bonds before the next tax settlement and distribution;

(2) the amount of money collected from the drainage assessments and credited to the funds of the ditches; and

(3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

(b) On approving the certificate, the commissioner of management and budget shall ~~draw a warrant~~ issue a payment, payable out of the fund pertaining to the project, for the amount of the deficit in favor of the county.

(c) As to public drainage ditches wholly within a project, the amount of money paid to or for the benefit of the county under paragraph (b) must never exceed the principal and interest of the bonds issued to finance or refinance the ditches outstanding at the time of the passage and approval of sections 84A.20 to 84A.30, less money on hand in the county ditch fund to the credit of the ditches. The liabilities must be reduced from time to time by the amount of all payments of assessments after April 25, 1931, made by the owners of lands assessed before that date for benefits on account of the ditches.

(d) As to public drainage ditches partly within and partly outside a project, the amount paid from the fund pertaining to the project to or for the benefit of the county must never exceed a certain percentage of bonds issued to finance and refinance the ditches so outstanding, less money on hand in the county ditch fund to the credit of the ditches on April 25, 1931. The percentage must bear the same proportion to the whole amount of these bonds as the original benefits assessed against lands within the project bear to the original total benefits assessed to the entire system of the ditches. This liability shall be reduced from time to time by the payments of all assessments extended after April 25, 1931, made by the owners of lands within the project of assessments for benefits assessed before that date on account of a ditch.

(e) The commissioner of management and budget may provide and prescribe forms for reports required by sections 84A.20 to 84A.30 and require any additional information from county officials that the commissioner of management and budget considers necessary for the proper administration of sections 84A.20 to 84A.30.

Sec. 27. Minnesota Statutes 2016, section 84A.33, subdivision 4, is amended to read:

Subd. 4. **Ditch bonds; funds; payments to counties.** (a) Upon the approval and acceptance of a project and after each distribution of the tax collections for the June and November tax settlements, the county auditor shall certify to the commissioner of management and budget the following information about bonds issued to finance or refinance public drainage ditches wholly or partly within the projects, and the collection of assessments levied for the ditches:

(1) the amount of principal and interest to become due on the bonds before the next tax settlement and distribution;

(2) the amount of money collected from the drainage assessments and credited to the funds of the ditches, not already sent to the commissioner of management and budget as provided in sections 84A.31 to 84A.42; and

(3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

(b) On approving this certificate of the county auditor, the commissioner of management and budget shall ~~draw a warrant~~ issue a payment, payable out of the fund provided for in sections 84A.31 to 84A.42, and send it to the county treasurer of the county. These funds must be credited to the proper ditch of the county and placed in the ditch bond fund of the county, which is created, and used only to pay the ditch bonded indebtedness of the county assumed by the state under sections 84A.31 to 84A.42. The total amount of ~~warrants drawn~~ payments issued must not exceed in any one year the total amount of the deficit provided for under this section.

(c) The state is subrogated to all title, right, interest, or lien of the county in or on the lands so certified within these projects.

(d) As to public drainage ditches wholly within a project, the amount paid to, or for the benefit of, the county under this subdivision must never exceed the principal and interest of the bonds issued to finance or refinance a ditch outstanding on April 22, 1933, less money on hand in the county ditch fund to the credit of a ditch. These liabilities must be reduced from time to time by the amount of any payments of assessments extended after April 22, 1933, made by the owners of lands assessed before that date for benefits on account of the ditches.

As to public drainage ditches partly within and partly outside a project the amount paid from the fund pertaining to the project to or for the benefit of the county must never exceed a certain percentage of bonds issued to finance and refinance a ditch so outstanding, less money on hand in the county ditch fund to the credit of a ditch on April 22, 1932. The percentage must bear the same proportion to the whole amount of the bonds as the original benefits assessed against these lands within the project bear to the original total benefits assessed to the entire system for a ditch. This liability must be reduced from time to time by the payments of all assessments extended after April 22, 1933, made by the owners of lands within the project of assessments for benefits assessed before that date on account of a ditch.

Sec. 28. Minnesota Statutes 2016, section 84A.40, is amended to read:

84A.40 COUNTY MAY ASSUME BONDS.

Any county where a project or portion of it is located may voluntarily assume, in the manner specified in this section, the obligation to pay a portion of the principal and interest of the bonds issued before the approval and acceptance of the project and remaining unpaid at maturity, of any school district or town in the county and wholly or partly within the project. The portion must bear the same proportion to the whole of the unpaid principal and interest as the last net tax capacity, before the acceptance of the project, of lands then acquired by the state under sections 84A.31 to 84A.42 in the school districts or towns bears to the total net tax capacity for the same year of the school district or town. This assumption must be evidenced by a resolution of the county board of the county. A copy of the resolution must be certified to the commissioner of management and budget within one year after the acceptance of the project.

Later, if any of the bonds remains unpaid at maturity, the county board shall, upon demand of the governing body of the school district or town or of a bondholder, provide for the payment of the portion assumed. The county shall levy general taxes on all the taxable property of the county for that purpose, or issue its bonds to raise the sum needed, conforming to law respecting the issuance of county refunding bonds. The proceeds of taxes or bonds must be paid by the county treasurer to the treasurer of the school district or town. No payments shall be made by the county to the school district or town until the money in the treasury of the school district or town, together with the money to be paid by the county, is sufficient to pay in full each of the bonds as it becomes due.

If a county fails to adopt and certify the resolution, the commissioner of management and budget shall withhold from the payments to be made to the county under section 84A.32 a sum equal to that portion of the principal and interest of the outstanding bonds that bears the same proportion to the whole of the bonds as the above determined net tax capacity of lands acquired by the state within the project bears to the total net tax capacity for the same year of the school district or town. Money withheld from the county must be set aside in the state treasury and not paid to the county until the full principal and interest of the school district and town bonds have been paid.

If any bonds remain unpaid at maturity, upon the demand of the governing body of the school district or town, or a bondholder, the commissioner of management and budget shall issue to the treasurer of the school district or town a ~~warrant~~ payment for that portion of the past due principal and interest computed as in the case of the county's liability authorized in this section to be voluntarily assumed. Money received by a school district or town under this section must be applied to the payment of past-due bonds and interest.

Sec. 29. Minnesota Statutes 2016, section 84A.52, is amended to read:

84A.52 ACCOUNTS; EXAMINATION, APPROPRIATION, PAYMENT.

As a part of the examination provided for by section 6.481, of the accounts of the several counties within a game preserve, area, or project established under section 84A.01, 84A.20, or 84A.31, the state auditor shall segregate the audit of the accounts reflecting the receipt and disbursement of money collected or disbursed under this chapter or

from the sale of tax-forfeited lands held by the state under section 84A.07, 84A.26, or 84A.36. The auditor shall also include in the reports required by section 6.481 summary statements as of December 31 before the examination that set forth the proportionate amount of principal and interest due from the state to the individual county and any money due the state from the county remaining unpaid under this chapter, or from the sale of any tax-forfeited lands referred to in this section, and other information required by the commissioner of management and budget. On receiving a report, the commissioner of management and budget shall determine the net amount due to the county for the period covered by the report and shall ~~draw a warrant~~ issue a payment upon the state treasury payable out of the consolidated fund for that amount. It must be paid to and received by the county as payment in full of all amounts due for the period stated on the ~~warrants~~ payments from the state under any provision of this chapter.

Money to ~~pay the warrants~~ make the payments is appropriated to the counties entitled to payment from the consolidated fund in the state treasury.

Sec. 30. Minnesota Statutes 2016, section 88.12, subdivision 1, is amended to read:

Subdivision 1. **Limitation.** The compensation and expenses of persons temporarily employed in emergencies in suppression or control of wildfires shall be fixed by the commissioner of natural resources or an authorized agent and paid as provided by law. Such compensation shall not exceed the maximum rate for comparable labor established as provided by law or rules, but shall not be subject to any minimum rate so established. The commissioner is authorized to draw and expend from money appropriated for the purposes of sections 88.03 to 88.22 a reasonable sum and through forest officers or other authorized agent be used in paying emergency expenses, including just compensation for services rendered by persons summoned and for private property used, damaged, or appropriated under sections 88.03 to 88.22. The commissioner of management and budget is authorized to ~~draw a warrant~~ issue a payment for this sum when duly approved by the commissioner. The commissioner or agent in charge shall take proper subvouchers or receipts from all persons to whom these moneys are paid, and after these subvouchers have been approved they shall be filed with the commissioner of management and budget. Authorized funds as herein provided at any time shall be deposited, subject to withdrawal or disbursement by check or otherwise for the purposes herein prescribed, in a bank authorized and bonded to receive state deposits; and the bond of this bank to the state shall cover and include this deposit.

Sec. 31. Minnesota Statutes 2016, section 94.522, is amended to read:

94.522 TRANSMISSION OF ~~WARRANTS~~ PAYMENTS TO COUNTY TREASURERS; USE OF PROCEEDS.

It shall be the duty of the commissioner of management and budget to transmit ~~warrants on~~ payments from the state treasury to the county treasurer of the respective counties for the sums that may be due in accordance with section 94.521, which sums are hereby appropriated out of the state treasury from the amounts received from the United States government pursuant to the aforesaid acts of Congress, and such money shall be used by the counties receiving the same for the purposes and in the proportions herein provided.

Sec. 32. Minnesota Statutes 2016, section 94.53, is amended to read:

94.53 ~~WARRANT~~ PAYMENT TO COUNTY TREASURERS; FEDERAL LOANS TO COUNTIES.

It shall be the duty of the commissioner of management and budget to transmit ~~warrants on~~ payments from the state treasury to the county treasurers of the respective counties for the sum that may be due in accordance with sections 94.52 to 94.54, which sum or sums are hereby appropriated out of the state treasury from the amounts received from the United States government pursuant to the aforesaid act of Congress. The commissioner of management and budget, upon being notified by the federal government or any agencies thereof that a loan has been made to any such county the repayment of which is to be made from such fund, is authorized to transmit a ~~warrant~~

~~or warrants payment~~ to the federal government or any agency thereof sufficient to repay such loan out of any money apportioned or due to such county under the provisions of such act of Congress, approved May 23, 1908 (Statutes at Large, volume 35, page 260).

Sec. 33. Minnesota Statutes 2016, section 116J.64, subdivision 7, is amended to read:

Subd. 7. **Processing.** (a) An Indian desiring a loan for the purpose of starting a business enterprise or expanding an existing business shall make application to the appropriate tribal government. The application shall be forwarded to the appropriate eligible organization, if it is participating in the program, for consideration in conformity with the plans submitted by said tribal governments. The tribal government may approve the application if it determines that the loan would advance the goals of the Indian business loan program. If the tribal government is not participating in the program, the agency may directly approve or deny the loan application.

(b) If the application is approved, the tribal government shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of the agency, who shall ~~cause a warrant~~ request a payment to be ~~drawn in favor of~~ issued to the applicant or the applicable tribal government, ~~or the agency~~, if it is administering the loan, with appropriate notations identifying the borrower.

(c) The tribal government, eligible organization, or the agency, if it is administering the loan, shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. The interest rate on a loan shall be established by the tribal government or the agency, but may be no less than two percent per annum nor more than ten percent per annum. When any portion of a debt is repaid, the tribal government, eligible organization, or the agency, if it is administering the loan, shall remit the amount so received plus interest paid thereon to the commissioner of management and budget through the agency. The amount so received shall be credited to the Indian business loan account.

(d) On the placing of a loan, additional money equal to ten percent of the total amount made available to any tribal government, eligible organization, or the agency, if it is administering the loan, for loans during the fiscal year shall be paid to the tribal government, eligible organization, or the agency, prior to December 31 for the purpose of financing administrative costs.

Sec. 34. Minnesota Statutes 2016, section 126C.55, subdivision 2, is amended to read:

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice must include the name of the school district or intermediate school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district or intermediate school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the school district or intermediate school district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district or intermediate school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner shall notify the commissioner of management and budget of the potential default. The notice must include a final figure as to the amount due that the school district or intermediate school district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner, the commissioner of management and budget shall issue a ~~warrant~~ payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department from the state general fund.

(c) The Departments of Education and Management and Budget must jointly develop detailed procedures for school districts and intermediate school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts or intermediate school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Sec. 35. Minnesota Statutes 2016, section 126C.55, subdivision 9, is amended to read:

Subd. 9. **State bond rating.** If the commissioner of management and budget determines that the credit rating of the state would be adversely affected thereby, the commissioner of management and budget shall not issue ~~warrants~~ payments under subdivision 2 for the payment of principal or interest on any debt obligations for which a district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Sec. 36. Minnesota Statutes 2016, section 126C.68, subdivision 3, is amended to read:

Subd. 3. **Warrant Payment.** The commissioner shall issue to each district whose note has been so received a ~~warrant payment~~ on the debt service loan account of the maximum effort school loan fund, payable on presentation to the commissioner of management and budget out of any money in such account. The ~~warrant payment~~ shall be issued by the commissioner in sufficient time to coincide with the next date on which the district is obligated to make principal or interest payments on its bonded debt in the ensuing year. Interest must accrue from the date such ~~warrant payment~~ payment is issued. The proceeds thereof must be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Sec. 37. Minnesota Statutes 2016, section 126C.69, subdivision 14, is amended to read:

Subd. 14. **Participation by county auditor; record of contract; payment of loan.** The district must file a copy of the capital loan contract with the county auditor of each county in which any part of the district is situated. The county auditor shall enter the capital loan, evidenced by the contract, in the auditor's bond register. The commissioner shall keep a record of each capital loan and contract showing the name and address of the district, the date of the contract, and the amount of the loan initially approved. On receipt of the resolution required in subdivision 12, the commissioner shall issue ~~warrants payments~~, which may be dispersed in accordance with the schedule in the contract, on the capital loan account for the amount that may be disbursed under subdivision 1. Interest on each disbursement of the capital loan amount accrues from the date on which the commissioner of management and budget issues the ~~warrant payment~~.

Sec. 38. Minnesota Statutes 2016, section 127A.34, subdivision 1, is amended to read:

Subdivision 1. **Copy to commissioner of management and budget; appropriation.** The commissioner shall furnish a copy of the apportionment of the school endowment fund to the commissioner of management and budget, who thereupon shall ~~draw warrants on~~ issue payments from the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Sec. 39. Minnesota Statutes 2016, section 127A.40, is amended to read:

127A.40 MANNER OF PAYMENT OF STATE AIDS.

It shall be the duty of the commissioner to deliver to the commissioner of management and budget a certificate for each district entitled to receive state aid under the provisions of this chapter. Upon the receipt of such certificate, it shall be the duty of the commissioner of management and budget to ~~draw a warrant in favor of~~ issue a payment to the district for the amount shown by each certificate to be due to the district. The commissioner of management and budget shall transmit such ~~warrants payments~~ payments to the district together with a copy of the certificate prepared by the commissioner.

Sec. 40. Minnesota Statutes 2016, section 136F.46, subdivision 1, is amended to read:

Subdivision 1. **Request; ~~warrant~~ payment.** The commissioner of management and budget, upon the written request of an employee of the board, may deduct from an employee's salary or wages the amount requested for payment to a nonprofit state college or university foundation meeting the requirements in subdivision 2. The commissioner shall issue a ~~warrant~~ payment for the deducted amount to the nonprofit foundation. The Penny Fellowship and the Nellie Stone Johnson Scholarship Program of the Minnesota State University Student Association shall be considered nonprofit state college and university foundations for purposes of this section.

Sec. 41. Minnesota Statutes 2016, section 136F.70, subdivision 3, is amended to read:

Subd. 3. **Refunds.** The board may make refunds to students for tuition, activity fees, union fees, and any other fees from imprest cash funds. The imprest cash fund shall be reimbursed periodically by ~~checks or warrants drawn on payments issued from~~ the funds and accounts to which the refund should ultimately be charged. The amounts necessary to pay the refunds are appropriated from the funds and accounts to which they are charged.

Sec. 42. Minnesota Statutes 2016, section 162.08, subdivision 10, is amended to read:

Subd. 10. **Project approval, reports.** When the county board of any county determines to do any construction work on a county state-aid highway or other road eligible for the expenditure of state aid funds within the county, and desires to expend on such work a portion of the money apportioned or allocated to it out of the county state-aid highway fund, the county shall first obtain approval of the project by the commissioner. Thereafter the county engineer shall make such reports in such manner as the commissioner requires under rules of the commissioner. Upon receipt of satisfactory reports, the commissioner shall certify to the commissioner of management and budget the amount of money that is eligible to be paid from the county's apportionment or allocation for the work under contract or actually completed. The commissioner of management and budget shall thereupon issue a ~~warrant~~ payment in that amount payable to the county treasurer. In no event shall the ~~warrant~~ payment with all other ~~warrants~~ payments issued exceed the amount apportioned and allocated to the county.

Sec. 43. Minnesota Statutes 2016, section 162.08, subdivision 11, is amended to read:

Subd. 11. **Certification required to issue ~~warrants~~ payment.** The commissioner of management and budget shall not issue any ~~warrants~~ payments without the certification of the commissioner.

Sec. 44. Minnesota Statutes 2016, section 162.14, subdivision 4, is amended to read:

Subd. 4. **Project approval and reports.** When the governing body of any such city determines to do any construction work on any municipal state-aid street or other streets within the city upon which money apportioned out of the municipal state-aid street fund may be used as provided in subdivision 2, the governing body shall first obtain the approval of the commissioner. Thereafter, the engineer of the city shall make reports in such manner as the commissioner requires in accordance with the commissioner's rules. Upon receipt of satisfactory reports the commissioner shall certify to the commissioner of management and budget the amount of money that is eligible to be paid from the city's apportionment for the work under contract or actually completed. The commissioner of management and budget shall thereupon issue a ~~warrant~~ payment in that amount payable to the fiscal officers of the city. In no event shall the ~~warrant~~ payment with all other ~~warrants~~ payments issued exceed the amount apportioned to the city.

Sec. 45. Minnesota Statutes 2016, section 162.14, subdivision 5, is amended to read:

Subd. 5. **Certification required to issue ~~warrant~~ payment.** The commissioner of management and budget shall not issue any ~~warrants~~ payments as provided for in subdivision 4 without the prior certification of the commissioner.

Sec. 46. Minnesota Statutes 2016, section 162.18, subdivision 4, is amended to read:

Subd. 4. **Certification to commissioner of money required.** Any municipality issuing and selling bonds pursuant to this section shall certify to the commissioner the amount of money required annually for the payment of principal and interest on the obligation. Upon receipt thereof, the commissioner shall certify to the commissioner of management and budget the sum of money needed annually by the municipality for the principal and interest, provided that the amount certified by the commissioner shall not exceed the limit heretofore specified. The commissioner of management and budget shall thereafter, until said bonds are retired, issue a ~~warrant~~ payment annually in the amount certified payable to the fiscal officer of the municipality, and the amount thereof shall be deposited by the fiscal officer in the sinking fund from which the obligations are payable.

Sec. 47. Minnesota Statutes 2016, section 162.181, subdivision 4, is amended to read:

Subd. 4. **Certification to commissioner of money required.** Any county issuing and selling bonds pursuant to this section shall certify to the commissioner the amount of money required annually for the payment of principal and interest on the obligation. Upon receipt thereof, the commissioner shall certify to the commissioner of management and budget the sum of money needed annually by the county for the principal and interest, provided that the amount certified by the commissioner shall not exceed the limit heretofore specified. The commissioner of management and budget shall thereafter, until said bonds are retired, issue a ~~warrant~~ payment annually in the amount certified payable to the county treasurer of the county, and the amount thereof shall be deposited by the county treasurer in the sinking fund from which the obligations are payable.

Sec. 48. Minnesota Statutes 2016, section 163.051, subdivision 3, is amended to read:

Subd. 3. **Distribution to county; appropriation.** On a monthly basis, the registrar of motor vehicles shall issue a ~~warrant~~ payment in favor of the treasurer of each county for which the registrar has collected a wheelage tax in the amount of such tax then on hand in the county wheelage tax account. There is hereby appropriated from the county wheelage tax account each year, to each county entitled to payments authorized by this section, sufficient moneys to make such payments.

Sec. 49. Minnesota Statutes 2016, section 176.181, subdivision 2, is amended to read:

Subd. 2. **Compulsory insurance; self-insurers.** (a) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of commerce exempting the employer from insuring liability for compensation and permitting self-insurance of the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 14. The commissioner of commerce shall also adopt, pursuant to paragraph (d), rules permitting two or more employers, whether or not they are in the same industry, to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of commerce, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of operations as a distinct and separate risk. An employer desiring to be exempted from insuring liability for compensation shall make application to the commissioner of commerce, showing financial ability to pay the compensation, whereupon by written order the commissioner of commerce, on deeming it proper, may make an

exemption. An employer may establish financial ability to pay compensation by providing financial statements of the employer to the commissioner of commerce. Upon ten days' written notice the commissioner of commerce may revoke the order granting an exemption, in which event the employer shall immediately insure the liability. As a condition for the granting of an exemption the commissioner of commerce may require the employer to furnish security the commissioner of commerce considers sufficient to insure payment of all claims under this chapter, consistent with subdivision 2b. If the required security is in the form of currency or negotiable bonds, the commissioner of commerce shall deposit it with the commissioner of management and budget. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days' notice to the self-insurer, the commissioner of commerce may by written order to the commissioner of management and budget require the commissioner of management and budget to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of commerce and awards made against any such self-insurer by the commissioner of commerce shall be paid to the persons entitled thereto by the commissioner of management and budget upon ~~warrants prepared~~ payments requested by the commissioner of commerce out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at least ten days' notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(b) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed, or exempt from licensure, pursuant to section 60A.23, subdivision 8, to do so by the commissioner of commerce. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of commerce is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of commerce may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two-year period.

(c) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of commerce.

(d) To carry out the purposes of this subdivision, the commissioner of commerce may promulgate administrative rules pursuant to sections 14.001 to 14.69. These rules may:

- (1) establish reporting requirements for administrators of group self-insurance plans;
- (2) establish standards and guidelines consistent with subdivision 2b to assure the adequacy of the financing and administration of group self-insurance plans;
- (3) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;
- (4) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(5) establish standards or guidelines governing the formation, operation, administration, and dissolution of self-insurance plans; and

(6) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 50. Minnesota Statutes 2016, section 176.581, is amended to read:

176.581 PAYMENT TO STATE EMPLOYEES.

Upon a ~~warrant request~~ prepared by the commissioner of administration, and in accordance with the terms of the order awarding compensation, the commissioner of management and budget shall pay compensation to the employee or the employee's dependent. These payments shall be made from money appropriated for this purpose.

Sec. 51. Minnesota Statutes 2016, section 176.591, subdivision 3, is amended to read:

Subd. 3. **Compensation payments upon warrants request.** The commissioner of management and budget shall make compensation payments from the fund only as authorized by this chapter upon ~~warrants request~~ of the commissioner of administration.

Sec. 52. Minnesota Statutes 2016, section 192.55, is amended to read:

192.55 PAYMENTS TO BE MADE THROUGH ADJUTANT GENERAL.

All pay and allowances and necessary expenses for any of the military forces shall, when approved by the adjutant general, be paid by the commissioner of management and ~~budget's warrants issued budget~~ to the several officers and enlisted members entitled thereto; provided, that upon the request of the adjutant general, approved by the governor, the sum required for any such pay or allowances and necessary expenses shall be paid by the commissioner of management and ~~budget's warrant budget~~ to the adjutant general, who shall immediately pay and distribute the same to the several officers or enlisted members entitled thereto or to their commanding officers or to a finance officer designated by the adjutant general. The receipt of any such commanding officer or finance officer for any such payment shall discharge the adjutant general from liability therefor. Every commanding officer or finance officer receiving any such payment shall, as soon as practicable, pay and distribute the same to the several officers or enlisted members entitled thereto. The officer making final payment shall, as evidence thereof, secure the signature of the person receiving the same upon a payroll or other proper voucher.

Sec. 53. Minnesota Statutes 2016, section 196.052, is amended to read:

196.052 GIFT ACCEPTANCE AND INVESTMENT.

On the behalf of the state, the commissioner may accept any gift, grant, bequest, or devise made for the purposes of this chapter and chapter 197. The commissioner must administer the funds as directed by the donor. All funds must be deposited in the state treasury and credited to the veterans affairs endowment, bequest, and devises fund. The balance of the fund is annually appropriated to the commissioner of veterans affairs to accomplish the purposes of this chapter and chapter 197. Funds received by the commissioner under this section in excess of current needs must be invested by the State Board of Investment in accordance with section 11A.24. Disbursements from this fund must be in the manner provided for the issuance of other state ~~warrants payments~~. The commissioner may refuse to accept any gift, grant, bequest, or devise if acceptance would not be in the best interest of the state or Minnesota's veterans.

Sec. 54. Minnesota Statutes 2016, section 198.16, is amended to read:

198.16 PLANNED GIVING.

The commissioner is authorized to accept on behalf of the state any gift, grant, bequest, or devise made for the purposes of this chapter, and administer the same as directed by the donor. All proceeds therefrom including money derived from the sale of any real or personal property must be deposited in the state treasury, invested by the State Board of Investment in accordance with sections 11A.24 and 11A.25, and credited to the Minnesota veterans home endowment, bequest, and devises fund. That fund consists of separate accounts for investing general and restricted gifts, money, and donations received and for any currently expendable proceeds.

The commissioner shall maintain records of all gifts received, clearly showing the identity of the donor, the purpose of the donation, and the ultimate disposition of the donation. Each donation must be duly receipted and must be expended or used by the commissioner as nearly in accordance with the condition of the gift or donation as is compatible with the best interests of the residents of the homes. Money in the fund is appropriated to the commissioner for the purposes for which it was received. Disbursements from this fund shall be made in the manner provided for the issuance of other state ~~warrants~~ payments.

Whenever the commissioner shall deem it advisable, in accordance with law, to sell or otherwise dispose of any real or personal property thus acquired, the commissioner of administration upon the request of the commissioner shall sell or otherwise dispose of said property in the manner provided by law for the sale or disposition of other state property by the commissioner of administration.

Sec. 55. Minnesota Statutes 2016, section 237.30, is amended to read:

237.30 TELEPHONE INVESTIGATION FUND; APPROPRIATION.

A Minnesota Telephone Investigation Fund shall exist for the use of the Department of Commerce and of the attorney general in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the department for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. All subsequent credits to said revolving fund shall be paid ~~upon the warrant of~~ by the commissioner of management and budget upon application of the department or of the attorney general to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 56. Minnesota Statutes 2016, section 241.13, subdivision 1, is amended to read:

Subdivision 1. **Contingent account.** The commissioner of corrections may permit a contingent account to remain in the hands of the accounting officer of any such institution from which expenditures may be made in case of actual emergency requiring immediate payment to prevent loss or danger to the institution or its inmates and for the purpose of paying freight, purchasing produce, livestock and other commodities requiring a cash settlement, and for the purpose of discounting bills incurred, but in all cases subject to revision by the commissioner of corrections. An itemized statement of every expenditure made during the month from such account shall be submitted to the commissioner under rules established by the commissioner. If necessary, the commissioner shall make proper requisition upon the commissioner of management and budget for a ~~warrant~~ payment to secure the contingent account for each institution.

Sec. 57. Minnesota Statutes 2016, section 244.19, subdivision 7, is amended to read:

Subd. 7. **Certificate of counties entitled to state aid.** On or before January 1 of each year, until 1970 and on or before April 1 thereafter, the commissioner of corrections shall deliver to the commissioner of management and budget a certificate in duplicate for each county of the state entitled to receive state aid under the provisions of this section. Upon the receipt of such certificate, the commissioner of management and budget shall ~~draw a warrant in favor of~~ issue a payment to the county treasurer for the amount shown by each certificate to be due to the county specified. The commissioner of management and budget shall transmit such ~~warrant~~ payment to the county treasurer together with a copy of the certificate prepared by the commissioner of corrections.

Sec. 58. Minnesota Statutes 2016, section 256B.20, is amended to read:

256B.20 COUNTY APPROPRIATIONS.

The providing of funds necessary to carry out the provisions hereof on the part of the counties and the manner of administering the funds of the counties and the state shall be as follows:

(1) The board of county commissioners of each county shall annually set up in its budget an item designated as the county medical assistance fund and levy taxes and fix a rate therefor sufficient to produce the full amount of such item, in addition to all other tax levies and tax rate, however fixed or determined, sufficient to carry out the provisions hereof and sufficient to pay in full the county share of assistance and administrative expense for the ensuing year; and annually on or before October 10 shall certify the same to the county auditor to be entered by the auditor on the tax rolls. Such tax levy and tax rate shall make proper allowance and provision for shortage in tax collections.

(2) Any county may transfer surplus funds from any county fund, except the sinking or ditch fund, to the general fund or to the county medical assistance fund in order to provide money necessary to pay medical assistance awarded hereunder. The money so transferred shall be used for no other purpose, but any portion thereof no longer needed for such purpose shall be transferred back to the fund from which taken.

(3) Upon the order of the county agency the county auditor shall draw a warrant on the proper fund in accordance with the order, and the county treasurer shall pay out the amounts ordered to be paid out as medical assistance hereunder. When necessary by reason of failure to levy sufficient taxes for the payment of the medical assistance in the county, the county auditor shall carry any such payments as an overdraft on the medical assistance funds of the county until sufficient tax funds shall be provided for such assistance payments. The board of county commissioners shall include in the tax levy and tax rate in the year following the year in which such overdraft occurred, an amount sufficient to liquidate such overdraft in full.

(4) Claims for reimbursement and reports shall be presented to the state agency by the respective counties as required under section 256.01, subdivision 2, paragraph (p). The state agency shall audit such claims and certify to the commissioner of management and budget the amounts due the respective counties without delay. The amounts so certified shall be paid within ten days after such certification, from the state treasury upon ~~warrant~~ payment of the commissioner of management and budget from any money available therefor. The money available to the state agency to carry out the provisions hereof, including all federal funds available to the state, shall be kept and deposited by the commissioner of management and budget in the revenue fund and disbursed ~~upon warrants~~ in the same manner as other state funds.

Sec. 59. Minnesota Statutes 2016, section 260B.331, subdivision 2, is amended to read:

Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care facility as provided in section 260B.198, subdivision 1, clause (2) or (3), item (v), the cost of providing the care shall, upon certification by the juvenile court, be paid from the welfare fund of the county in which the proceedings were held. To reimburse

the counties for the costs of providing group foster care for delinquent children and to promote the establishment of suitable group foster homes, the state shall quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the costs not paid by federal and other available state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.

The commissioner of corrections shall establish procedures for reimbursement and certify to the commissioner of management and budget each county entitled to receive state aid under the provisions of this subdivision. Upon receipt of a certificate the commissioner of management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the amount due, together with a copy of the certificate prepared by the commissioner of corrections.

Sec. 60. Minnesota Statutes 2016, section 260C.331, subdivision 2, is amended to read:

Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care facility as provided in section 260C.201, subdivision 1, paragraph (b), clause (2) or (3), the cost of providing the care shall, upon certification by the juvenile court, be paid from the welfare fund of the county in which the proceedings were held. To reimburse the counties for the costs of promoting the establishment of suitable group foster homes, the state shall quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the costs not paid by federal and other available state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.

The commissioner of corrections shall establish procedures for reimbursement and certify to the commissioner of management and budget each county entitled to receive state aid under the provisions of this subdivision. Upon receipt of a certificate the commissioner of management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the amount due, together with a copy of the certificate prepared by the commissioner of corrections.

Sec. 61. Minnesota Statutes 2016, section 273.121, subdivision 1, is amended to read:

Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be included on the assessment roll that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of appeal and equalization under section 274.01 or the review process established under section 274.13, subdivision 1c. Upon written request by the owner of the property, the assessor may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment, (2) the qualifying amount of any improvements under section 273.11, subdivision 16, for the current assessment, (3) the market value subject to taxation after subtracting the amount of any qualifying improvements for the current assessment, (4) the classification of the property for the current and prior assessment, (5) the assessor's office address, and (6) the dates, places, and times set for the meetings of the local board of appeal and equalization, the review process established under section 274.13, subdivision 1c, and the county board of appeal and equalization. If the classification of the property has changed between the current and prior assessments, a specific note to that effect shall be prominently listed on the statement. The commissioner of revenue shall specify the form of the notice. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of management and budget of the amount necessary to provide such notices. The commissioner of management and budget shall issue a ~~warrant~~ payment for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 62. Minnesota Statutes 2016, section 287.08, is amended to read:

287.08 TAX, HOW PAYABLE; RECEIPTS.

(a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any county in this state in which the real property or some part is located at or before the time of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall be "registration tax hereon of dollars paid." If the mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from registration tax." In either case the receipt must be signed by the treasurer. In case the treasurer is unable to determine whether a claim of exemption should be allowed, the tax must be paid as in the case of a taxable mortgage. For documents submitted electronically, the endorsements and tax amount shall be affixed electronically and no signature by the treasurer will be required. The actual payment method must be arranged in advance between the submitter and the receiving county.

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a ~~warrant~~ payment from the state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be receipted as provided in paragraph (a). If the principal debt or obligation secured by such a multiple county mortgage exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio that the estimated market value of the real property covered by the mortgage in each county bears to the estimated market value of all the real property in this state described in the mortgage. In making the division and payment the county treasurer shall send a statement giving the description of the real property described in the mortgage and the estimated market value of the part located in each county. For this purpose, the treasurer of any county may require the treasurer of any other county to certify to the former the estimated market value of any tract of real property in any mortgage.

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

Sec. 63. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in a city of the first class, or by its agents for it, in cash or otherwise.

(b) By July 31 and December 31 of each year, the commissioner of management and budget shall ~~pay~~ issue to each city of the first class a ~~warrant~~ payment for an amount equal to the total amount of the surcharge on the premiums collected within that city since the previous payment.

(c) The treasurer of the city shall place the money received under this subdivision in a special account or fund to defray all or a portion of the employer contribution requirement of public employees police and fire plan coverage for city firefighters.

Sec. 64. Minnesota Statutes 2016, section 299C.21, is amended to read:

299C.21 PENALTY ON LOCAL OFFICER REFUSING INFORMATION.

If any public official charged with the duty of furnishing to the bureau fingerprint records, biological specimens, reports, or other information required by sections 299C.06, 299C.10, 299C.105, 299C.11, 299C.17, shall neglect or refuse to comply with such requirement, the bureau, in writing, shall notify the state, county, or city officer charged with the issuance of a ~~warrant~~ for the payment of the salary of such official. Upon the receipt of the notice the state, county, or city official shall withhold the issuance of a ~~warrant~~ for the payment of the salary or other compensation accruing to such officer for the period of 30 days thereafter until notified by the bureau that such suspension has been released by the performance of the required duty.

Sec. 65. Minnesota Statutes 2016, section 348.05, is amended to read:

348.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO ISSUE WARRANT PAYMENT.

The commissioner of management and budget shall audit all such claims, and, on the first Monday of October, in each year, shall issue a ~~warrant~~ payment to the several claimants for the amount to which each is entitled; but, if the aggregate of compensation due to all such claimants shall exceed the appropriation therefor, the commissioner shall distribute the available amount amongst them pro rata, which distribution shall relieve the state from further obligation to such claimants for the year.

Sec. 66. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

Subd. 9. **Erroneous deductions, canceled ~~warrants~~ payments.** (a) Deductions taken from the salary of an employee for the retirement fund in excess of required amounts must, upon discovery and verification by the department making the deduction, be refunded to the employee.

(b) If a deduction for the retirement fund is taken from a salary ~~warrant or check~~ payment, and the ~~check~~ payment is canceled or the amount of the ~~warrant or check~~ payment returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

(c) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plans specified in section 356.99, that section applies. If the employee should have been covered by the plan governed by chapter 352D, 353D, 354B, or 354D, the employee deductions and employer

contributions taken in error must be directly transferred to the applicable employee's account in the correct retirement plan, with interest at the rate of 0.71 percent per month until June 30, 2015, and 0.667 percent per month thereafter, compounded annually, from the first day of the month following the month in which coverage should have commenced in the correct defined contribution plan until the end of the month in which the transfer occurs.

Sec. 67. Minnesota Statutes 2016, section 352.05, is amended to read:

352.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO BE TREASURER OF SYSTEM.

The commissioner of management and budget is ex officio treasurer of the retirement funds of the system. The general bond to the state shall cover all liability for actions as treasurer of these funds. Funds of the system received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund. The commissioner of management and budget shall deliver to the director copies of all payroll abstracts of the state together with the commissioner of management and budget's ~~warrants~~ payments covering the deductions made on these payroll abstracts for the retirement fund. The director shall have a list made of the commissioner of management and budget's ~~warrants~~ payments. These ~~warrants~~ payments must then be credited to the retirement fund. The commissioner of management and budget shall pay out of this fund only upon abstracts signed by the director, or by the finance officer designated by the director during the disability or the absence of the director from the city of St. Paul, Minnesota. Abstracts for investments may be signed by the executive director of the State Board of Investment.

Sec. 68. Minnesota Statutes 2016, section 352.115, subdivision 12, is amended to read:

Subd. 12. **Death, return of ~~warrants~~ payments.** If at the time of death a retired employee, a disabled employee, or a survivor has in possession ~~the~~ the commissioner of management and budget's ~~warrants~~ payments covering a retirement annuity, disability benefit, or survivor benefit from the retirement fund, in the absence of probate proceedings, and upon the return of the ~~warrants~~ payments for cancellation, payment of the accrued annuity or benefit, shall be made as provided in subdivision 11, or 352.12, subdivision 4. Payments made under this subdivision shall be a bar to recovery by any other person or persons.

Sec. 69. Minnesota Statutes 2016, section 352.12, subdivision 13, is amended to read:

Subd. 13. **Refund, beneficiary.** If upon death a former employee has in possession a commissioner of management and budget's ~~warrant~~ payment which does not exceed \$1,000 covering a refund of accumulated contributions in the retirement fund, in the absence of probate proceedings the commissioner of management and budget's ~~warrant~~ payment may be returned for cancellation, and then upon application made by the last designated beneficiary of the deceased former employee, refund of the accumulated contributions must be paid to the last designated beneficiary. Payments made under this subdivision are a bar to recovery by any other person or persons.

Sec. 70. Minnesota Statutes 2016, section 353.05, is amended to read:

353.05 CUSTODIAN OF FUNDS.

The commissioner of management and budget shall be ex officio treasurer of the retirement funds of the association and the general bond of the commissioner of management and budget to the state must be so conditioned as to cover all liability for acts as treasurer of these funds. All money of the association received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund or account. The commissioner of management and budget shall transmit monthly to the executive director a detailed statement of all amounts so received and credited to the funds. Payments out of the funds may only be made ~~on~~ warrants ~~as~~ payments issued by the commissioner of management and budget, upon abstracts signed by the executive director; provided that abstracts for investment may be signed by the executive director of the State Board of Investment.

Sec. 71. Minnesota Statutes 2016, section 353.27, subdivision 7, is amended to read:

Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions to the general employees retirement plan of the Public Employees Retirement Association or to the public employees police and fire retirement plan for a person who otherwise does not qualify for membership under this chapter, are considered:

(1) valid if the initial erroneous deduction began before January 1, 1990. Upon determination of the error by the association, the person may continue membership in the association while employed in the same position for which erroneous deductions were taken, or file a written election to terminate membership and apply for a refund upon termination of public service or defer an annuity under section 353.34; or

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and employees of a governmental subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid service if forfeited and, upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

(c) Adjustments to correct employer contributions and employee deductions taken in error from amounts which are not salary under section 353.01, subdivision 10, must be made as specified in paragraph (e). The period of adjustment must be limited to the fiscal year in which the error is discovered by the association and the immediate two preceding fiscal years.

(d) If there is evidence of fraud or other misconduct on the part of the employee or the employer, the board of trustees may authorize adjustments to the account of a member or former member to correct erroneous employee deductions and employer contributions on invalid salary and the recovery of any overpayments for a period longer than provided for under paragraph (c).

(e) Upon discovery of the receipt of erroneous employee deductions and employer contributions under paragraph (a), clause (2), or paragraph (c), the association must require the employer to discontinue the erroneous employee deductions and erroneous employer contributions reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made;

(2) for a former member who:

(i) is not receiving a retirement annuity or benefit, return the erroneous employee deductions to the former member through a refund with interest at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; or

(ii) is receiving a retirement annuity or disability benefit, or a person who is receiving an optional annuity or survivor benefit, for whom it has been determined an overpayment must be recovered, adjust the payment amount and recover the overpayments as provided under this section; and

(3) return the invalid employer contributions reported on behalf of a member or former member to the employer by providing a credit against future contributions payable by the employer.

(f) In the event that a salary ~~warrant or check~~ payment from which a deduction for the retirement fund was taken has been canceled or the amount of the ~~warrant or check~~ payment returned to the funds of the department making the payment, a refund of the sum deducted, or any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) If the association discovers that a retirement annuity, survivor benefit, or disability benefit has been incorrectly calculated by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and begin payment of the corrected annuity or benefit effective the first of the month following discovery of the error. Any overpayment resulting from the incorrect calculation must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment in the amount of the annuity or benefit calculated after the accrual date, except adjustments required under section 353.656, subdivision 4, falls within the current fiscal year and the two immediate previous fiscal years.

(h) Notwithstanding the provisions of this subdivision, the association may apply the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans Compliance Resolution System and not issue a refund of erroneous employee deductions and employer contributions or not recover a small overpayment of benefits if the cost to correct the error would exceed the amount of the member refund or overpayment.

(i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure by an employer to follow the statutory requirements for reporting eligible members and salary must be paid by the employer.

Sec. 72. Minnesota Statutes 2016, section 354.42, subdivision 7, is amended to read:

Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions taken from the salary of an employee for the retirement fund in excess of amounts required must be refunded to the employee upon the discovery of the error and after the verification of the error by the employing unit making the deduction. The corresponding excess employer contribution and excess additional employer contribution amounts attributable to the erroneous salary deduction must be refunded to the employing unit.

(b) If salary deductions and employer contributions were erroneously transmitted to the retirement fund and should have been transmitted to the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director must transfer these salary deductions and employer contributions to the account of the appropriate person under the applicable plan. The transfer to the applicable defined contribution plan account must include interest at the rate of 0.71 percent per month, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

(c) A potential transfer under paragraph (b) that would cause the plan to fail to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be made by the executive director. Within 30 days after being notified by the Teachers Retirement Association of an unmade potential transfer under this paragraph, the employer of the affected person must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the account of the applicable person under the appropriate plan. The retirement association must provide a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer.

(d) If a salary ~~warrant or check payment~~ from which a deduction for the retirement fund was taken has been canceled or the amount of the ~~warrant or if a check payment~~ has been returned to the funds of the employing unit making the payment, a refund of the amount deducted, or any portion of it that is required to adjust the salary deductions, must be made to the employing unit.

(e) Erroneous direct payments of member-paid contributions or erroneous salary deductions that were not refunded during the regular payroll cycle processing must be refunded to the member, plus interest computed using the rate and method specified in section 354.49, subdivision 2.

(f) Any refund under this subdivision that would cause the plan to fail to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not be refunded and instead must be credited against future contributions payable by the employer. The employer is responsible for refunding to the applicable employee any amount that was erroneously deducted from the salary of the employee, with interest as specified in paragraph (e).

(g) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plan specified in section 356.99, that section applies.

Sec. 73. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts due to the association and furnish a statement indicating the amount due and transmitted with any other information required by the executive director. If an amount due is not received by the association within 14 calendar days of the payroll ~~warrant payment~~, the amount accrues interest at an annual rate of 8.5 percent compounded annually from the due date until the amount is received by the association. All amounts due and other employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of management and budget who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 74. Minnesota Statutes 2016, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide the following data to the association for payroll ~~warrants payments~~ on an ongoing basis within 14 calendar days after the date of the payroll ~~warrant payments~~ in a format prescribed by the executive director:

- (1) association member number;
- (2) employer-assigned employee number;
- (3) Social Security number;
- (4) amount of each salary deduction;
- (5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;
- (6) reason for payment;
- (7) the beginning and ending dates of the payroll period covered and the date of actual payment;
- (8) fiscal year of salary earnings;
- (9) total remittance amount including employee, employer, and additional employer contributions;

(10) reemployed annuitant salary under section 354.44, subdivision 5; and

(11) other information as may be required by the executive director.

Sec. 75. Minnesota Statutes 2016, section 401.15, subdivision 1, is amended to read:

Subdivision 1. **Certified statements; determinations; adjustments.** Within 60 days of the end of each calendar quarter, participating counties which have received the payments authorized by section 401.14 shall submit to the commissioner certified statements detailing the amounts expended and costs incurred in furnishing the correctional services provided in sections 401.01 to 401.16. Upon receipt of certified statements, the commissioner shall, in the manner provided in sections 401.10 and 401.12, determine the amount each participating county is entitled to receive, making any adjustments necessary to rectify any disparity between the amounts received pursuant to the estimate provided in section 401.14 and the amounts actually expended. If the amount received pursuant to the estimate is greater than the amount actually expended during the quarter, the commissioner may withhold the difference from any subsequent monthly payments made pursuant to section 401.14. Upon certification by the commissioner of the amount a participating county is entitled to receive under the provisions of section 401.14 or of this subdivision the commissioner of management and budget shall thereupon issue a ~~state warrant~~ warrant payment to the chief fiscal officer of each participating county for the amount due together with a copy of the certificate prepared by the commissioner.

Sec. 76. Minnesota Statutes 2016, section 446A.086, subdivision 4, is amended to read:

Subd. 4. **Notifications; payment; appropriation.** (a) After receipt of a notice of a default or potential default in payment of principal or interest in debt obligations covered by this section or an agreement under this section, and after consultation with the governmental unit and the paying agent, and after verification of the accuracy of the information provided, the authority shall notify the commissioner of the potential default. The notice must include a final figure as to the amount due that the governmental unit will be unable to repay on the date due.

(b) Upon receipt of this notice from the authority, the commissioner shall issue a ~~warrant~~ warrant payment and authorize the authority to pay to the bond holders or paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the authority from the general fund.

Sec. 77. Minnesota Statutes 2016, section 446A.16, subdivision 1, is amended to read:

Subdivision 1. **Functions of commissioner of management and budget.** Except as otherwise provided in this section, money of the authority must be paid to the commissioner of management and budget as agent of the authority and the commissioner shall not commingle the money with other money. The money in the accounts of the authority must be paid out only ~~on warrants drawn~~ by the commissioner of management and budget on requisition of the chair of the authority or of another officer or employee as the authority authorizes. Deposits of the authority's money must, if required by the commissioner or the authority, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for the deposits.

Sec. 78. Minnesota Statutes 2016, section 462A.18, subdivision 1, is amended to read:

Subdivision 1. **Functions of commissioner of management and budget.** All moneys of the agency, except as otherwise authorized or provided in this section, shall be paid to the commissioner of management and budget as agent of the agency, who shall not commingle such moneys with any other moneys. The moneys in such accounts shall be paid out ~~on warrants drawn~~ by the commissioner on requisition of the chair of the agency or of such other officer or employee as the agency shall authorize to make such requisition. All deposits of such moneys shall, if

required by the commissioner or the agency, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give such security for such deposits.

Sec. 79. Minnesota Statutes 2016, section 475A.04, subdivision 1, is amended to read:

Subdivision 1. **Procedure.** In the event that funds sufficient to pay all of the principal and interest due on any guaranteed bond are not in the hands of the municipal treasurer or the paying agent at least 15 days before the due date, the treasurer or agent shall report the amount of the deficiency to the paying agent and the auditor who shall grant a loan to the issuer in this amount and shall certify to the issuer, the paying agent, and the auditor and treasurer of each county in which property subject to taxation by the issuer is situated, the amount of the loan and interest to accrue thereon to the due date of the loan, and the commissioner of management and budget shall issue a ~~warrant~~ payment for the principal amount and shall remit it to the paying agent on or before the due date. If the municipal treasurer fails to deposit funds with the paying agent sufficient to pay all principal and interest due on any guaranteed bond on any date, without having previously given the notice herein required, the paying agent may report the amount of the deficiency to the commissioner of management and budget, who shall forthwith grant a loan to the issuer for this amount plus interest to accrue thereon for one month at the rate represented by the coupons then due, and the loan shall be certified and remitted as provided above. The paying agent may advance its own funds for the payment of any guaranteed bonds and interest due for which it has not received sufficient funds from the municipality, and may contract with the municipality to make such advances, and shall be entitled to reimbursement therefor from the proceeds of the loan, with interest at the rate represented by the coupons due. The issuing municipality shall give a receipt to the commissioner of management and budget for the amount of the loan and interest.

Sec. 80. Minnesota Statutes 2016, section 525.841, is amended to read:

525.841 ESCHEAT RETURNED.

In all such cases the commissioner of management and budget shall be furnished with a certified copy of the court's order assigning the escheated property to the persons entitled thereto, and upon notification of payment of the estate tax, the commissioner of management and budget shall ~~draw a warrant~~ issue a payment or execute a proper conveyance to the persons designated in such order. In the event any escheated property has been sold pursuant to sections 11A.04, clause (9), and 11A.10, subdivision 2, or 16B.281 to 16B.287, then the ~~warrant~~ payment shall be for the appraised value as established during the administration of the decedent's estate. There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated an amount sufficient to make payment to all such designated persons. No interest shall be allowed on any amount paid to such persons.

ARTICLE 4 ADMINISTRATIVE RULEMAKING

Section 1. Minnesota Statutes 2016, section 3.842, subdivision 4a, is amended to read:

Subd. 4a. **Objections to rules or proposed rules.** (a) For purposes of this subdivision, "committee" means the house of representatives policy committee or senate policy committee with primary jurisdiction over state governmental operations. The commission or a committee may object to a rule or proposed rule as provided in this subdivision. ~~If the commission or a committee objects to all or some portion of a rule because the commission or committee considers it to be~~ on the grounds that the rule or proposed rule:

~~(1) is beyond the procedural or substantive authority delegated to the agency, including a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c);~~

(2) is inconsistent with the enabling statute;

(3) is unnecessary or redundant;

(4) has a substantial economic impact as defined in section 14.02, subdivision 5;

(5) is not based on sound, reasonably available scientific, technical, economic, or other information;

(6) is not cost-effective;

(7) is unduly burdensome; or

(8) is more restrictive than the standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter.

If the commission or committee objects to all or some portion of a rule or proposed rule, the commission or committee may shall file that objection in the Office of the Secretary of State. The filed objection must contain a concise statement of the commission's or committee's reasons for its action. ~~An objection to a proposed rule submitted by the commission or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed before the rule is adopted.~~ For a proposed rule, the objection must be filed within 30 days of receipt of the notice under section 14.14, 14.22, 14.386, 14.388, 14.389, or 14.3895.

(b) The secretary of state shall affix to each objection a certification of the date and time of its filing and as soon after the objection is filed as practicable shall electronically transmit a ~~certified~~ copy of it to the agency issuing the rule in question and to the revisor of statutes. The secretary of state shall also maintain a permanent register open to public inspection of all objections by the commission or committee.

(c) The commission or committee shall publish and index an objection filed under this section in the next issue of the State Register. The revisor of statutes shall indicate the existence of the objection adjacent to the rule in question when that rule is published in Minnesota Rules.

(d) Within 14 days after the filing of an objection by the commission or committee to a rule or proposed rule, the issuing agency shall respond in writing to the objecting entity. After receipt of the response, the commission or committee may withdraw or modify its objection. After the filing of an objection that is not subsequently withdrawn, the agency may not adopt the rule until the legislature adjourns the annual legislative session that began after the objection was filed. If the commission files an objection that is not subsequently withdrawn, the commission must, as soon as practical, make a recommendation on a bill that approves the proposed rule, prohibits adoption of the proposed rule, or amends or repeals the law governing a previously adopted rule for which an objection was filed.

(e) After the filing of an objection by the commission or committee that is not subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review or for enforcement of the rule to establish that the whole or portion of the rule objected to is valid and demonstrates that the objection raised under paragraph (a) is not justified, based on the criteria for objecting to a rule under paragraph (a).

(f) The failure of the commission or a committee to object to a rule is not an implied legislative authorization of its validity.

(g) In accordance with sections 14.44 and 14.45, the commission or a committee may petition for a declaratory judgment to determine the validity of a rule objected to by the commission or committee. The action must be started within two years after an objection is filed in the Office of the Secretary of State.

(h) The commission or a committee may intervene in litigation arising from agency action. For purposes of this paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

Sec. 2. Minnesota Statutes 2016, section 10A.02, subdivision 13, is amended to read:

Subd. 13. **Rules.** (a) Chapter 14 applies to the board. The board may adopt rules to carry out the purposes of this chapter if, before June 1, 2017, the board has published a notice of intent to adopt a rule without public hearing under section 14.22, subdivision 1, 14.389, subdivision 2, or 14.3895, subdivision 3; a dual notice under section 14.22, subdivision 2; or a notice of hearing on a proposed rule under section 14.14.

(b) After May 31, 2017, the board may only adopt rules that:

(1) incorporate specific changes set forth in applicable statutes when no interpretation of law is required; or

(2) make changes to rules that do not alter the sense, meaning, or effect of a rule.

(c) In addition to the notice required under chapter 14, the board shall notify the chairs and ranking minority members of the committees or subcommittees in the senate and house of representatives with primary jurisdiction over elections within seven calendar days of taking the following actions:

(1) publication of a notice of intent to adopt rules or a notice of hearing;

(2) publication of proposed rules in the State Register;

(3) issuance of a statement of need and reasonableness; or

(4) adoption of final rules.

EFFECTIVE DATE. This section is effective the day following final enactment for rules for which a notice of intent to adopt a rule without public hearing under Minnesota Statutes, section 14.22, subdivision 1, 14.389, subdivision 2, or 14.3895, subdivision 3; a dual notice under Minnesota Statutes, section 14.22, subdivision 2; or a notice of hearing on a proposed rule under Minnesota Statutes, section 14.14, was published before June 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 10A.025, subdivision 1a, is amended to read:

Subd. 1a. **Electronic filing.** A report or statement required to be filed under this chapter may be filed electronically. The board shall adopt rules ~~to regulate on the technical aspects of regulating~~ electronic filing and ~~to ensure~~ ensuring that the electronic filing process is secure.

Sec. 4. Minnesota Statutes 2016, section 14.002, is amended to read:

14.002 STATE REGULATORY POLICY.

The legislature recognizes the important and sensitive role for administrative rules in implementing policies and programs created by the legislature. However, the legislature finds that some regulatory rules and programs have become overly prescriptive and inflexible, thereby increasing costs to the state, local governments, and the regulated community and decreasing the effectiveness of the regulatory program. Therefore, ~~whenever feasible,~~ state agencies must develop rules and regulatory programs that emphasize superior achievement in meeting the agency's regulatory objectives and maximum flexibility for the regulated party and the agency in meeting those goals.

Sec. 5. Minnesota Statutes 2016, section 14.02, is amended by adding a subdivision to read:

Subd. 5. Substantial economic impact. A rule has a "substantial economic impact" if the rule would result in, or likely result in:

(1) an adverse effect or impact on the private-sector economy of the state of Minnesota of \$5,000,000 or more in a single year;

(2) a significant increase in costs or prices for consumers, individual private-sector industries, state agencies, local governments, individuals, or private-sector enterprises within certain geographic regions inside the state of Minnesota;

(3) significant adverse impacts on the competitiveness of private-sector Minnesota-based enterprises, or on private-sector employment, investment, productivity, or innovation within the state of Minnesota; or

(4) compliance costs, in the first year after the rule takes effect, of more than \$25,000 for any one business that has fewer than 50 full-time employees, or for any one statutory or home rule charter city that has fewer than ten full-time employees.

Sec. 6. Minnesota Statutes 2016, section 14.05, subdivision 1, is amended to read:

Subdivision 1. **Authority to adopt original rules restricted.** (a) Each agency shall adopt, amend, suspend, or repeal its rules:

(1) in accordance with the procedures specified in sections 14.001 to 14.69, ~~and~~;

(2) only pursuant to authority delegated by law; and

(3) in full compliance with its duties and obligations.

(b) If a law authorizing rules is repealed, the rules adopted pursuant to that law are automatically repealed on the effective date of the law's repeal unless there is another law authorizing the rules.

(c) Except as provided in ~~section~~ sections 14.055, 14.06, 14.388, 14.389, and 14.3895, sections 14.001 to 14.69 shall not be authority for an agency to adopt, amend, suspend, or repeal rules.

Sec. 7. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to read:

Subd. 1a. Limitation regarding certain policies, guidelines, and other interpretive statements. An agency shall not seek to implement or enforce against any person a policy, guideline, or other interpretive statement that meets the definition of a rule under this chapter if the policy, guideline, or other interpretive statement has not been adopted as a rule in accordance with this chapter including but not limited to solid waste policy plan revisions authorized by other law. In any proceeding under chapter 14 challenging an agency action prohibited by this subdivision, the reviewing authority must independently and without deference to the agency determine if the agency has violated this subdivision. The agency must overcome the presumption that its action may not be enforced as a rule.

Sec. 8. Minnesota Statutes 2016, section 14.05, subdivision 2, is amended to read:

Subd. 2. **Authority to modify proposed rule.** (a) An agency may modify a proposed rule in accordance with the procedures of the Administrative Procedure Act. However, an agency may not modify a proposed rule so that it is substantially different from the proposed rule in the notice of intent to adopt rules or notice of hearing.

(b) A modification does not make a proposed rule substantially different if:

(1) the differences are within the scope of the matter announced in the notice of intent to adopt or notice of hearing and are in character with the issues raised in that notice;

(2) the differences are a logical outgrowth of the contents of the notice of intent to adopt or notice of hearing and the comments submitted in response to the notice; and

(3) the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question.

(c) In determining whether the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question the following factors must be considered:

(1) the extent to which persons who will be affected by the rule should have understood that the rulemaking proceeding on which it is based could affect their interests;

(2) the extent to which the subject matter of the rule or issues determined by the rule are different from the subject matter or issues contained in the notice of intent to adopt or notice of hearing; and

(3) the extent to which the effects of the rule differ from the effects of the proposed rule contained in the notice of intent to adopt or notice of hearing.

(d) A modification makes a proposed rule substantially different if the modification causes a rule that did not previously have a substantial economic impact to have a substantial economic impact.

Sec. 9. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to read:

Subd. 5a. **Review and repeal of rules.** By December 1 of each odd-numbered year, beginning December 1, 2017, an agency must submit to the governor, the Legislative Coordinating Commission, the policy and funding committees and divisions with jurisdiction over the agency, and the revisor of statutes, a list of any rules or portions of rules that are obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must also include an explanation of why the rule or portion of the rule is obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The agency must either report a timetable for repeal of the rule or portion of the rule, or must develop a bill for submission to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule. A report submitted under this subdivision must be signed by the person in the agency who is responsible for identifying and initiating repeal of obsolete rules. The report also must identify the status of any rules identified in the prior report as obsolete, unnecessary, or duplicative. If none of an agency's rules are obsolete, unnecessary, or duplicative, an agency's report must state that conclusion.

Sec. 10. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to read:

Subd. 5b. **Review and repeal of environmental assessment worksheets and impact statements.** By December 1, 2017, and each odd-numbered year thereafter, the Environmental Quality Board, Pollution Control Agency, Department of Natural Resources, and Department of Transportation, after consultation with political

subdivisions, shall submit to the governor, the Legislative Coordinating Commission, the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over environment and natural resources, and the revisor of statutes a list of mandatory environmental assessment worksheets or mandatory environmental impact statements for which the agency or a political subdivision is designated as the responsible government unit, and for each worksheet or statement, a document including:

- (1) intended outcomes of the specific worksheet or statement;
- (2) the cost to state and local government and the private sector;
- (3) the relationship of the worksheet or statement to other local, state, and federal permits; and
- (4) a justification for why the mandatory worksheet or statement should not be eliminated and its intended outcomes achieved through an existing permit or other federal, state, or local law.

Sec. 11. Minnesota Statutes 2016, section 14.05, subdivision 6, is amended to read:

Subd. 6. **Veto of adopted rules.** The governor may veto all or a severable portion of a rule of an agency as defined in section 14.02, subdivisions 2 and 4, by submitting notice of the veto to the State Register within 14 days of receiving a copy of the rule from the secretary of state under section 14.16, subdivision 3, 14.26, subdivision 3 ~~5~~, ~~or~~ 14.386, or the agency under section 14.389, subdivision 3, or section 14.3895. The veto is effective when the veto notice is submitted to the State Register. This authority applies only to the extent that the agency itself would have authority, through rulemaking, to take such action. If the governor vetoes a rule or portion of a rule under this section, the governor shall notify the chairs of the legislative committees having jurisdiction over the agency whose rule was vetoed.

Sec. 12. Minnesota Statutes 2016, section 14.05, subdivision 7, is amended to read:

Subd. 7. **Electronic documents permitted.** (a) If sections 14.05 to 14.3895 require an agency to provide notice or documents to the public, the legislature, or other state agency, the agency may send the notice or document, or a link to the notice or document, using any reliable method of electronic transmission.

(b) The agency must also send a paper copy of the notice or document if requested to do so by a member of the public, legislature, or other state agency.

(c) An agency may file rule-related documents with the Office of Administrative Hearings by electronic transmission in the manner approved by that office and the Office of the Revisor of Statutes by electronic transmission in the manner approved by that office.

Sec. 13. Minnesota Statutes 2016, section 14.101, subdivision 1, is amended to read:

Subdivision 1. **Required notice.** In addition to seeking information by other methods designed to reach persons or ~~classes~~ categories of persons who might be affected by the proposal, an agency, at least 60 days before publication of a notice of intent to adopt or a notice of hearing, shall solicit comments from the public on the subject matter of a possible rulemaking proposal under active consideration within the agency by causing notice to be published in the State Register. The notice must include a description of the subject matter of the proposal and the types of groups and individuals likely to be affected, and must indicate where, when, and how persons may comment on the proposal and whether and how drafts of any proposal may be obtained from the agency.

This notice must be published within 60 days of the effective date of any new or amendatory law requiring rules to be adopted, amended, or repealed.

An agency intending to adopt an expedited rule under section 14.389 is exempt from the requirements of this section.

Sec. 14. **[14.105] RULE NOTIFICATION.**

Subdivision 1. **Rule notification list.** (a) Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule proceedings. A person may register to receive notice of rule proceedings by submitting to the agency:

(1) the person's electronic mail address; or

(2) the person's name and United States mail address, along with a request to receive copies of the notices by mail.

(b) The agency shall post information on its Web site describing the registration process.

(c) The agency may inquire as to whether those persons on the list in paragraph (a) wish to remain on it and may remove persons for whom there is a negative reply or no reply within 60 days.

Subd. 2. **Additional notice.** (a) Each agency shall make reasonable efforts to notify persons or categories of persons who may be significantly affected by the rule being proposed by giving notice of its rule proceedings in newsletters, newspapers, or other publications, or through other means of communication.

(b) For each rulemaking, the agency shall develop an additional notice plan describing its efforts to provide additional notification to persons or categories of persons who may be affected by the proposed rule or must explain why these efforts were not made. The additional notice plan must be submitted to the administrative law judge with the other submissions required by section 14.14, subdivision 2a, or 14.26. The agency also may seek prior approval of the additional notice plan under the rules of the Office of Administrative Hearings.

Sec. 15. Minnesota Statutes 2016, section 14.116, is amended to read:

14.116 NOTICE TO LEGISLATURE.

(a) By January 15 each year, each agency must submit its current rulemaking docket maintained under section 14.366, and the official rulemaking record required under section 14.365 for any rule adopted during the preceding calendar year, to the chairs and ranking minority members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rule and to the Legislative Coordinating Commission. Each agency must post a link to its rulemaking docket on the agency Web site home page.

(b) When an agency ~~mails~~ sends a notice of ~~intent to adopt rules~~ hearing under section 14.14 or a notice of intent to adopt rules or dual notice under section 14.22, the agency must send a copy of the same notice and a copy of the statement of need and reasonableness to the chairs and ranking minority party members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rules and to the Legislative Coordinating Commission.

(c) In addition, if the mailing of the notice is within two years of the effective date of the law granting the agency authority to adopt the proposed rules, the agency shall make reasonable efforts to send a copy of the notice and the statement to all sitting legislators who were chief house of representatives and senate authors of the bill granting the rulemaking authority. If the bill was amended to include this rulemaking authority, the agency shall make reasonable efforts to send the notice and the statement to the chief house of representatives and senate authors of the amendment granting rulemaking authority, rather than to the chief authors of the bill.

Sec. 16. Minnesota Statutes 2016, section 14.125, is amended to read:

14.125 TIME LIMIT ON AUTHORITY TO ADOPT, AMEND, OR REPEAL RULES.

An agency shall publish a ~~notice of intent to adopt rules or a~~ notice of hearing under section 14.14, or a notice of intent to adopt rules or dual notice under section 14.22, within 18 months of the effective date of the law authorizing or requiring rules to be adopted, amended, or repealed. If the notice is not published within the time limit imposed by this section, the ~~authority for the rules expires. The agency shall not use other law in existence at the time of the expiration of rulemaking authority under this section as authority to adopt, amend, or repeal these rules~~ agency shall report to the Legislative Coordinating Commission, other appropriate committees of the legislature, and the governor its failure to publish a notice and the reasons for that failure.

~~An agency that publishes a notice of intent to adopt rules or a notice of hearing within the time limit specified in this section may subsequently amend or repeal the rules without additional legislative authorization.~~

Sec. 17. Minnesota Statutes 2016, section 14.127, is amended to read:

14.127 LEGISLATIVE APPROVAL REQUIRED.

Subdivision 1. ~~Cost thresholds~~ **Substantial economic impact.** An agency must determine if ~~the cost of complying with a proposed rule in the first year after the rule takes effect will exceed \$25,000 for: (1) any one business that has less than 50 full-time employees; or (2) any one statutory or home rule charter city that has less than ten full-time employees. For purposes of this section, "business" means a business entity organized for profit or as a nonprofit, and includes an individual, partnership, corporation, joint venture, association, or cooperative~~ has a substantial economic impact, as defined in section 14.02, subdivision 5.

Subd. 2. **Agency determination.** An agency must make the determination required by subdivision 1 before the close of the hearing record, or before the agency submits the record to the administrative law judge if there is no hearing. ~~The administrative law judge must review and approve or disapprove the agency determination under this section~~ agency gives notice under section 14.14, 14.22, 14.225, or 14.389.

Subd. 3. **Legislative approval required.** (a) If the agency determines that a proposed rule has a substantial economic impact, the agency must request the legislative auditor to convene a five-person peer review advisory panel to conduct an impact analysis of the proposed rule. Within 30 days of receipt of the agency's request, the legislative auditor shall convene a peer review advisory panel. The advisory panel must be made up of individuals who have not directly or indirectly been involved in the work conducted or contracted by the agency and who are not employed by the agency. The agency must pay each panel member for the costs of the person's service on the panel, as determined by the legislative auditor. The agency shall transfer an amount from the agency's operating budget to the legislative auditor to pay for costs for convening the peer review advisory panel process. The panel may receive written and oral comments from the public during its review. The panel must submit its report within 60 days of being convened. The agency must receive a final report from the panel before the agency conducts a public hearing on a proposed rule or, if no hearing is held, before the rule is submitted to the administrative law judge. The panel's report must include its conclusions on the extent to which the proposed rule:

(1) is based on sound, reasonably available scientific, technical, economic, or other information or rationale; and

(2) is more restrictive than a standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter, and a justification based on sound, reasonably available scientific, technical, economic, or other information and rationale that the more stringent standard is necessary to protect the public's health, safety, or welfare.

(b) If the agency determines that a rule does not have a substantial economic impact, the administrative law judge must review this determination. If the administrative law judge determines that a rule may have a substantial economic impact, the agency must have the legislative auditor arrange for the analysis required by paragraph (a), and the agency must give new notice of intent to adopt the proposed rule after receiving this analysis. The administrative law judge may make this determination as part of the administrative law judge's report on the proposed rule, or at any earlier time after the administrative law judge is assigned to the rule proceeding.

(c) If the agency determines that the ~~cost exceeds the threshold in subdivision 1~~ proposed rule has a substantial economic impact, or if the administrative law judge disapproves the agency's determination that the ~~cost rule~~ does not exceed the threshold in subdivision 1, any business that has less than 50 full-time employees or any statutory or home rule charter city that has less than ten full-time employees may file a written statement with the agency claiming a temporary exemption from the rules. Upon filing of such a statement with the agency, the rules do not apply to that business or that city until the rules are have a substantial economic impact, the agency or the administrative law judge shall deliver the determination and peer review advisory panel report to the Legislative Coordinating Commission and to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the subject matter of the rule, and the proposed rule does not take effect until the rule is approved by a law enacted after the agency determination or administrative law judge disapproval.

Subd. 4. **Exceptions.** ~~(a) Subdivision 3 does not apply if the administrative law judge approves an agency's determination that the legislature has appropriated money to sufficiently fund the expected cost of the rule upon the business or city proposed to be regulated by the rule.~~

~~(b)~~ (a) Subdivision 3 does not apply if the administrative law judge approves an agency's determination that the rule has been proposed pursuant to a specific federal statutory or regulatory mandate.

~~(c)~~ (b) This section does not apply if the rule is adopted under section 14.388 or under another law specifying that the rulemaking procedures of this chapter do not apply.

~~(d)~~ (c) This section does not apply to a rule adopted by the Public Utilities Commission.

~~(e) Subdivision 3 does not apply if the governor waives application of subdivision 3. The governor may issue a waiver at any time, either before or after the rule would take effect, but for the requirement of legislative approval. As soon as possible after issuing a waiver under this paragraph, the governor must send notice of the waiver to the speaker of the house and the president of the senate and must publish notice of this determination in the State Register.~~

Subd. 5. **Severability.** If an administrative law judge determines that part of a proposed rule ~~exceeds the threshold specified in subdivision 1~~ has a substantial economic impact, but that a severable portion of a proposed rule does not ~~exceed the threshold in subdivision 1~~ have a substantial economic impact, the administrative law judge may provide that the severable portion of the rule that does not ~~exceed the threshold~~ have a substantial economic impact may take effect without legislative approval.

Sec. 18. [14.129] IMPACT ANALYSIS OF PROPOSED RULE.

(a) Within 30 days of receipt of the notice required under section 14.116, paragraph (b), a standing committee with jurisdiction over the subject matter of a proposed rule may request the legislative auditor to conduct an impact analysis of the proposed rule. The request must be sent in writing to the legislative auditor and the agency. Upon receipt of the request, the agency may not proceed to adopt the proposed rule until it has received a positive declaration from the requesting standing committee. Within 60 days of receipt of a request, the legislative auditor shall convene a five-person peer review panel to review the proposed rule. The advisory panel must be made up of

individuals who have not directly or indirectly been involved in work conducted or contracted by the agency and who are not employed by the agency. The panel may receive written and oral comments from the public during its review of the proposed rule. The panel must prepare a report that includes a conclusion on whether the proposed rule:

(1) is based on sound, reasonably available scientific, technical, economic, and other information and rationale; and

(2) if the proposed rule is more restrictive than a standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter, a justification based on sound, reasonably available scientific, technical, economic, or other information and rationale that the more stringent standard is necessary to protect the public's health, safety, or welfare.

(b) Within 150 days of being convened, the panel must submit its report to the chairs and ranking minority members of the requesting committee and the legislative auditor. Within five days of receipt of the panel's report, the requesting standing committee shall send the report to the agency along with either:

(1) a positive declaration that the agency may proceed with the proposed rule; or

(2) a negative declaration that the agency may not proceed with the proposed rule in its current form.

(c) If the requesting standing committee issues a negative declaration to an agency under paragraph (b), clause (2), the agency may not adopt the rule until the legislature adjourns the annual legislative session that began after the issuance of the negative declaration.

Sec. 19. Minnesota Statutes 2016, section 14.131, is amended to read:

14.131 STATEMENT OF NEED AND REASONABLENESS.

By the date of the section 14.14, subdivision 1a, notice, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge and must include a citation to the most specific statutory authority for the rule and the following to the extent the agency, through reasonable effort, can ascertain this information:

~~(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;~~

~~(2) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;~~

~~(3) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;~~

~~(4) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;~~

~~(5) the probable costs of complying with the proposed rule, including the portion of the total costs that will be borne by identifiable categories of affected parties, such as separate classes of governmental units, businesses, or individuals;~~

~~(6) the probable costs or consequences of not adopting the proposed rule, including those costs or consequences borne by identifiable categories of affected parties, such as separate classes of government units, businesses, or individuals;~~

(1) a description of the persons or classifications of persons who will probably be affected by the proposed rule;

(2) the probable costs of the rule to affected persons and the agency, including those costs or consequences borne by identifiable categories of affected parties, such as separate classes of government units, businesses, or individuals, and the probable benefits of adopting the rule;

~~(7) (3) an assessment of any differences between the proposed rule and existing or proposed federal regulations standards and similar standards in relevant states bordering Minnesota or within Environmental Protection Agency Region 5 and a specific analysis of the need for and reasonableness of each difference; and~~

~~(8) (4) an assessment of the cumulative effect of the rule with other federal and state regulations related to the specific purpose of the rule. all rules adopted by the agency or any other agency, and all federal regulations and local ordinances or regulations, related to the specific purpose for which the rule is being adopted; and~~

(5) the agency's findings and conclusions that support its determination that the proposed rule is based on sound, reasonably available scientific, technical, economic, or other information and rationale; and if the proposed rule is more restrictive than a standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter, a justification based on sound, reasonably available scientific, technical, economic, or other information and rationale that the more stringent standard is necessary to protect the public's health, safety, or welfare.

The statement must describe how the agency, in developing the rules, considered and implemented the legislative policy supporting performance-based regulatory systems set forth in section 14.002 in a cost-effective and timely manner.

For purposes of clause ~~(8)~~ (4), "cumulative effect" means the impact that results from incremental impact of the proposed rule in addition to other rules, regardless of what state or federal agency has adopted the other rules. Cumulative effects can result from individually minor but collectively significant rules adopted over a period of time.

~~The statement must also describe the agency's efforts to provide additional notification under section 14.14, subdivision 1a, to persons or classes of persons who may be affected by the proposed rule or must explain why these efforts were not made.~~

The statement must describe, with reasonable particularity, the scientific, technical, and economic information that supports the proposed rule.

The agency must consult with the commissioner of management and budget to help evaluate the fiscal impact and fiscal benefits of the proposed rule on units of local government. The agency must send a copy of the statement of need and reasonableness to the Legislative Reference Library no later than when the notice of hearing is ~~mailed~~ under section 14.14, subdivision 1a sent.

Sec. 20. Minnesota Statutes 2016, section 14.14, subdivision 1a, is amended to read:

Subd. 1a. **Notice of rule hearing.** (a) ~~Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule proceedings. Persons may register to receive notice of rule proceedings by submitting to the agency:~~

~~(1) their electronic mail address; or~~

~~(2) their name and United States mail address.~~

~~The agency may inquire as to whether those persons on the list wish to remain on it and may remove persons for whom there is a negative reply or no reply within 60 days. The agency shall, at least 30 days before the date set for the hearing, give notice of its intention to adopt hold a hearing on the proposed rules by United States mail or electronic mail to all persons ~~on its list~~ who have registered with the agency under section 14.105, and by publication in the State Register.~~

~~The mailed notice must include either a copy of the proposed rule or an easily readable and understandable description of its nature and effect and an announcement that a free copy of the proposed rule is available on request from the agency. In addition, each agency shall make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule being proposed by giving notice of its intention in newsletters, newspapers, or other publications, or through other means of communication. The notice in the State Register must include the proposed rule or an amended rule in the form required by the revisor under section 14.07, together with an easily readable and understandable summary of the overall nature and effect of the proposed rule, a citation to the most specific statutory authority for the proposed rule, a statement of the place, date, and time of the public hearing, a statement that a free copy of the proposed rule and the statement of need and reasonableness may be requested from the agency, a statement that persons may register with the agency for the purpose of receiving notice of rule proceedings ~~and notice that the agency intends to adopt a rule~~, and other information required by law or rule. When an entire rule is proposed to be repealed, the agency need only publish that fact, along with an easily readable and understandable summary of the overall nature of the rules proposed for repeal, and a citation to the rule to be repealed.~~

The mailed notice of hearing must be the same as the notice published in the State Register, except that the mailed notice may omit the text of the proposed rule if it includes an announcement of where a copy of the proposed rule may be obtained.

(b) The chief administrative law judge may authorize an agency to omit from the notice of rule hearing the text of any proposed rule, the publication of which would be unduly cumbersome, expensive, or otherwise inexpedient if:

(1) knowledge of the rule is likely to be important to only a small class of persons;

(2) the notice of rule hearing states that a free copy of the entire rule is available upon request to the agency; and

(3) the notice of rule hearing states in detail the specific subject matter of the omitted rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose and motivation.

Sec. 21. Minnesota Statutes 2016, section 14.14, subdivision 2a, is amended to read:

Subd. 2a. **Hearing procedure.** When a hearing is held on a proposed rule, it shall be conducted by an administrative law judge assigned by the chief administrative law judge. The administrative law judge shall ensure that all persons involved in the rule hearing are treated fairly and impartially. The agency shall submit into the record the jurisdictional documents, including the statement of need and reasonableness, comments and hearing requests received, and any written exhibits in support of the proposed rule. The agency may also present additional oral evidence. Interested persons may present written and oral evidence. The administrative law judge shall allow questioning of agency representatives or witnesses, or of interested persons making oral statements, in order to explain the purpose or intended operation of a proposed rule, or a suggested modification, or for other purposes if material to the evaluation or formulation of the proposed rule. The administrative law judge may limit repetitive or immaterial oral statements and questioning.

Sec. 22. Minnesota Statutes 2016, section 14.19, is amended to read:

14.19 DEADLINE TO COMPLETE RULEMAKING.

Within 180 days after issuance of the administrative law judge's report or that of the chief administrative law judge, the agency shall submit its notice of adoption, amendment, or repeal to the State Register for publication. If the agency has not submitted its notice to the State Register within 180 days, the rule is automatically withdrawn. The agency may not adopt the withdrawn rules without again following the procedures of sections 14.05 to 14.28, with the exception of section 14.101, if the noncompliance is approved by the chief administrative law judge. The agency shall report to the Legislative Coordinating Commission, other appropriate committees of the legislature, and the governor its failure to adopt rules and the reasons for that failure. The 180-day time limit of this section does not include:

(1) any days used for review by the chief administrative law judge or the commission if the review is required by law; or

(2) days during which the rule cannot be adopted, because of votes by legislative committees under section 14.126; ~~or.~~

~~(3) days during which the rule cannot be adopted because approval of the legislature is required under section 14.127.~~

Sec. 23. Minnesota Statutes 2016, section 14.22, subdivision 1, is amended to read:

Subdivision 1. **Contents.** ~~(a) Unless an agency proceeds directly to a public hearing on a proposed rule and gives the notice prescribed in section 14.14, subdivision 1a, the agency shall give notice of its intention to adopt a rule without public hearing. The agency shall give the notice required by this section, unless the agency gives notice of a hearing under section 14.14 or a notice under section 14.389, subdivision 2. The agency shall give notice must be given of its intention to adopt a rule by publication in the State Register and by United States mail or electronic mail to persons who have registered their names with the agency under section 14.14, subdivision 1a 14.105. The mailed notice must include either a copy of the proposed rule or an easily readable and understandable description of its nature and effect and an announcement that a free copy of the proposed rule is available on request from the agency. In addition, each agency shall make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule by giving notice of its intention in newsletters, newspapers, or other publications, or through other means of communication. The notice in the State Register must include the proposed rule or the amended rule in the form required by the revisor under section 14.07; an easily readable and understandable summary of the overall nature and effect of the proposed rule; a citation to the most specific statutory authority for the proposed rule; a statement that a free copy of the statement of need and reasonableness may be requested from the agency; a statement that persons may register with the agency for the purpose of receiving to receive notice of rule proceedings and notice that a rule has been submitted to the chief administrative law judge; and other information required by law or rule. When an entire rule is proposed to be repealed, the notice need only state that fact, along with an easily readable and understandable summary of the overall nature of the rules rule proposed for repeal, and a citation to the rule to be repealed. The notice must include a statement advising the public:~~

(1) that the public has at least 30 days in which to submit comment in support of or in opposition to the proposed rule and that comment is encouraged;

(2) that each comment should identify the ~~portion~~ part and subpart, if any, of the proposed rule addressed, the reason for the comment, and any change proposed;

(3) that the requester is encouraged to propose any change desired;

~~(3)~~ (4) that if 25 or more persons submit a written request for a public hearing within the ~~30-day~~ comment period, a public hearing will be held and the agency will use the process under section 14.14;

(4) (5) of the manner in which persons must request a public hearing on the proposed rule, including the requirements contained in section 14.25 relating to a written request for a public hearing; and

~~(5) of the requirements contained in section 14.25 relating to a written request for a public hearing, and that the requester is encouraged to propose any change desired;~~

(6) that the agency may modify the proposed rule ~~may be modified~~ if the modifications are supported by the data and views submitted; ~~and~~.

~~(7) that if a hearing is not required, notice of the date of submission of the proposed rule to the chief administrative law judge for review will be mailed to any person requesting to receive the notice.~~

In connection with the statements required in clauses (1) and ~~(3)~~ (4), the notice must also include the date on which the ~~30-day~~ comment period ends. The mailed notice of intent to adopt a rule must be the same as the notice published in the State Register, except that the mailed notice may omit the text of the proposed rule if it includes an announcement of where a copy of the proposed rule may be obtained.

(b) The chief administrative law judge may authorize an agency to omit from the notice of intent to adopt the text of any proposed rule, the publication of which would be unduly cumbersome, expensive, or otherwise inexpedient if:

(1) knowledge of the rule is likely to be important to only a small class of persons;

(2) the notice of intent to adopt states that a free copy of the entire rule is available upon request to the agency; and

(3) the notice of intent to adopt states in detail the specific subject matter of the omitted rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose and motivation.

Sec. 24. Minnesota Statutes 2016, section 14.23, is amended to read:

14.23 STATEMENT OF NEED AND REASONABLENESS.

By the date of the section 14.22 notice, the agency shall prepare a statement of need and reasonableness, which must be available to the public. The statement of need and reasonableness must include the analysis information required in section 14.131. ~~The statement must also describe the agency's efforts to provide additional notification under section 14.22 to persons or classes of persons who may be affected by the proposed rules or must explain why these efforts were not made. For at least 30 days following the notice, the agency shall afford the public an opportunity to request a public hearing and to submit data and views on the proposed rule in writing.~~

The agency shall send a copy of the statement of need and reasonableness to the Legislative Reference Library no later than when the notice of intent to adopt is ~~mailed sent~~.

Sec. 25. Minnesota Statutes 2016, section 14.25, subdivision 1, is amended to read:

Subdivision 1. **Requests for hearing.** If, during the ~~30-day~~ period allowed for comment under section 14.22, 25 or more persons submit to the agency a written request for a public hearing of the proposed rule, the agency shall proceed under the provisions of sections 14.14 to 14.20. The written request must include:

(1) the name and address of the person requesting the public hearing; ~~and~~

(2) ~~the portion or portions~~ part or subpart, if any, of the rule to which the person objects ~~or a statement that the person opposes the entire rule. If not previously published under section 14.22, subdivision 2, a notice of the public hearing must be published in the State Register and mailed to those persons who submitted a written request for the public hearing. Unless the agency has modified the proposed rule, the notice need not include the text of the proposed rule but only a citation to the State Register pages where the text appears; and~~

(3) the reasons for the objection to each portion of the rule identified.

A written request for a public hearing that does not comply with the requirements of this section is invalid and may not be counted by the agency for purposes of determining whether a public hearing must be held. A written request for a public hearing is not invalid due to failure of the request to correctly identify the portion of the rule to which the person objects if the agency reasonably can determine which portion of the rule is the basis for the objection.

Sec. 26. Minnesota Statutes 2016, section 14.26, is amended to read:

14.26 ADOPTION OF PROPOSED RULE; SUBMISSION TO ADMINISTRATIVE LAW JUDGE.

Subdivision 1. **Submission.** If no hearing is required, the agency shall submit to an administrative law judge assigned by the chief administrative law judge the proposed rule and notice as published, the rule as adopted, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the administrative law judge. This notice must be given on the same day that the record is submitted. If the proposed rule has been modified, the notice must state that fact, and must also state that a free copy of the proposed rule, as modified, is available upon request from the agency. The rule and these materials must be submitted to the administrative law judge within 180 days of the day that the comment period for the rule is over or the rule is automatically withdrawn. The agency may not adopt the withdrawn rules without again following the procedures of sections 14.05 to 14.28, with the exception of section 14.101, if the noncompliance is approved by the chief administrative law judge. The agency shall report its failure to adopt the rules and the reasons for that failure to the Legislative Coordinating Commission, other appropriate legislative committees, and the governor.

~~Subd. 2. **Resubmission.** Even if the 180-day period expires while the administrative law judge reviews the rule, if the administrative law judge rejects the rule, the agency may resubmit it after taking corrective action. The resubmission must occur within 30 days of when the agency receives written notice of the disapproval. If the rule is again disapproved, the rule is withdrawn. An agency may resubmit at any time before the expiration of the 180-day period. If the agency withholds some of the proposed rule, it may not adopt the withheld portion without again following the procedures of sections 14.14 to 14.28.~~

Subd. 3. **Review.** ~~(a)~~ Within 14 days of receiving a submission under subdivision 1, the administrative law judge shall approve or disapprove the rule as to its legality and its form to the extent that the form relates to legality, including the issues of whether the rule if modified is substantially different, as determined under section 14.05, subdivision 2, from the rule as originally proposed, whether the agency has the authority to adopt the rule, and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule. ~~If the rule is approved, the administrative law judge shall promptly file four paper copies or an electronic copy of the adopted rule in the Office of the Secretary of State. The secretary of state shall forward one copy of each rule to the revisor of statutes, to the agency, and to the governor. If the rule is disapproved, the administrative law judge shall state in writing the reasons for the disapproval and make recommendations to overcome the defects.~~

Subd. 3b. **Harmless error.** The administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the administrative law judge finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Subd. 3c. **Correction of defects.** ~~(b)~~ (a) The written disapproval must be submitted to the chief administrative law judge for approval. If the chief administrative law judge approves of the findings of the administrative law judge, the chief administrative law judge shall send the statement of the reasons for disapproval of the rule to the agency, the Legislative Coordinating Commission, the house of representatives and senate policy committees with primary jurisdiction over state governmental operations, and the revisor of statutes and advise the agency and the revisor of statutes of actions that will correct the defects. The rule may not be filed in the Office of the Secretary of State, nor be published, until the chief administrative law judge determines that the defects have been corrected or, if applicable, that the agency has satisfied the rule requirements for the adoption of a substantially different rule.

(b) The agency may resubmit the disapproved rule under paragraph (a) to the chief administrative law judge after correcting the defects. If the 180-day period expires while the chief administrative law judge is reviewing the rule, the agency may resubmit the rule within 30 days of the date the agency received written notice of disapproval. In all other cases, the agency may resubmit the rule at any time before the expiration of the 180-day period in subdivision 1. If the resubmitted rule is disapproved by the chief administrative law judge, the rule is withdrawn. If the agency does not resubmit a portion of the rule, it may not adopt that portion of the rule without again following the procedures of sections 14.14 to 14.28.

Subd. 3d. **Need or reasonableness not established.** (e) If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the Legislative Coordinating Commission and to the house of representatives and senate policy committees with primary jurisdiction over state governmental operations for advice and comment. The agency may not adopt the rule until it has received and considered the advice of the commission and committees. However, the agency need not wait for advice for more than 60 days after the commission and committees have received the agency's submission.

~~(d) The administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the administrative law judge finds:~~

~~(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or~~

~~(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.~~

Subd. 3a. **Filing.** If the rule is approved, the administrative law judge shall promptly file four paper copies or an electronic copy of the adopted rule in the Office of the Secretary of State. The secretary of state shall forward one copy of each rule to the revisor of statutes, to the agency, and to the governor.

~~Subd. 4. **Costs.** The Office of Administrative Hearings shall assess an agency for the actual cost of processing rules under this section. Each agency shall include in its budget money to pay the assessment. Receipts from the assessment must be deposited in the administrative hearings account created in section 14.54.~~

~~Subd. 5. **Filing.** If the rule is approved, the chief administrative law judge shall promptly file four paper copies or an electronic copy of it in the Office of the Secretary of State. The secretary of state shall forward one copy of the rule to the revisor of statutes, one copy to the agency, and one copy to the governor.~~

~~Subd. 6. **Costs.** The Office of Administrative Hearings shall assess an agency for the actual cost of processing rules under this section. Each agency shall include in its budget money to pay the assessment. Receipts from the assessment must be deposited in the administrative hearings account created in section 14.54.~~

Sec. 27. Minnesota Statutes 2016, section 14.365, is amended to read:

14.365 OFFICIAL RULEMAKING RECORD.

The agency shall maintain the official rulemaking record for every rule adopted under sections 14.05 to ~~14.389~~ 14.3895. The record must be available for public inspection. The record required by this section constitutes the official and exclusive agency rulemaking record with respect to agency action on or judicial review of the rule. The record must contain:

- (1) copies of all publications in the State Register pertaining to the rule;
- (2) all written petitions, and all requests, submissions, or comments received by the agency or the administrative law judge after publication of the notice of intent to adopt or the notice of hearing in the State Register pertaining to the rule;
- (3) the statement of need and reasonableness for the rule;
- ~~(4)~~ (4) any report prepared by the peer review panel pursuant to section 14.129;
- ~~(4)~~ (5) the official transcript of the hearing if one was held, or the tape recording of the hearing if a transcript was not prepared;
- ~~(5)~~ (6) the report of the administrative law judge, if any;
- ~~(6)~~ (7) the rule in the form last submitted to the administrative law judge under sections 14.14 to 14.20 or first submitted to the administrative law judge under sections 14.22 to 14.28;
- ~~(7)~~ (8) the administrative law judge's written statement of required modifications and of approval or disapproval by the chief administrative law judge, if any;
- ~~(8)~~ (9) any documents required by applicable rules of the Office of Administrative Hearings;
- ~~(9)~~ (10) the agency's order adopting the rule;
- ~~(10)~~ (11) the revisor's certificate approving the form of the rule; and
- ~~(11)~~ (12) a copy of the adopted rule as filed with the secretary of state.

Sec. 28. Minnesota Statutes 2016, section 14.381, subdivision 3, is amended to read:

Subd. 3. **Costs.** The agency is liable for all Office of Administrative Hearings costs associated with review of the petition. If the administrative law judge rules in favor of the agency, the agency may recover all or a portion of the costs from the petitioner unless the petitioner is entitled to proceed in forma pauperis under section 563.01 or the administrative law judge determines that the petition was brought in good faith and that an assessment of the costs would constitute an undue hardship for the petitioner. ~~If an agency has reason to believe it will prevail in the consideration of a petition, and that an effort to recover costs from the petitioner will be unsuccessful, it may request the chief administrative law judge to require the petitioner to provide bond or a deposit to the agency in an amount the chief administrative law judge estimates will be the cost to the Office of Administrative Hearings to review the petition.~~

Sec. 29. Minnesota Statutes 2016, section 14.388, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** If an agency for good cause finds that the rulemaking provisions of this chapter are unnecessary, impracticable, or contrary to the public interest when adopting, amending, or repealing a rule to:

(1) address a serious and immediate threat to the public health, safety, or welfare;

(2) comply with a court order or a requirement in federal law in a manner that does not allow for compliance with sections 14.14 to 14.28;

(3) incorporate specific changes set forth in applicable statutes when no interpretation of law is required; or

(4) make changes that do not alter the sense, meaning, or effect of a rule,

the agency may adopt, amend, or repeal the rule after satisfying the requirements of subdivision 2 and section 14.386, paragraph (a), clauses (1) to (4). The agency shall incorporate its findings and a brief statement of its supporting reasons in its order adopting, amending, or repealing the rule.

After considering the agency's statement and any comments received, the Office of Administrative Hearings shall determine whether the agency has provided adequate justification for its use of this section.

Rules adopted, amended, or repealed under ~~clauses~~ clause (1) ~~and (2)~~ are effective for a period of two years from the date of publication of the rule in the State Register.

Rules adopted, amended, or repealed under clause (2), (3), or (4) are effective upon publication in the State Register.

Sec. 30. Minnesota Statutes 2016, section 14.388, subdivision 2, is amended to read:

Subd. 2. **Notice.** An agency proposing to adopt, amend, or repeal a rule under this section must give notice to the chairs and ranking minority members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rules and to the Legislative Coordinating Commission, must give electronic notice of its intent in accordance with section 16E.07, subdivision 3, and must give notice by United States mail or electronic mail to persons who have registered their names with the agency under section 14.14, subdivision 1a. The notice must be given no later than the date the agency submits the proposed rule to the Office of Administrative Hearings for review of its legality and must include:

(1) the proposed rule, amendment, or repeal;

(2) an explanation of why the rule meets the requirements of the good cause exemption under subdivision 1; and

(3) a statement that interested parties have five business days after the date of the notice to submit comments to the Office of Administrative Hearings.

Sec. 31. Minnesota Statutes 2016, section 14.44, is amended to read:

14.44 DETERMINATION OF VALIDITY OF RULE.

(a) The validity of any rule, or the validity of any agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement that the petitioner believes is a rule as defined in section 14.02, subdivision 4, may be determined upon the petition for a declaratory judgment thereon, addressed to the Court of Appeals, when it appears that the rule or pronouncement, or its threatened application, interferes with or impairs, or threatens to interfere with or impair the legal rights or privileges of the petitioner. The agency shall be made a party to the proceeding. The declaratory judgment may be rendered whether or not the petitioner has first requested the agency to pass upon the validity of the rule in question, whether or not the petitioner has petitioned the Office of Administrative Hearings under section 14.381, and whether or not the agency has commenced an action against the petitioner to enforce the rule.

(b) If the subject of the petition is an agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement, the agency must cease enforcement of the pronouncement upon filing of the petition until the Court of Appeals rules on the matter. The agency is liable for all costs associated with review of the petition. If the Court of Appeals rules in favor of the agency, the agency may recover all or a portion of the cost from the petitioner unless the petitioner is entitled to proceed in a forma pauperis under section 563.01, or the court determines that the petition was brought in good faith or the assessment of the costs would constitute an undue hardship for the petitioner.

Sec. 32. Minnesota Statutes 2016, section 14.45, is amended to read:

14.45 RULE DECLARED INVALID.

In proceedings under section 14.44, the court shall declare the rule or agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement invalid if it finds that it violates constitutional provisions or exceeds the statutory authority of the agency or if the rule was adopted or the policy, guideline, bulletin, criterion, manual standard, or similar pronouncement was improperly implemented without compliance with statutory rulemaking procedures. Any party to proceedings under section 14.44, including the agency, may appeal an adverse decision of the Court of Appeals to the Supreme Court as in other civil cases.

Sec. 33. Minnesota Statutes 2016, section 14.51, is amended to read:

14.51 PROCEDURAL RULES.

The chief administrative law judge shall adopt rules to govern: (1) the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings, contested case hearings, and workers' compensation hearings, and to govern the conduct of voluntary mediation sessions for rulemaking and contested cases other than those within the jurisdiction of the Bureau of Mediation Services; and (2) the review of rules adopted without a public hearing. The chief administrative law judge may adopt rules to govern the procedural conduct of other hearings conducted by the Office of Administrative Hearings. The procedural rules shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules shall include in addition to normal procedural matters provisions relating to the procedure to be followed when the proposed final rule of an agency is substantially different, as determined under section 14.05, subdivision 2, from that which was proposed. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief administrative law judge on the issue of whether the

proposed final rule of the agency is substantially different than that which was proposed or failure of the agency to meet the requirements of chapter 14. The rules must also provide: (1) an expedited procedure, consistent with section 14.001, clauses (1) to (5), for the adoption of substantially different rules by agencies; and (2) a procedure to allow an agency to receive prior binding approval of its plan regarding the additional notice contemplated under sections 14.101, 14.131, 14.14, 14.22, ~~and 14.23,~~ and 14.389. Upon the chief administrative law judge's own initiative or upon written request of an interested party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records or other documents as are material to any matter being heard by the Office of Administrative Hearings. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 34. **REPEALER.**

Minnesota Statutes 2016, section 14.05, subdivision 5, is repealed.

Sec. 35. **EFFECTIVE DATE; APPLICATION.**

Except where otherwise provided, this article is effective August 1, 2017, and applies to rules for which a notice of hearing under Minnesota Statutes, section 14.14; a notice of intent to adopt under Minnesota Statutes, section 14.22; or a dual notice under Minnesota Statutes, section 14.225, is published in the State Register on or after that date.

ARTICLE 5
MINNESOTA SPORTS FACILITIES AUTHORITY

Section 1. Minnesota Statutes 2016, section 13.55, subdivision 2, is amended to read:

Subd. 2. **Public data.** (a) The data made not public by the provisions of subdivision 1 shall become public upon the occurrence of any of the following:

~~(a)~~ (1) five years elapse from the date on which the lease or contract is entered into between the facility and the inquiring party or parties or the event which was the subject of inquiry occurs at the facility, whichever occurs earlier;

~~(b)~~ (2) the event which was the subject of inquiry does not occur; or

~~(c)~~ (3) the event which was the subject of inquiry occurs elsewhere.

(b) Data regarding persons receiving free or discounted admission, tickets, or other gifts from publicly owned and operated convention facilities, civic center authorities, or the Minnesota Sports Facilities Authority is public data unless the data is subject to the provisions of subdivision 1 or 4, paragraph (b).

Sec. 2. Minnesota Statutes 2016, section 16A.965, is amended by adding a subdivision to read:

Subd. 11. **Prepayment of bonds.** Each fiscal year in which there is a reduction in the amount of the payment for stadium operating expenses as a result of the provisions of section 473J.09, subdivision 15, the commissioner shall set aside the amount of the savings in a separate account in the general fund for that purpose. When a sufficient amount of savings have been accumulated in that account to make it practicable, the commissioner must use amounts in the account to prepay or defease bonds issued under this subdivision in a manner that preserves the tax exempt status of the bonds.

Sec. 3. Minnesota Statutes 2016, section 297A.994, subdivision 4, is amended to read:

Subd. 4. **General fund allocations.** The commissioner must retain and deposit to the general fund the following amounts, as required by subdivision 3, clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, periodic amounts so that not later than December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been deposited in the general fund. To determine aggregate present value, the commissioner must consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedules of annual amounts. The present value date or dates must be based on the date or dates bonds are sold under section 16A.965, or the date or dates other state funds, if any, are deposited into the construction fund. The discount rate or rates must be based on the true interest cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as determined by the commissioner of management and budget. The schedule of annual amounts must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city;

(2) for the capital improvement reserve appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 4;

(3) for the operating expense appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 2, determined without regard to the reduction in that amount for any amounts reported under section 473J.09, subdivision 15, paragraph (c);

(4) for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar year thereafter until all amounts under this clause have been paid, proportionate amounts periodically until an aggregate amount equal to the present value of all amounts paid by the state have been deposited in the general fund. To determine the present value of the amounts paid by the state to the authority and the present value of amounts deposited to the general fund under this clause, the commissioner shall consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedule of annual amounts. The present value dates must be based on the dates state funds are paid to the authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause to the general fund. The discount rates must be based on the reasonably equivalent cost of state funds as determined by the commissioner of management and budget. The schedule of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision 2, paragraph (b), for 2016 to 2020, and subdivision 4, paragraph (c), for 2016 to 2020, and taxes deposited to the general fund from time to time under this clause, and the schedule and revised schedules must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city, and are transferred as accrued from the general fund for repayment of advances made by the state to the authority. Determination of the present value amounts must be made without regard to any reduction in the state advances resulting from amounts reported under section 473J.09, subdivision 15, paragraph (c); and

(5) to capture increases in taxes imposed under the special law, for the benefit of the Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each calendar year thereafter through 2046, there shall be deposited to the general fund in proportionate periodic payments in the following year, an amount equal to the following:

(i) 50 percent of the difference, if any, by which the amount of the net annual taxes for the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus \$1,000,000, inflated at two percent per year since 2011, minus

(ii) 25 percent of the difference, if any, by which the amount of the net annual taxes for the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus \$3,000,000, inflated at two percent per year since 2011.

Sec. 4. Minnesota Statutes 2016, section 473J.07, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) The authority shall consist of ~~five~~ seven members.

(b) ~~The chair and two members~~ One member shall be appointed by the governor. ~~One~~ This member appointed ~~by the governor~~ shall serve until December 31 of the third year following appointment ~~and one member shall serve until December 31 of the fourth year following appointment.~~ Thereafter, members appointed by the governor shall serve four-year terms, beginning January 1. Each member serves until a successor is appointed and takes office. ~~The chair serves at the pleasure of the governor.~~

(c) The mayor of the city shall appoint ~~two members~~ one member to the authority. ~~One~~ This member appointed ~~by the mayor of the city~~ shall serve until December 31 of the ~~third~~ second year following appointment ~~and one member shall serve until December 31 of the fourth year following appointment.~~ Thereafter, members appointed under this paragraph shall serve four-year terms beginning January 1. Each member serves until a successor is appointed and takes office. Members appointed under this paragraph may reside within the city and may be appointed officials of a political subdivision.

(d) ~~The initial members of the authority must be appointed not later than June 13, 2012.~~ The legislature shall appoint the remaining members of the authority, who may not be members of the legislature, as follows:

(1) the speaker of the house shall appoint one member;

(2) the majority leader of the senate shall appoint one member;

(3) the minority leader of the house of representatives shall appoint one member; and

(4) the minority leader of the senate shall appoint one member.

(e) The chair of the Legislative Coordinating Commission shall appoint a voting member of the board, who must be a certified public accountant. Members appointed by the legislature shall serve for three-year terms.

Sec. 5. Minnesota Statutes 2016, section 473J.07, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The authority may compensate its members, ~~other than the chair,~~ as provided in section 15.0575. The chair shall receive, ~~unless otherwise provided by other law, a salary in an amount fixed by the authority,~~ the same compensation as other board members and shall be reimbursed for reasonable expenses to the same extent as a member.

Sec. 6. Minnesota Statutes 2016, section 473J.07, subdivision 4, is amended to read:

Subd. 4. **Chair.** The chair presides at all meetings of the authority, if present, and performs all other assigned duties and functions. The members of the board shall biennially elect a chair from among its members. The authority may appoint from among its members a vice-chair to act for the chair during the temporary absence or disability of the chair, and any other officers the authority determines are necessary or convenient.

Sec. 7. Minnesota Statutes 2016, section 473J.07, subdivision 8, is amended to read:

Subd. 8. **Executive director; employees.** The authority may appoint an executive director to serve as the chief executive officer of the authority. The executive director serves at the pleasure of the authority and receives compensation as determined by the authority, but in no instance may the compensation of the executive director exceed that of the governor. The executive director may be responsible for the operation, management, and

promotion of activities of the authority, as prescribed by the authority. The executive director has the powers necessarily incident to the performance of duties required and powers granted by the authority, but does not have authority to incur liability or make expenditures on behalf of the authority without general or specific directions by the authority, as shown by the bylaws or minutes of a meeting of the authority. The executive director is responsible for hiring, supervision, and dismissal of all other employees of the authority. The authority must conduct an annual employee evaluation of the executive director, which must be reviewed and approved by the entire board.

Sec. 8. Minnesota Statutes 2016, section 473J.07, is amended by adding a subdivision to read:

Subd. 8a. **Budget; report.** After adoption, the authority shall submit its annual budget to the commissioner of management and budget and to the chairs and ranking minority members of the senate finance and house of representatives ways and means committees. All elements of the authority budget, meeting minutes, policies, and procedures must be available on the authority Web site.

Sec. 9. Minnesota Statutes 2016, section 473J.09, subdivision 6, is amended to read:

Subd. 6. **Employees; contracts for services.** The authority may employ persons and contract for services necessary to carry out its functions, including the utilization of employees and consultants retained by other governmental entities. As a condition of employment, employees selected by the authority may not engage in partisan political activities. The authority shall enter into an agreement with the city regarding traffic control for the stadium.

Sec. 10. Minnesota Statutes 2016, section 473J.09, subdivision 13, is amended to read:

Subd. 13. **Legislative report.** The authority must report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance by January 15 of each year on the following:

- (1) any recommended increases in the rate or dollar amount of tax;
- (2) any recommended increases in the debt of the authority;
- (3) the overall work and role of the authority;
- (4) the authority's proposed and past operating and capital budgets; and
- (5) the authority's implementation of the operating and capital budgets.

Sec. 11. Minnesota Statutes 2016, section 473J.09, is amended by adding a subdivision to read:

Subd. 15. **Use of stadium suites.** (a) The authority's marketing vendor may enter into agreements for the use of game and event tickets, and stadium suites, for the purpose of marketing the stadium to potential users. Use of stadium suites is subject to the following requirements:

(1) stadium suites may not be used by board members, except when participating in a marketing effort arranged by the authority's marketing vendor, or conducting oversight of authority responsibilities. The executive director shall ensure that use of the suite does not violate open meeting laws. A board member may not use a suite more than twice per year for oversight duties, and must pay the fair market value for use of the suite;

(2) stadium suite use must be limited to only those persons and activities with a legitimate business purpose. Family members and friends of board members and authority staff are presumed not to have a legitimate business purpose for attendance in a suite unless the attendance has been approved by public vote of the authority, and the stated business purpose made a part of the public record;

(3) if the authority has contracted or contracts for stadium marketing services and access to a suite is included in the existing or future contract, the contract terms must require that the contractor determine when suites are needed for marketing purposes and transmits to the authority all data regarding its suite use, including but not limited to:

(i) the costs of use;

(ii) the identity of each attendee and their legitimate business purpose for attendance;

(iii) the date, time, and a general description of the stadium event at which the suite was used, if applicable; and

(iv) the value and a description of any food, parking, or other benefits provided to attendees.

The data required by this clause must be transmitted to the authority within 30 days after each event at which a suite was used;

(4) authority staff may not use a suite except with the express written assignment of duties by the executive director, may not be provided free food, and may not be provided free parking unless necessary to complete the assigned duties; and

(5) provision of tickets to events and use of suites for a purpose other than marketing or oversight must be reported to the legislative auditor.

(b) The authority must negotiate a return of all stadium suites to the primary tenant, or other interested parties, in return for fair market value. A provision may be negotiated allowing limited access to suites for marketing purposes. Any revenues received pursuant to this paragraph must be deposited in the authority's operating reserves, established under section 473J.13, subdivision 2, paragraph (c).

(c) No later than 60 days after the close of each fiscal year, the authority must report to the commissioner of management and budget the amount deposited in the authority's reserves under the provisions of paragraph (b).

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

Sec. 12. Minnesota Statutes 2016, section 473J.09, is amended by adding a subdivision to read:

Subd. 16. **Code of conduct.** The authority shall adopt and comply with the latest version of the state code of conduct promulgated by Minnesota Management and Budget.

Sec. 13. Minnesota Statutes 2016, section 473J.13, subdivision 2, is amended to read:

Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid all operating expenses of the stadium. The authority must require in the lease or use agreement with the NFL team that the NFL team pay the authority, beginning January 1, 2016, or other date as mutually agreed upon by the parties, toward operating costs of the stadium, \$8,500,000 each year, increased by a three percent annual inflation rate.

(b) Beginning January 1, 2016, or other date as mutually agreed upon by the parties, and continuing through 2020, the state shall pay the authority operating expenses, \$6,000,000 each year, increased by an annual adjustment factor. The payment of \$6,000,000 per year beginning in 2016 is a payment by the state, which shall be repaid to

the state, using funds as provided under section 297A.994, subdivision 4, clause (4). After 2020, the state shall assume this payment, using funds generated in accordance with the city of Minneapolis as specified under section 297A.994, subdivision 4, clause (3). The amount of the payment obligation under this paragraph for any fiscal year is reduced by the dollar amount for the prior fiscal year reported to the commissioner of management and budget under section 473J.09, subdivision 15, paragraph (c).

(c) The authority may establish an operating reserve to cover operating expense shortfalls and may accept funds from any source for deposit in the operating reserve. The establishment or funding of an authority operating reserve must not decrease the amounts required to be paid to the authority toward operating costs under this subdivision unless agreed to by the authority.

(d) The authority will be responsible for operating cost overruns.

(e) After the joint selection of the third-party manager or program manager, the authority may agree with a program manager or other third-party manager of the stadium on a fixed cost operating, management, or employment agreement with operating cost protections under which the program manager or third-party manager assumes responsibility for stadium operating costs and shortfalls. The agreement with the manager must require the manager to prepare an initial and ongoing operating plan and operating budgets for approval by the authority in consultation with the NFL team. The manager must agree to operate the stadium in accordance with the approved operating plan and operating budget.

Sec. 14. **RECOVERY.**

The Minnesota Sports Facilities Authority must recover the fair market value of any food, parking, tickets, and access to stadium suites provided to a person prior to January 1, 2017, if the provision of those benefits to the person was not in the public interest. The authority shall report on recovery efforts to the commissioner of management and budget and to the chairs and ranking minority members of the senate finance and house of representatives ways and means committees on the second Monday of each month until a full recovery is completed.

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

Sec. 15. **LEGISLATIVE AUDITOR REVIEW.**

(a) No later than January 15, 2018, the legislative auditor is requested to review the operations and management structure of major sports event facilities in Minnesota that are both publicly owned and publicly operated. Upon completion, the review must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance, and to the Legislative Commission on Minnesota Sports Facilities.

(b) At a minimum, the review must consider:

(1) the structure and oversight responsibilities of each facility's public governing body;

(2) whether the public governing bodies have access to tickets, suites, or other premium amenities for events conducted in the facilities they oversee, including the terms under which the access is provided; and

(3) whether the public governing bodies have adopted policies or procedures to ensure their oversight activities, including those of individual members acting on behalf of the governing body, are transparent and in furtherance of the public interest.

(c) The review must compare and contrast the practices of each public governing body and may recommend best practices for improving the governance, operations, and public accountability of each body. As necessary, the review may also propose any changes in law necessary to implement these best practices.

Sec. 16. **REPEALER.**

Minnesota Statutes 2016, section 473J.09, subdivision 14, is repealed.

Sec. 17. **EFFECTIVE DATE.**

Except where otherwise provided, this article is effective July 1, 2017, and, notwithstanding any law to the contrary, the appointment of the current executive director of the Minnesota Sports Facilities Authority and the terms of all current members of the authority terminate on that date. New appointments as required by Minnesota Statutes, section 473J.07, subdivision 2, must be made no later than July 15, 2017."

Delete the title and insert:

"A bill for an act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, retirement funds, military affairs, and veterans affairs; cancellation and reduction of certain appropriations; requiring a base budget report; establishing districting principles; establishing the Legislative Budget Office; requiring certain transit financial activity reporting; modifying state auditor provisions; modifying campaign finance provisions; requiring a report on interagency agreements and intra-agency transfers; providing for continuing appropriations under certain circumstances; amending the employee gainsharing system; requiring notice on capital improvement projects; specifying grant agreements; limiting number of full-time employees in state agencies; modifying compensation benefits for certain employees; establishing additional long-term equity investment authority; expanding the Minnesota GI Bill program; requiring a system for free electronic filing of state individual income tax returns and establishing a pilot program; changing certain retirement fund provisions; changing school districts group health insurance request for proposals; requiring review of rules for valuation of pipeline companies assessed by the state; limiting expenditures for advertising; setting certain salary limits; changing certain state budgeting provisions; making changes to the administrative rulemaking process; changing Minnesota Sports Facilities Authority provisions; requiring a code of conduct for the Minnesota Sports Facilities Authority; requiring recovery of fair market value of certain benefits from access to stadium suites; requiring the legislative auditor to review operations of major sports events facilities; requiring reports; amending Minnesota Statutes 2016, sections 3.305, subdivision 1; 3.842, subdivision 4a; 3.855, subdivision 2; 3.8843, subdivision 7; 3.971, subdivisions 2, 6; 3.972, by adding a subdivision; 3.98, subdivisions 1, 4; 3.987, subdivision 1; 6.481, subdivision 6; 6.56, subdivision 2; 6.581, subdivision 4; 10A.01, subdivision 26; 10A.02, subdivision 13; 10A.025, subdivision 1a; 10A.105, subdivision 1; 10A.15, subdivision 1; 10A.245, subdivision 2; 10A.25, subdivisions 1, 10; 10A.257, subdivision 1; 10A.27, subdivision 10, by adding a subdivision; 10A.322, subdivision 1; 10A.38; 13.55, subdivision 2; 14.002; 14.02, by adding a subdivision; 14.05, subdivisions 1, 2, 6, 7, by adding subdivisions; 14.101, subdivision 1; 14.116; 14.125; 14.127; 14.131; 14.14, subdivisions 1a, 2a; 14.19; 14.22, subdivision 1; 14.23; 14.25, subdivision 1; 14.26; 14.365; 14.381, subdivision 3; 14.388, subdivisions 1, 2; 14.44; 14.45; 14.51; 15.0596; 15.191, subdivisions 1, 3; 16A.065; 16A.13, subdivision 2a; 16A.134; 16A.15, subdivision 3; 16A.17, subdivision 5; 16A.272, subdivision 3; 16A.40; 16A.42, subdivisions 2, 4, by adding a subdivision; 16A.56; 16A.671, subdivision 1; 16A.90; 16A.965, by adding a subdivision; 16B.335, subdivision 1; 16B.37, subdivision 4; 16B.4805, subdivision 4; 16B.97, by adding a subdivision; 16D.03, subdivision 2; 16D.09, subdivision 1; 16E.016; 16E.0466; 21.116; 43A.17, subdivision 11; 43A.24, by adding a subdivision; 43A.30, subdivision 2; 43A.49; 49.24, subdivisions 13, 16; 69.031, subdivision 1; 80A.65, subdivision 9; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 84A.52; 88.12, subdivision 1; 94.522; 94.53; 116J.64, subdivision 7; 126C.55, subdivisions 2, 9; 126C.68, subdivision 3; 126C.69, subdivision 14; 127A.34, subdivision 1; 127A.40; 136F.46, subdivision 1; 136F.70, subdivision 3; 162.08, subdivisions 10, 11; 162.14, subdivisions 4, 5; 162.18, subdivision 4; 162.181, subdivision 4; 163.051, subdivision 3; 176.181,

subdivision 2; 176.581; 176.591, subdivision 3; 190.19, subdivisions 2, 2a; 192.55; 196.05, subdivision 1; 196.052; 197.236, subdivision 9; 197.791, subdivisions 2, 3, 4, 5, 5a; 198.16; 237.30; 241.13, subdivision 1; 244.19, subdivision 7; 256B.20; 260B.331, subdivision 2; 260C.331, subdivision 2; 270C.13, subdivision 1; 273.121, subdivision 1; 287.08; 297A.994, subdivision 4; 297L.10, subdivision 1; 299C.21; 348.05; 352.04, subdivision 9; 352.05; 352.115, subdivision 12; 352.12, subdivision 13; 353.05; 353.27, subdivisions 3c, 7; 353.505; 354.42, subdivision 7; 354.52, subdivisions 4, 4b; 401.15, subdivision 1; 446A.086, subdivision 4; 446A.16, subdivision 1; 462A.18, subdivision 1; 471.6161, subdivision 8; 471.617, subdivision 2; 473J.07, subdivisions 2, 3, 4, 8, by adding a subdivision; 473J.09, subdivisions 6, 13, by adding subdivisions; 473J.13, subdivision 2; 475A.04, subdivision 1; 508.12, subdivision 1; 518A.79, by adding a subdivision; 525.841; proposing coding for new law in Minnesota Statutes, chapters 2; 3; 14; 15; 16A; 16B; 43A; 118A; 197; 270C; repealing Minnesota Statutes 2016, sections 3.886; 4.46; 6.581, subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, 11; 10A.315; 10A.321; 10A.322, subdivisions 2, 4; 10A.323; 10A.324, subdivisions 1, 3; 14.05, subdivision 5; 161.1419; 473J.09, subdivision 14; Minnesota Rules, parts 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, 9; 4503.1450."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Knoblach from the Committee on Ways and Means to which was referred:

S. F. No. 1937, A bill for an act relating to state government; appropriating money for commerce, energy, labor and industry, and employment and economic development; making policy and technical changes; modifying fees; requiring reports; amending regulation of municipal electric utilities and rural electric cooperatives; modifying telecommunications provisions; modifying the solar energy standard; amending resource planning requirements; establishing a task force; establishing a youth skills training program; modifying water conditioning installation requirements; modifying job creation fund requirements for certain businesses; providing a onetime exception to restrictions on use of Minnesota investment fund repayments; creating the getting to work grant program; amending Minnesota Statutes 2016, sections 45.0135, subdivision 6; 46.131, subdivision 7, by adding a subdivision; 53B.11, subdivision 1; 58.10, subdivision 1; 65B.84, subdivision 1; 80A.65, subdivision 2; 116J.395, subdivision 7; 116J.8731, subdivision 2, by adding a subdivision; 116J.8748, subdivisions 1, 3, 4, 6; 116L.17, subdivision 1; 116L.665; 116M.14, subdivision 4; 116M.17, subdivision 4; 116M.18, subdivisions 1a, 4, 4a, 8; 175.45; 216B.164, subdivisions 5, 9, by adding a subdivision; 216B.1691, subdivision 2f; 216B.1694, subdivision 3; 216B.2422, subdivisions 2, 4; 216B.62, subdivision 3b; 216C.435, by adding a subdivision; 237.01, by adding subdivisions; 237.295, by adding a subdivision; 239.101, subdivision 2; 297L.11, subdivision 2; 326B.092, subdivision 7; 326B.153, subdivision 1; 326B.37, by adding subdivisions; 326B.435, subdivision 2; 326B.50, subdivision 3, by adding subdivisions; 326B.55, subdivisions 2, 4; 326B.89, subdivisions 1, 5; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 6; 5, subdivision 2; Laws 2016, chapter 189, article 7, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 175; 237; 326B; repealing Minnesota Statutes 2016, sections 46.131, subdivision 5; 326B.89, subdivision 14; Minnesota Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; 4355.0500.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **JOBS AND ECONOMIC DEVELOPMENT.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean

that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

(b) If an appropriation in this article is enacted more than once in the 2017 legislative session, the appropriation must be given effect only once.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2018</u>	<u>2019</u>

Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation

\$128,211,000

\$111,024,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>93,997,000</u>	<u>84,160,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>26,164,000</u>	<u>26,164,000</u>
<u>Special Revenue</u>	<u>7,350,000</u>	<u>0</u>

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

(b) Notwithstanding Minnesota Statutes, section 16A.285, the commissioner of employment and economic development must not allow transfers of money appropriated in this section between divisions or programs of the Department of Employment and Economic Development.

(c) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, the commissioner of employment and economic development must not allow billing between divisions or programs within the Department of Employment and Economic Development, or otherwise use any "Internal Billing Expenditures."

(d) Notwithstanding Minnesota Statutes, sections 16B.37, subdivision 4, and 471.59, except for work performed by MN.IT under Minnesota Statutes, chapter 16E, the commissioner of employment and economic development must not allow billing or transfers between other executive branch agencies or departments and the Department of Employment and Economic Development.

Subd. 2. Business and Community Development48,084,00038,834,000Appropriations by Fund

<u>General</u>	<u>39,134,000</u>	<u>37,234,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>900,000</u>	<u>900,000</u>
<u>Special Revenue</u>	<u>7,350,000</u>	<u>0</u>

(a) Of the amounts appropriated in this subdivision, no more than \$4,154,000 in fiscal year 2018 and \$4,219,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 40.2 full-time equivalent positions in fiscal year 2018 and 40.2 full-time equivalent positions in fiscal year 2019.

(b)(1) \$12,000,000 the first year and \$11,000,000 the second year are for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses and technology upgrades. This appropriation is available until June 30, 2021.

(2) Of the amount appropriated in fiscal year 2018, \$4,000,000 is for a loan to construct and equip a wholesale electronic component distribution center investing a minimum of \$200,000,000 and constructing a facility at least 700,000 square feet in size. Loan funds may be used for purchases of materials, supplies, and equipment for the construction of the facility and are available from July 1, 2017, to June 30, 2021. The commissioner of employment and economic development shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(3) Of the amount appropriated in fiscal year 2018, \$700,000 is for a loan to extend an effluent pipe that will deliver wastewater to an innovative waste-to-biofuel project investing a minimum of \$150,000,000 and constructing a facility that is designed to process approximately 400,000 tons of waste annually. Loan funds are available until June 30, 2021.

(c)(1) \$5,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended.

(2) Notwithstanding Minnesota Statutes, section 116J.8748, for applications in fiscal years 2018 and 2019, the only businesses eligible to enter the program under section 116J.8748 are those located in counties in which either the average weekly wage for the

prior 12 months is less than the state average for the same 12 months, as determined by the commissioner of employment and economic development, or the average unemployment rate for the prior 12 months is equal to or greater than the state average for the same 12 months, as determined by the commissioner of employment and economic development.

(d) \$1,272,000 in fiscal year 2018 and \$2,272,000 in fiscal year 2019 are for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended. In fiscal year 2020 and beyond, the base amount is \$1,272,000.

(e) \$1,425,000 each year is for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) \$4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until June 30, 2021.

(g) \$163,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(h) \$750,000 each year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2021.

(i) \$875,000 each year is for the Host Community Economic Development Program established in Minnesota Statutes, section 116J.548.

(j) \$300,000 each year is for grants to the Rural Policy and Development Center under Minnesota Statutes, section 116J.421.

(k)(1) \$2,300,000 the first year and \$1,300,000 the second year are for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(2) Of the amount appropriated in fiscal year 2018, \$1,000,000 is for a grant to the city of Thief River Falls to support utility extensions, roads, and other public improvements related to the construction of a wholesale electronic component distribution center at least 700,000 square feet in size and investing a minimum of \$200,000,000. Notwithstanding Minnesota Statutes, section 116J.431, a local match is not required. Grant funds are available from July 1, 2017, to June 30, 2021.

(1)(1) \$500,000 in fiscal year 2018 is for grants to local communities to increase the supply of quality child care providers in order to support economic development. At least 60 percent of grant funds must go to communities located outside of the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Grant funds available under this paragraph must be used to implement solutions to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have documented a shortage of child care providers in the area.

(2) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of local funds invested.

(3) By January 1 of each year, starting in 2019, the commissioner must report to the standing committees of the legislature having jurisdiction over child care and economic development on the outcomes of the program to date.

(m) \$750,000 each year is for grants to the Neighborhood Development Center for small business programs.

(n) \$1,175,000 each year is for grants to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses.

(o) \$125,000 each year is for grants to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities.

(p) \$1,375,000 in fiscal year 2018 and \$1,575,000 in fiscal year 2019 are for grants to Enterprise Minnesota, Inc.

(q) \$250,000 in fiscal year 2018 is for a grant to the Minnesota Design Center at the University of Minnesota for the greater Minnesota community design pilot project.

(r) \$225,000 in fiscal year 2018 is for a grant to WomenVenture to provide business training, mentoring, technical assistance, and loans in order to establish two pilot women-run cooperative child care businesses in low-income urban areas. The commissioner shall report data on outcomes and recommendations for replication of this pilot program throughout Minnesota to the governor and the legislative committees with jurisdiction over child care by January 31, 2020. Funds are available until June 30, 2019.

(s) \$125,000 in fiscal year 2018 is for a grant to WomenVenture to operate a business training program for child care providers and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable. The commissioner shall report data on outcomes and recommendations for replication of this training program throughout Minnesota to the governor and the committees of the house of representatives and the senate with jurisdiction over child care by December 15, 2019. Funds are available until June 30, 2019.

(t)(1) \$125,000 each year is for small business development center (SBDC) services to support business transition planning. In fiscal year 2020 and beyond, the base amount is \$0. For purposes of this paragraph, business transition planning includes, but is not limited to:

(i) succession planning for next generation proprietors. For purposes of this item, next generation proprietors do not include immediate family members of the current business owner;

(ii) providing business owners seeking to sell existing businesses and aspiring business owners with a venue and opportunity to exchange information. Such services under this clause may be targeted to small businesses located in economically disadvantaged communities or areas of declining population. For purposes of this item, "economically disadvantaged communities" means communities in which average household income is less than 80 percent of statewide median household income as measured by the United States Census Bureau; or communities that contain two or more contiguous census tracts in which average household income is less than 80 percent of the statewide median household income as measured by the United States Census Bureau; and

(iii) providing information and counseling services to business owners, prospective owners, and others regarding the importance of business transition and succession planning, the transition and succession process, and financing options and requirements related to the business transition and succession process.

(2) Funds available under this paragraph may be used to:

(i) provide the necessary information and services under clause (1);

(ii) build small business development center staff capacity to provide business transition and succession planning services; and

(iii) match funds under the federal Small Business Development Center Program under United States Code, title 15, section 648, and other federal, state, or local funds available for the purposes of this paragraph.

(u) \$350,000 in fiscal year 2018 is for a grant to the Hallie Q. Brown Community Center, Inc., for youth intervention services through the community ambassadors and youth employment program.

(v)(1) \$500,000 in fiscal year 2018 is for a grant to East Side Enterprise Center (ESEC) to expand culturally tailored resources that address small business growth and job creation. This appropriation is onetime and is available until June 30, 2021. The appropriation shall fund the work of African Economic Development Solutions, the Asian Economic Development Association, the Dayton's Bluff Community Council, and the Latino Economic Development Center in a collaborative approach to economic development that is effective with smaller, culturally diverse communities that seek to increase the productivity and success of new immigrant and minority populations living and working in the community. Programs shall provide minority business growth and capacity building that generate wealth and jobs creation for local residents and business owners on the East Side of St. Paul.

(2) In fiscal year 2019 ESEC shall use funds to share its integrated service model and evolving collaboration principles with civic and economic development leaders in greater Minnesota communities which have diverse populations similar to the East Side of St. Paul. ESEC shall submit a report of activities and program outcomes, including quantifiable measures of success, annually to the house of representatives and senate committees with jurisdiction over economic development.

(w) \$100,000 in fiscal year 2018 is for a grant to the city of Virginia to be used for grants to city businesses for infrastructure revitalization and code compliance. In making grants, the city must give preference to projects that promote economic development and that include private dollar contributions.

(x) \$50,000 in fiscal year 2018 is from the workforce development fund for a grant to Fighting Chance for behavioral intervention programs for at-risk youth.

(y) \$1,000,000 each year is for the central Minnesota opportunity grant program established under Minnesota Statutes, section 116J.9922. These appropriations are available until June 30, 2022. Starting in fiscal year 2020, the base amount for this program shall be \$0.

(z) \$75,000 each year is for grants to the state's recipient of funding from the Federal and State Technology (FAST) Partnership Program to strengthen the technological competitiveness of small businesses.

(aa) \$900,000 each year is from the workforce development fund and \$461,000 in fiscal year 2018 and \$1,461,000 in fiscal year 2019 are for job training grants under Minnesota Statutes, section 116L.42.

(bb) \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until June 30, 2021.

(cc) \$350,000 in fiscal year 2018 is from the energy fund account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for a grant to the East Phillips Improvement Coalition to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and job creation. The grant shall fund the collaborative work of Tamales y Bicicletas, Little Earth of the United Tribes, a nonprofit serving East Africans, and other coalition members towards developing EPNI as a community space to host activities including, but not limited to, creation and expansion of small businesses, culturally specific entrepreneurial activities, indoor urban farming, job training, education, and skills development. Eligible uses for grant funds include, but are not limited to, planning and start-up costs, staff and consultant costs, building improvements, rent, supplies, utilities, vehicles, marketing, and program activities. The commissioner shall submit a report on grant activities and quantifiable outcomes to the committees of the house of representatives and the senate with jurisdiction over economic development by December 15, 2020. Funds are available until June 30, 2020.

(dd) \$2,000,000 in fiscal year 2018 is from the energy fund account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for a grant to the city of Duluth to upgrade the municipal district heating facility and systems, including conversion of the distribution system along

Superior Street from steam with no condensate return to closed-loop hot water. This appropriation is for one or more of the project elements or phases: predesign, design, engineering, renovation, construction, furnishing, and equipping the facility, systems, and infrastructure.

(ee) \$5,000,000 in fiscal year 2018 is from the energy fund account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for a grant to Dakota County under Minnesota Statutes, sections 103G.511 and 103G.515, to design and construct capital improvements to the hydroelectric generating facility, including replacement of obsolete turbines, at the Byllesby Dam, located on the Cannon River.

Subd. 3. Workforce Development

31,829,000

30,829,000

Appropriations by Fund

General	<u>14,412,000</u>	<u>13,475,000</u>
Workforce Development	<u>17,417,000</u>	<u>17,417,000</u>

(a) Of the amounts appropriated in this subdivision, no more than \$773,000 in fiscal year 2018 and \$780,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 16.1 full-time equivalent positions in fiscal year 2018 and 16.1 full-time equivalent positions in fiscal year 2019.

(b) \$600,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE to provide training to hard-to-train individuals.

(c) \$250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(d) \$500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(e) \$1,000,000 each year is for grants to the Construction Careers Foundation for the construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. Grant funds must be used to:

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

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

(3) increase the number of summer internship opportunities;

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

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

(6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

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

(f) \$5,000,000 each year is from the general fund and \$4,604,000 each year is from the workforce development fund for the Pathways to Prosperity adult workforce development competitive grant program. Of this amount, up to three percent is for administration and monitoring of the program. When awarding grants under this paragraph, the commissioner of employment and economic development may give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. Grants may be used for:

(1) grants under the FastTRAC - Adult Career Pathways Program;

(2) competitive grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach;

(3) the high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99;

(4) the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562, subdivision 3;

(5) the Minnesota emerging entrepreneur program under Minnesota Statutes, section 116M.18;

(6) the capacity building grant program to assist nonprofit organizations offering or seeking to offer workforce development and economic development programming; and

(7) competitive grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this clause must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color.

(g) \$250,000 each year is for grants to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling.

(h) \$1,000,000 each year is for grants to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program.

(i) \$1,000,000 each year is for grants to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment.

(j) \$750,000 each year is for grants to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota.

(k) \$250,000 each year is for grants to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. The grant funds may be used to provide:

- (1) student tutoring and testing support services;
- (2) training in information technology;
- (3) assistance in obtaining a GED;
- (4) remedial training leading to enrollment in a postsecondary higher education institution;
- (5) real-time work experience in information technology fields; and
- (6) contextualized adult basic education.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education.

(l) \$600,000 each year is for grants to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building.

(m) \$375,000 each year is for grants to the YWCA of Minneapolis to provide economically challenged individuals the job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education.

(n) \$250,000 in fiscal year 2018 is for a grant to the Bois Forte Tribal Employment Rights Office for an American Indian workforce development training pilot project.

(o) \$750,000 each year is for grants to Summit Academy OIC to expand their contextualized GED and employment placement program.

(p) \$600,000 in fiscal year 2018 and \$750,000 in fiscal year 2019 are for grants to Goodwill Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally.

(q) \$200,000 each year is for displaced homemaker programs under Minnesota Statutes, section 116L.96. The commissioner, through the adult career pathways program, shall distribute the funds to existing nonprofit and state displaced homemaker programs. In fiscal year 2020 and beyond, the base amount is \$0.

(r) \$190,000 in fiscal year 2018 is for transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This amount is in addition to other funds previously transferred by the commissioner.

(s)(1) \$150,000 in fiscal year 2018 is for a grant to Anoka County to develop and implement a pilot program to increase competitive employment opportunities for transition-age youth ages 18 to 21.

(2) The competitive employment for transition-age youth pilot program shall include career guidance components, including health and life skills, to encourage, train, and assist transition-age youth in job-seeking skills, workplace orientation, and job site knowledge.

(3) In operating the pilot program, Anoka County shall collaborate with schools, disability providers, jobs and training organizations, vocational rehabilitation providers, and employers to build upon opportunities and services, to prepare transition-age youth for competitive employment, and to enhance employer connections that lead to employment for the individuals served.

(4) Grant funds may be used to create an on-the-job training incentive to encourage employers to hire and train qualifying individuals. A participating employer may receive up to 50 percent of the wages paid to the employee as a cost reimbursement for on-the-job training provided.

(t) \$497,000 in fiscal year 2018 is for grants to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College for the Metro Transit technician training program. Funds are available until June 30, 2020.

(u) \$200,000 each year is for grants to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, is designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. In fiscal year 2020 and beyond, the base amount is \$0.

(v) \$150,000 each year is from the workforce development fund for grants to the YWCA of Minneapolis to provide economically challenged individuals the job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education.

(w) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561, to provide employment and career advising to youth, including career guidance in secondary schools, to address the youth career advising deficiency, to carry out activities outlined in Minnesota Statutes, section 116L.561, to provide support services, and to provide work experience to youth in the workforce service areas. The funds in this paragraph may be used for expansion of the pilot program combining career and higher education advising in Laws 2013, chapter 85, article 3, section 27. Activities in workforce services areas under this paragraph may serve all youth up to age 24.

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

(y) \$450,000 each year is from the workforce development fund for grants to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for people with disabilities.

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

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

(bb) \$750,000 each year is from the workforce development fund for grants to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(cc) \$215,000 each year is from the workforce development fund for grants to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota, and Southern Minnesota Big Brothers, Big Sisters chapters.

(dd) \$1,350,000 each year is from the workforce development fund for grants to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology,

engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota, having fewer than 250 employees worldwide. At least 300 students must be matched in the first year and at least 350 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$2,500 per intern. The program must work toward increasing the participation among women or other underserved populations.

(ee) \$500,000 each year is from the workforce development fund for grants to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services.

(ff) \$500,000 each year is from the workforce development fund for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

Subd. 4. General Support Services

2,670,000

2,670,000

Appropriations by Fund

General Fund	<u>2,653,000</u>	<u>2,653,000</u>
Workforce Development	<u>17,000</u>	<u>17,000</u>

(a) Of the amounts appropriated in this subdivision, no more than \$1,027,000 in fiscal year 2018 and \$1,027,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 9.7 full-time equivalent positions in fiscal year 2018 and 9.7 full-time equivalent positions in fiscal year 2019.

(b) \$1,269,000 each year is for operating the Olmstead Implementation Office.

Subd. 5. Minnesota Trade Office

1,762,000

1,762,000

(a) Of the amounts appropriated in this subdivision, no more than \$1,319,000 in fiscal year 2018 and \$1,332,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 12.9 full-time equivalent positions in fiscal year 2018 and 12.9 full-time equivalent positions in fiscal year 2019.

(b) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

Subd. 6. Vocational Rehabilitation30,191,00030,191,000Appropriations by Fund

General	<u>22,361,000</u>	<u>22,361,000</u>
Workforce Development	<u>7,830,000</u>	<u>7,830,000</u>

(a) Of the amounts appropriated in this subdivision, no more than \$524,000 in fiscal year 2018 and \$524,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 5.1 full-time equivalent positions in fiscal year 2018 and 5.1 full-time equivalent positions in fiscal year 2019.

(b) \$10,800,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(c) \$3,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(d) \$2,555,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(e) \$5,995,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(f) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-age youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

Subd. 7. Competitive Grant Limitations

An organization that receives a direct appropriation under this section is not eligible to participate in competitive grant programs under this section, either directly or by receiving funds from a third party that received a competitive grant under this section, during the fiscal years in which the direct appropriations are received.

Subd. 8. Services for the Blind6,425,0006,425,000

Of the amounts appropriated in this subdivision, no more than \$3,209,000 in fiscal year 2018 and \$3,224,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 45 full-time equivalent positions in fiscal year 2018 and 45 full-time equivalent positions in fiscal year 2019.

Subd. 9. Broadband Development7,250,000250,000

(a) Of the amounts appropriated in this subdivision, no more than \$174,000 in fiscal year 2018 and \$177,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 1.5 full-time equivalent positions in fiscal year 2018 and 1.5 full-time equivalent positions in fiscal year 2019.

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

(c) \$7,000,000 in fiscal year 2018 is for deposit in the border-to-border broadband fund account in the special revenue fund established under Minnesota Statutes, section 116J.396.

Sec. 3. HOUSING FINANCE AGENCY**Subdivision 1. Total Appropriation**\$56,798,000\$39,873,000

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

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

Subd. 2. Challenge Program18,925,0002,000,000

(a) Beginning in fiscal year 2020, the base amount for the challenge program is \$11,717,000.

(b) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. The agency must continue to strengthen its efforts to address the disparity rate between white households and indigenous American Indians and communities of color. Of this amount, \$1,208,000 in fiscal year 2018 shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of fiscal year 2018 shall be available for any eligible activity under Minnesota Statutes, section 462A.33. In fiscal year 2020 and beyond, the base amount is \$1,208,000.

(c) \$4,000,000 in fiscal year 2018 is for the purposes of the workforce housing development program under Minnesota Statutes, section 462A.39. Notwithstanding article 11, section 13, the commissioner of housing finance may hire staff sufficient for the purposes of this paragraph. In fiscal year 2020 and beyond, the base amount is \$0.

(d) \$250,000 each year is for grants to programs under Minnesota Statutes, section 462A.204, subdivision 8. In fiscal year 2020 and beyond, the base amount is \$250,000.

(e) \$1,750,000 each year is to the housing trust fund for the rental assistance to highly mobile students program under Minnesota Statutes, section 462A.201, subdivision 2, paragraph (a), clause (4). In fiscal year 2020 and beyond, the base amount is \$1,750,000.

Subd. 3. Housing Trust Fund

11,471,000

11,471,000

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

Subd. 4. Rental Assistance for Mentally Ill

4,088,000

4,088,000

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

Subd. 5. Family Homeless Prevention

8,519,000

8,519,000

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

Subd. 6. Home Ownership Assistance Fund

885,000

885,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color.

Subd. 7. Affordable Rental Investment Fund

4,218,000

4,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing

organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

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

Subd. 8. Housing Rehabilitation

6,515,000

6,515,000

This appropriation is for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14. Of this amount, \$2,772,000 each year is for the rehabilitation of owner-occupied housing, \$3,743,000 each year is for the rehabilitation of eligible rental housing, and \$1,000,000 in fiscal year 2018 is prioritized to complete interim controls or lead abatement measures to reduce the risk of lead exposure in rental housing statewide. Any funds not committed in the first 11 months of 2018 shall be available for any eligible activity under this section. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic development and housing challenge program under Minnesota Statutes, section 462A.33.

Subd. 9. Homeownership Education, Counseling, and Training

857,000

857,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their communities.

Subd. 10. Capacity Building Grants

875,000

875,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b. Of this amount:

(1) \$125,000 each year is for support of the Homeless Management Information System (HMIS); and

(2) \$500,000 each year is for grants to Build Wealth MN to provide a family stabilization plan program including program outreach, financial literacy education, and budget and debt counseling.

Sec. 4. **DEPARTMENT OF LABOR AND INDUSTRY**

Subdivision 1. **Total Appropriation**

\$27,934,000

\$27,934,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>1,652,000</u>	<u>1,652,000</u>
<u>Workers' Compensation</u>	<u>24,975,000</u>	<u>24,975,000</u>
<u>Workforce Development</u>	<u>1,307,000</u>	<u>1,307,000</u>

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

(b) Notwithstanding Minnesota Statutes, section 16A.285, the commissioner of labor and industry must not allow transfers of money appropriated in this section between divisions or programs of the Department of Labor and Industry.

(c) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, the commissioner of labor and industry must not allow billing between divisions or programs of amounts appropriated within the Department of Labor and Industry, or otherwise use any "Internal Billing Expenditures" of amounts appropriated.

(d) Notwithstanding Minnesota Statutes, sections 16B.37, subdivision 4, and 471.59, except for work performed by MN.IT under Minnesota Statutes, chapter 16E, the commissioner of labor and industry must not allow billing or transfers between other executive branch agencies or departments and the Department of Labor and Industry.

Subd. 2. **Workers' Compensation**

14,782,000

14,782,000

(a) This appropriation is from the workers' compensation fund. Of the amount appropriated in this subdivision, and any fees collected, no more than \$10,791,000 in fiscal year 2018 and \$10,797,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 109.6 full-time equivalent positions in fiscal year 2018 and 109.6 full-time equivalent positions in fiscal year 2019.

(b)(1) \$3,000,000 each year is for workers' compensation system upgrades. This amount is available until June 30, 2021. The base amount for fiscal year 2020 and beyond is \$0.

(2) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs must be incorporated into the service level agreement and must be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

Subd. 3. Labor Standards and Apprenticeship

2,759,000

2,759,000

Appropriations by Fund

<u>General</u>	<u>1,452,000</u>	<u>1,452,000</u>
<u>Workforce Development</u>	<u>1,307,000</u>	<u>1,307,000</u>

(a) Of the amounts appropriated in this subdivision, and any fees collected, no more than \$2,304,000 in fiscal year 2018 and \$2,238,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 21.7 full-time equivalent positions in fiscal year 2018 and 19.7 full-time equivalent positions in fiscal year 2019.

(b) \$1,202,000 each year is from the general fund for the labor standards and apprenticeship program.

(c) \$125,000 each year is from the general fund for wage theft prevention under the division of labor standards.

(d) \$1,029,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(e) \$100,000 each year is from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11, to expand and promote registered apprenticeship training for minorities and women.

(f) \$150,000 each year is from the workforce development fund for prevailing wage enforcement.

Subd. 4. Workplace Safety

4,154,000

4,154,000

This appropriation is from the workers' compensation fund. Of the amount appropriated, and any fees collected, not more than \$3,970,000 in fiscal year 2018 and \$3,970,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 82.6 full-time equivalent positions in fiscal year 2018 and 82.6 full-time equivalent positions in fiscal year 2019.

Subd. 5. General Support6,239,0006,239,000Appropriations by Fund

<u>General Fund</u>	<u>200,000</u>	<u>200,000</u>
<u>Workers' Compensation</u>	<u>6,039,000</u>	<u>6,039,000</u>

(a) Of the amount appropriated in this subdivision, and any fees collected, no more than \$5,875,000 in fiscal year 2018 and \$6,039,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 57.1 full-time equivalent positions in fiscal year 2018 and 57.1 full-time equivalent positions in fiscal year 2019.

(b) Except as provided in paragraph (c), this appropriation is from the workers' compensation fund.

(c) \$200,000 each year is from the general fund for grants to the Construction Careers Foundation Inc. for the Helmets to Hardhats Minnesota Initiative. Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, active duty military members, and veteran's participation into apprenticeship programs registered with the Department of Labor and Industry and connect them with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age.

Sec. 5. BUREAU OF MEDIATION SERVICES\$1,853,000\$1,853,000

(a) Notwithstanding Minnesota Statutes, section 16A.285, the commissioner of mediation services must not allow transfers of money appropriated in this section between divisions or programs of the Bureau of Mediation Services.

(b) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, the commissioner of mediation services must not allow billing between divisions or programs within the Bureau of Mediation Services, or otherwise use any "Internal Billing Expenditures."

(c) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, and Minnesota Statutes, section 471.59, except for work performed by MN.IT under Minnesota Statutes, chapter 16E, the commissioner of mediation services must not allow billing or transfers between other executive branch agencies or departments and the Bureau of Mediation Services.

(d) Of the amounts appropriated in this section, no more than \$1,639,000 in fiscal year 2018 and \$1,639,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 15.1 full-time equivalent positions in fiscal year 2018 and 15.1 full-time equivalent positions in fiscal year 2019.

(e) \$68,0000 each year is from the general fund for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Sec. 6. WORKERS' COMPENSATION COURT OF APPEALS

\$1,913,000

\$1,913,000

(a) This appropriation is from the workers' compensation fund.

(b) Of the amounts appropriated in this section, no more than \$1,683,000 in fiscal year 2018 and \$1,683,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 12 full-time equivalent positions in fiscal year 2018 and 12 full-time equivalent positions in fiscal year 2019.

Sec. 7. DEPARTMENT OF COMMERCE

Subdivision 1. Total Appropriation

\$30,795,000

\$30,601,000

Appropriations by Fund

General	<u>27,032,000</u>	<u>26,838,000</u>
Special Revenue	<u>1,960,000</u>	<u>1,960,000</u>
Petroleum Tank	<u>1,052,000</u>	<u>1,052,000</u>
Workers' Compensation	<u>751,000</u>	<u>751,000</u>

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

(b) Notwithstanding Minnesota Statutes, section 16A.285, the commissioner of commerce must not allow transfers of money appropriated in this section between divisions or programs of the Department of Commerce.

(c) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, the commissioner of commerce must not allow billing between divisions or programs within the Department of Commerce, or otherwise use any "Internal Billing Expenditures."

(d) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, and Minnesota Statutes, section 471.59, except for work performed by MN.IT under Minnesota Statutes, chapter 16E, the commissioner of commerce must not allow billing or transfers between other executive branch agencies or departments and the Department of Commerce.

Subd. 2. Financial Institutions5,285,0005,410,000

(a) Of the amounts appropriated in this subdivision, no more than \$4,343,000 in fiscal year 2018 and \$4,343,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 45.3 full-time equivalent positions in fiscal year 2018 and 45.3 full-time equivalent positions in fiscal year 2019.

(b) \$400,000 each year is for grants to Prepare and Prosper for purposes of developing, marketing, evaluating, and distributing a financial services inclusion program that will assist low-income and financially underserved populations build savings, strengthen credit, and provide services to assist them in being more financially stable and secure. Grants in fiscal year 2018 must be matched by nonstate contributions. Money remaining after the first year is available for the second year.

Subd. 3. Petroleum Tank Release Compensation Board1,052,0001,052,000

(a) This appropriation is from the petroleum tank fund.

(b) Of the amounts appropriated in this subdivision, no more than \$710,000 in fiscal year 2018 and \$710,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 6.9 full-time equivalent positions in fiscal year 2018 and 6.9 full-time equivalent positions in fiscal year 2019.

Subd. 4. Administrative Services7,603,0007,353,000Appropriations by Fund

General	<u>7,353,000</u>	<u>7,103,000</u>
Special Revenue	<u>250,000</u>	<u>250,000</u>

(a) Of the amounts appropriated in this subdivision, no more than \$4,709,000 in fiscal year 2018 and \$4,709,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 49.9 full-time equivalent positions in fiscal year 2018 and 49.9 full-time equivalent positions in fiscal year 2019.

(b) \$625,000 in fiscal year 2018 and \$375,000 in fiscal year 2019 are to fund Minnesota Statutes, section 345.42, subdivision 1a, paragraph (b).

(c) \$33,000 each year is for rulemaking and administration under Minnesota Statutes, section 80A.461.

(d) \$250,000 each year is from the energy fund account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for transfer to the Board of Regents of the University of Minnesota for operations and maintenance of the

Natural Resources Research Institute at the University of Minnesota Duluth. The funds shall be used for operations, maintenance, research, and staff support to strengthen applied research activities and accelerate innovation and economic development in key areas such as minerals, mining and water, energy and the environment, and forest products and bioeconomy. In fiscal year 2020 and beyond, the base amount is \$0.

Subd. 5. Telecommunications

2,589,000

2,520,000

Appropriations by Fund

General	<u>979,000</u>	<u>910,000</u>
Special Revenue	<u>1,610,000</u>	<u>1,610,000</u>

(a) For the general fund appropriations under this subdivision, the base amount in fiscal year 2020 is \$546,000, and the base amount in fiscal year 2021 is \$431,000.

(b) Of the amounts appropriated in this subdivision, no more than \$759,000 in fiscal year 2018 and \$759,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than seven full-time equivalent positions in fiscal year 2018 and seven full-time equivalent positions in fiscal year 2019.

(c) \$1,610,000 each year is from the telecommunication access Minnesota fund account in the special revenue fund for the following transfers. This appropriation is added to the department's base.

(1) \$1,170,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans;

(2) \$290,000 each year is to the chief information officer for the purpose of coordinating technology accessibility and usability;

(3) \$100,000 each year is to the Legislative Coordinating Commission for captioning of legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) \$50,000 each year is to the Office of MN.IT Services for a consolidated access fund to provide grants to other state agencies related to accessibility of their Web-based services.

Subd. 6. Enforcement

5,299,000

5,099,000

Appropriations by Fund

General	<u>5,101,000</u>	<u>4,901,000</u>
Workers' Compensation	<u>198,000</u>	<u>198,000</u>

(a) Of the amounts appropriated in this subdivision, no more than \$4,732,000 in fiscal year 2018 and \$4,732,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 48.5 full-time equivalent positions in fiscal year 2018 and 48.5 full-time equivalent positions in fiscal year 2019.

(b) \$279,000 each year is for health care enforcement.

(c)(1) \$200,000 in fiscal year 2018 is to create and execute a statewide education and outreach campaign to protect seniors, meaning those 60 years of age or older, vulnerable adults, as defined in Minnesota Statutes, section 626.5572, subdivision 21, and their caregivers from financial fraud and exploitation.

(2) The education and outreach campaign must be statewide, and must include, but is not limited to, the dissemination of information through television, print, or other media, training and outreach to senior living facilities, and the creation of a senior fraud toolkit.

(3) The commissioner of commerce shall report by January 15, 2018, to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over commerce issues regarding the results of the statewide education and outreach campaign, and recommendations for supporting ongoing efforts to prevent financial fraud from occurring to, and the financial exploitation of, seniors, vulnerable adults, and their caregivers.

Subd. 7. Energy Resources

4,099,000

4,299,000

Appropriations by Fund

<u>General</u>	<u>3,999,000</u>	<u>4,199,000</u>
<u>Special Revenue</u>	<u>100,000</u>	<u>100,000</u>

(a) Of the amounts appropriated in this subdivision, no more than \$3,689,000 in fiscal year 2018 and \$3,689,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 26.8 full-time equivalent positions in fiscal year 2018 and 26.8 full-time equivalent positions in fiscal year 2019.

(b) \$832,000 each year is for energy regulation and planning unit staff.

(c) \$200,000 in fiscal year 2019 is to remediate insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services. This is a onetime appropriation.

(d) \$100,000 each year is from the energy fund account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to administer the "Made in Minnesota" solar energy production incentive program in Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the energy fund account at the end of the biennium.

Subd. 8. Insurance

4,868,000

4,868,000

Appropriations by Fund

<u>General</u>	<u>4,315,000</u>	<u>4,315,000</u>
<u>Workers' Compensation</u>	<u>553,000</u>	<u>553,000</u>

(a) Of the amounts appropriated in this subdivision, no more than \$4,431,000 in fiscal year 2018 and \$4,431,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 37.3 full-time equivalent positions in fiscal year 2018 and 37.3 full-time equivalent positions in fiscal year 2019.

(b) \$642,000 each year is for health insurance rate review staffing.

(c) \$412,000 each year is for actuarial work to prepare for implementation of principle-based reserves.

Sec. 8. PUBLIC UTILITIES COMMISSION

\$7,242,000

\$7,030,000

(a) For the general fund appropriations under this section, the base amount in fiscal year 2020 is \$6,774,000, and the base amount in fiscal year 2021 is \$6,649,000.

(b) Notwithstanding Minnesota Statutes, section 16A.285, the Public Utilities Commission and its members must not allow transfers of money appropriated in this section between divisions or programs of the Public Utilities Commission.

(c) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, the Public Utilities Commission and its members must not allow billing between divisions or programs within the Public Utilities Commission, or otherwise use any "Internal Billing Expenditures."

(d) Notwithstanding Minnesota Statutes, section 16B.37, subdivision 4, and section 471.59, or any other law to the contrary, except for work performed by MN.IT, under Minnesota Statutes, chapter 16E, the Public Utilities Commission and its members must not allow billing or transfers between other executive branch agencies or departments and the Public Utilities Commission.

(e) Of the amount appropriated in this section, no more than \$6,072,000 in fiscal year 2018 and \$6,072,000 in fiscal year 2019 may be expended on full-time equivalent positions, totaling no more than 55 full-time equivalent positions in fiscal year 2018 and 55 full-time equivalent positions in fiscal year 2019.

(f) \$21,000 each year is for the purposes of Minnesota Statutes, section 237.045.

Sec. 9. **PUBLIC FACILITIES AUTHORITY**

\$7,450,000

\$0

(a) \$300,000 in fiscal year 2018 is for a grant to the city of New Trier to replace water infrastructure under Hogan Avenue, including related road reconstruction, and to acquire land for predesign, design, and construction of a storm water pond that will be colocated with the pond of the new subdivision. This appropriation does not require a nonstate contribution.

(b) \$3,500,000 in fiscal year 2018 is for a grant for land acquisition, design, engineering, and construction of facilities and infrastructure necessary for Phase 3 of the Lewis and Clark Regional Water System project. Phase 3 includes extension of the project from the Lincoln-Pipestone Rural Water System connection near Adrian to Worthington, construction of a reservoir in Nobles County and a meter building in Worthington, and acquisition and installation of a supervisory control and data acquisition system.

(c) \$1,200,000 in fiscal year 2018 is for a grant to the Clear Lake-Clearwater Sewer Authority to remove and replace the existing wastewater treatment facility. This project is intended to prevent the discharge of phosphorus into the Mississippi River. This appropriation is not available until the commissioner of management and budget determines that at least \$200,000 is committed to the project from nonstate sources and the authority has applied for at least two grants to offset the cost. An amount equal to any grant money received by the authority must be returned to the general fund.

(d) \$1,200,000 in fiscal year 2018 is for a grant to the Ramsey/Washington Recycling and Energy Board to design, construct, and equip capital improvements to the Ramsey/Washington Recycling and Energy Center in Newport.

(e) \$750,000 in fiscal year 2018 is for a grant to the city of Cold Spring to acquire land, predesign, design, engineer, construct, furnish, and equip water infrastructure, including drilling new wells, a water treatment plant, and piping for water distribution.

(f) \$500,000 in fiscal year 2018 is for a grant to the Big Lake Area Sanitary District to construct a pressure sewer system and force main to convey sewage to the Western Lake Superior Sanitary

District connection in the city of Cloquet. This appropriation is in addition to the appropriation in Laws 2014, chapter 294, article 1, section 22, subdivision 4.

Sec. 10. **DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION.**

\$1,500,000

\$0

This appropriation is from the energy fund account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for grants for innovative energy solutions on the Iron Range.

Sec. 11. **GENERAL FUND TRANSFER TO ENERGY FUND ACCOUNT.**

The commissioner of management and budget must transfer \$500,000 in fiscal year 2018 and \$3,500,000 in fiscal year 2019 from the general fund to the energy fund account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1. In fiscal year 2020 and beyond, the base amount is \$4,000,000.

Sec. 12. **MINNESOTA FILM AND TV BOARD APPROPRIATION CANCELLATION.**

All unspent funds, estimated to be \$350,000, appropriated for the film production jobs program under Minnesota Statutes, section 116U.26, under Laws 2016, chapter 189, article 7, section 2, subdivision 2, are canceled to the general fund the day following final enactment of this section.

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

ARTICLE 2
DEPARTMENT OF LABOR AND INDUSTRY POLICY

Section 1. Minnesota Statutes 2016, section 175.45, is amended to read:

175.45 COMPETENCY STANDARDS FOR DUAL TRAINING.

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

Subd. 2. ~~Definition; competency standards~~ **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "competency standards" means the specific knowledge and skills necessary for a particular occupation-; and

(2) "dual-training program" means an employment-based earn-as-you-learn program where the trainee is employed by a participating employer and receives structured on-the-job training and technical instruction in accordance with the competency standards.

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

Subd. 4. **Duties.** The commissioner shall:

- (1) convene industry representatives to identify, develop, and implement dual-training programs;
- (2) identify competency standards for ~~entry-level~~ entry-level and higher skill levels;
- (2) (3) verify the competency standards and skill levels and their transferability by subject matter expert representatives of each respective industry;
- (3) (4) develop models for Minnesota educational institutions to engage in providing education and training to meet the competency standards established;
- (4) (5) encourage participation by employers and labor in the competency standard identification process for occupations in their industry; and
- (5) (6) align ~~dual-training competency standards~~ dual-training programs with other workforce initiatives; and
- (7) provide technical assistance to develop dual-training programs.

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

Sec. 2. **[175.46] YOUTH SKILLS TRAINING PROGRAM.**

Subdivision 1. **Program established; grants authorized.** The commissioner shall approve youth skills training programs established for the purpose of providing work-based skills training for student learners ages 16 and older.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "School district" means a school district or charter school.

(c) "Local partnership" means a school district, nonpublic school, intermediate school district, or postsecondary institution, in partnership with other school districts, nonpublic schools, intermediate school districts, postsecondary institutions, workforce development authorities, economic development authorities, nonprofit organizations, labor unions, or individuals who have an agreement with one or more local employers to be responsible for implementing and coordinating a local youth skills training program.

(d) "Student learner" means a student who is both enrolled in a course of study at a public or nonpublic school to obtain related instruction for academic credit and is employed under a written agreement to obtain on-the-job skills training under a youth skills training program approved under this section.

(e) "Commissioner" means the commissioner of labor and industry.

Subd. 3. **Duties.** (a) The commissioner shall:

(1) approve youth skills training programs in high growth, high demand occupations that provide:

(i) that the work of the student learner in the occupations declared particularly hazardous shall be incidental to the training;

(ii) that the work shall be intermittent and for short periods of time, and under the direct and close supervision of a qualified and experienced person;

(iii) that safety instruction shall be provided to the student learner and may be given by the school and correlated by the employer with on-the-job training;

(iv) a schedule of organized and progressive work processes to be performed on the job;

(v) a schedule of wage rates in compliance with section 177.24; and

(vi) whether the student learner will obtain secondary school academic credit, postsecondary credit, or both, for the training program;

(2) approve occupations and maintain a list of approved occupations for programs under this section;

(3) work with individuals representing industry and labor to develop new youth skills training programs;

(4) develop model program guides;

(5) monitor youth skills training programs;

(6) provide technical assistance to local partnership grantees;

(7) work with providers to identify paths for receiving postsecondary credit for participation in the youth skills training program; and

(8) approve other activities as necessary to implement the program.

(b) The commissioner shall collaborate with stakeholders, including, but not limited to, representatives of secondary school institutions, career and technical education instructors, postsecondary institutions, businesses, and labor, in developing youth skills training programs, and identifying and approving occupations and competencies for youth skills training programs.

Subd. 4. **Training agreement.** Each student learner shall sign a written training agreement on a form prescribed by the commissioner. Each agreement shall contain the name of the student learner, and be signed by the employer, the school coordinator or administrator, and the student learner, or if the student learner is a minor, by the student's parent or legal guardian. Copies of each agreement shall be kept on file by both the school and the employer.

Subd. 5. **Program approval.** The commissioner may grant exemptions from the provisions of chapter 181A for student learners participating in youth skills training programs approved by the commissioner under this section. The approval of a youth skills training program will be reviewed annually. The approval of a youth skills training program may be revoked at any time if the commissioner finds that:

(1) all provisions of subdivision 3 have not been met in the previous year; or

(2) reasonable precautions have not been observed for the safety of minors.

The commissioner shall maintain and annually update a list of occupations and tasks suitable for student learners in compliance with federal law.

Subd. 6. **Interactions with education finance.** (a) For the purpose of computing state aids for the enrolling school district, the hours a student learner participates in a youth skills training program under this section must be counted in the student's hours of average daily membership under section 126C.05.

(b) Educational expenses for a participating student learner must be included in the enrolling district's career and technical revenue as provided under section 124D.4531.

Subd. 7. **Academic credit.** A school district may grant academic credit to student learners participating in youth skills training programs under this section in accordance with local requirements.

Subd. 8. **Postsecondary credit.** A postsecondary institution may award postsecondary credit to a student learner who successfully completes a youth skills training program.

Subd. 9. **Work-based learning program.** A youth skills training program shall qualify as a work-based learning program if it meets requirements for a career and technical education program and is supervised by a qualified teacher with appropriate licensure for a work-based learning teacher-coordinator.

Subd. 10. **School coordinator.** Unless otherwise required for a work-based learning program, a youth skills training program may be supervised by a qualified teacher or by an administrator as determined by the school district.

Subd. 11. **Other apprenticeship programs.** (a) This section shall not affect programs under section 124D.47.

(b) A registered apprenticeship program governed by chapter 178 may grant credit toward the completion of a registered apprenticeship for the successful completion of a youth skills training program under this section.

Subd. 12. **Outcomes.** The following outcomes are expected of a local youth skills training program:

(1) at least 80 percent of the student learners who participate in a youth skills training program receive a high school diploma when eligible on completion of the training program; and

(2) at least 60 percent of the student learners who participate in a youth skills training program receive a recognized credential on completion of the training program.

Subd. 13. **Reporting.** (a) By February 1, 2019, and annually thereafter, the commissioner shall report on the activity and outcomes of the program for the preceding fiscal year to the chairs of the legislative committees with jurisdiction over jobs and economic growth policy and finance. At a minimum, the report must include:

(1) the number of student learners who commenced the training program and the number who completed the training program; and

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

(b) The initial report shall include a detailed description of the differences between the state and federal systems in child safety standards.

Sec. 3. Minnesota Statutes 2016, section 326B.092, subdivision 7, is amended to read:

Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number.

(c) The base license fee shall depend on whether the license is classified as an entry level, master, journeyman, or business license, and on the license duration. The base license fee shall be:

License Classification	License Duration	
	1 year	2 years
Entry level	\$10	\$20
Journeyworker	\$20	\$40
Master	\$40	\$80
Business		\$180

(d) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be: \$10 if the renewal license duration is one year; and \$20 if the renewal license duration is two years.

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925, then a board fee must be included in the license fee and the renewal license fee. The board fee for all license classifications shall be: \$4 if the license duration is one year; and \$8 if the license duration is two years.

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

(g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period July 1, ~~2015~~ 2017, through ~~June 30, 2017~~ September 30, 2021, the following fees apply:

License Classification	License Duration	
	1 year	2 years
Entry level	\$10	\$20
Journeyworker	\$15	\$35 <u>\$30</u>
Master	\$30	\$75 <u>\$60</u>
Business		\$160 <u>\$120</u>

If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be \$5.

Sec. 4. **[326B.108] PLACES OF PUBLIC ACCOMMODATION SUBJECT TO CODE.**

Subdivision 1. Definition. For purposes of this section, "place of public accommodation" means a publicly or privately owned facility that is designed for occupancy by 200 or more people and includes a sports or entertainment arena, stadium, theater, community or convention hall, special event center, indoor amusement facility or water park, or swimming pool.

Subd. 2. Application. Construction, additions, and alterations to a place of public accommodation must be designed and constructed to comply with the State Building Code.

Subd. 3. Enforcement. In a municipality that has not adopted the code by ordinance under section 326B.121, subdivision 2, the commissioner shall enforce this section in accordance with section 326B.107, subdivision 1.

Sec. 5. Minnesota Statutes 2016, section 326B.153, subdivision 1, is amended to read:

Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required in section ~~326B.106~~ 326B.107 include:

(1) the fee as set forth in the fee schedule in paragraph (b) or as adopted by a municipality; and

(2) the surcharge required by section 326B.148.

(b) The total valuation and fee schedule is:

(1) \$1 to \$500, ~~\$29.50~~ \$21;

(2) \$501 to \$2,000, ~~\$28~~ \$21 for the first \$500 plus ~~\$3.70~~ \$2.75 for each additional \$100 or fraction thereof, to and including \$2,000;

(3) \$2,001 to \$25,000, ~~\$83.50~~ \$62.25 for the first \$2,000 plus ~~\$16.55~~ \$12.50 for each additional \$1,000 or fraction thereof, to and including \$25,000;

(4) \$25,001 to \$50,000, ~~\$464.15~~ \$349.75 for the first \$25,000 plus ~~\$42~~ \$9 for each additional \$1,000 or fraction thereof, to and including \$50,000;

(5) \$50,001 to \$100,000, ~~\$764.15~~ \$574.75 for the first \$50,000 plus ~~\$8.45~~ \$6.25 for each additional \$1,000 or fraction thereof, to and including \$100,000;

(6) \$100,001 to \$500,000, ~~\$1,186.65~~ \$887.25 for the first \$100,000 plus ~~\$6.75~~ \$5 for each additional \$1,000 or fraction thereof, to and including \$500,000;

(7) \$500,001 to \$1,000,000, ~~\$3,886.65~~ \$2,887.25 for the first \$500,000 plus ~~\$5.50~~ \$4.25 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; and

(8) \$1,000,001 and up, ~~\$6,636.65~~ \$5,012.25 for the first \$1,000,000 plus ~~\$4.50~~ \$2.75 for each additional \$1,000 or fraction thereof.

(c) Other inspections and fees are:

(1) inspections outside of normal business hours (minimum charge two hours), \$63.25 per hour;

(2) reinspection fees, \$63.25 per hour;

(3) inspections for which no fee is specifically indicated (minimum charge one-half hour), \$63.25 per hour; and

(4) additional plan review required by changes, additions, or revisions to approved plans (minimum charge one-half hour), \$63.25 per hour.

(d) If the actual hourly cost to the jurisdiction under paragraph (c) is greater than \$63.25, then the greater rate shall be paid. Hourly cost includes supervision, overhead, equipment, hourly wages, and fringe benefits of the employees involved.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective July 1, 2017, and the amendments to it expire October 1, 2021.

Sec. 6. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to read:

Subd. 16. Wind electric systems. (a) The inspection fee for the installation of a wind turbine is:

(1) zero watts to and including 100,000 watts, \$80;

(2) 100,001 watts to and including 500,000 watts, \$105;

(3) 500,001 watts to and including 1,000,000 watts, \$120;

(4) 1,000,001 watts to and including 1,500,000 watts, \$125;

(5) 1,500,001 watts to and including 2,000,000 watts, \$130;

(6) 2,000,001 watts to and including 3,000,000 watts, \$145; and

(7) 3,000,001 watts and larger, \$160.

(b) For the purpose of paragraph (a), the watt rating is the total estimated alternating current energy output of one individual wind turbine.

Sec. 7. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to read:

Subd. 17. Solar photovoltaic systems. (a) The inspection fee for the installation of a solar photovoltaic system is:

(1) zero watts to and including 5,000 watts, \$60;

(2) 5,001 watts to and including 10,000 watts, \$100;

(3) 10,001 watts to and including 20,000 watts, \$150;

(4) 20,001 watts to and including 30,000 watts, \$200;

(5) 30,001 watts to and including 40,000 watts, \$250;

(6) 40,001 watts to and including 1,000,000 watts, \$250, and \$25 for each additional 10,000 watts over 40,000 watts;

(7) 1,000,001 watts to 5,000,000 watts, \$2,650, and \$15 for each additional 10,000 watts over 1,000,000 watts; and

(8) 5,000,001 watts and larger, \$8,650, and \$10 for each additional 10,000 watts over 5,000,000 watts.

(b) For the purpose of paragraph (a), the watt rating is the total estimated alternating current energy output of the solar photovoltaic system.

Sec. 8. Minnesota Statutes 2016, section 326B.435, subdivision 2, is amended to read:

Subd. 2. **Powers; duties; administrative support.** (a) The board shall have the power to:

(1) elect its chair, vice-chair, and secretary;

(2) adopt bylaws that specify the duties of its officers, the meeting dates of the board, and containing such other provisions as may be useful and necessary for the efficient conduct of the business of the board;

(3) adopt the Plumbing Code that must be followed in this state and any Plumbing Code amendments thereto. The Plumbing Code shall include the minimum standards described in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the Plumbing Code and any amendments thereto pursuant to chapter 14 and as provided in subdivision 6, paragraphs (b), (c), and (d);

(4) review requests for final interpretations and issue final interpretations as provided in section 326B.127, subdivision 5;

(5) adopt rules that regulate the licensure, certification, or registration of plumbing contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers, restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and testers, water conditioning contractors, and water conditioning installers, and other persons engaged in the design, installation, and alteration of plumbing systems or engaged in or working at the business of water conditioning installation or service, or engaged in or working at the business of medical gas system installation, maintenance, or repair, except for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(6) adopt rules that regulate continuing education for individuals licensed as master plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers, registered unlicensed individuals, water conditioning ~~contractors~~ masters, and water conditioning ~~installers~~ journeymen, and for individuals certified under sections 326B.437 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(7) refer complaints or other communications to the commissioner, whether oral or written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or order that the commissioner has the authority to enforce pertaining to code compliance, licensure, or an offering to perform or performance of unlicensed plumbing services;

(8) approve per diem and expenses deemed necessary for its members as provided in subdivision 3;

(9) approve license reciprocity agreements;

(10) select from its members individuals to serve on any other state advisory council, board, or committee; and

(11) recommend the fees for licenses, registrations, and certifications.

Except for the powers granted to the Plumbing Board, the Board of Electricity, and the Board of High Pressure Piping Systems, the commissioner of labor and industry shall administer and enforce the provisions of this chapter and any rules promulgated pursuant thereto.

(b) The board shall comply with section 15.0597, subdivisions 2 and 4.

(c) The commissioner shall coordinate the board's rulemaking and recommendations with the recommendations and rulemaking conducted by the other boards created pursuant to this chapter. The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner of labor and industry shall supply necessary office space and supplies to assist the board in its duties.

Sec. 9. Minnesota Statutes 2016, section 326B.50, subdivision 3, is amended to read:

Subd. 3. **Water conditioning installation.** "Water conditioning installation" means the installation of appliances, appurtenances, and fixtures designed to treat water so as to alter, modify, add or remove mineral, chemical or bacterial content, said installation to be made in a water distribution system serving:

(1) a single family residential unit, which has been initially established by a licensed plumber, and does not involve a direct connection without an air gap to a soil or waste pipe; or

(2) a multifamily or nonresidential building, where the plumbing installation has been initially established by a licensed plumber. Isolation valves shall be required for all water conditioning installations and shall be readily accessible. Water conditioning installation does not include:

(i) a valve that allows isolation of the water conditioning installation;

(ii) piping greater than two-inch nominal pipe size; or

(iii) a direct connection without an air gap to a soil or waste pipe.

Sec. 10. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision to read:

Subd. 5. **Direct supervision.** "Direct supervision," with respect to direct supervision of a registered unlicensed individual, means that:

(1) at all times while the registered unlicensed individual is performing water conditioning installation work, a direct supervisor is present at the location where the registered unlicensed individual is working;

(2) the direct supervisor is physically present and immediately available to the registered unlicensed individual at all times for assistance and direction;

(3) any form of electronic supervision does not meet the requirement of being physically present;

(4) the direct supervisor reviews the water conditioning installation work performed by the registered unlicensed individual before the water conditioning installation is operated; and

(5) the direct supervisor determines that all water conditioning installation work performed by the registered unlicensed individual is performed in compliance with sections 326B.50 to 326B.59, all rules adopted under these sections, the Minnesota Plumbing Code, and all orders issued under section 326B.082.

Sec. 11. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision to read:

Subd. 6. Direct supervisor. "Direct supervisor" means a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman responsible for providing direct supervision of a registered unlicensed individual.

Sec. 12. Minnesota Statutes 2016, section 326B.55, subdivision 2, is amended to read:

Subd. 2. Qualifications for licensing. (a) A water conditioning master license shall be issued only to an individual who has demonstrated skill in planning, superintending, ~~and~~ servicing, and installing water conditioning installations, and has successfully passed the examination for water conditioning masters. A water conditioning journeyman license shall only be issued to an individual other than a water conditioning master who has demonstrated practical knowledge of water conditioning installation, and has successfully passed the examination for water conditioning journeymen. A water conditioning journeyman must successfully pass the examination for water conditioning masters before being licensed as a water conditioning master.

(b) Each water conditioning contractor must designate a responsible licensed master plumber or a responsible licensed water conditioning master, who shall be responsible for the performance of all water conditioning installation and servicing in accordance with the requirements of sections 326B.50 to 326B.59, all rules adopted under sections 326B.50 to 326B.59, the Minnesota Plumbing Code, and all orders issued under section 326B.082. If the water conditioning contractor is an individual or sole proprietorship, the responsible licensed master must be the individual, proprietor, or managing employee. If the water conditioning contractor is a partnership, the responsible licensed master must be a general partner or managing employee. If the water conditioning contractor is a limited liability company, the responsible licensed master must be a chief manager or managing employee. If the water conditioning contractor is a corporation, the responsible licensed master must be an officer or managing employee. If the responsible licensed master is a managing employee, the responsible licensed master must be actively engaged in performing water conditioning work on behalf of the water conditioning contractor and cannot be employed in any capacity as a water conditioning master or water conditioning journeyman for any other water conditioning contractor. An individual must not be the responsible licensed master for more than one water conditioning contractor.

(c) All applications and renewals for water conditioning contractor licenses shall include a verified statement that the applicant or licensee has complied with paragraph (b).

(d) Each application and renewal for a water conditioning master license, water conditioning journeyman license, or a water conditioning contractor license shall be accompanied by all fees required by section 326B.092.

Sec. 13. Minnesota Statutes 2016, section 326B.55, subdivision 4, is amended to read:

Subd. 4. Plumber's apprentices. (a) A plumber's apprentice who is registered under section 326B.47 is authorized to assist in water conditioning installation and water conditioning servicing only while under the direct supervision of a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman. The master or journeyman is responsible for ensuring that all water conditioning work performed by the plumber's apprentice complies with the plumbing code and rules adopted under sections 326B.50 to 326B.59. The supervising master or journeyman must be licensed and must be employed by the same employer as the plumber's apprentice. Licensed individuals shall not permit plumber's apprentices to perform water conditioning work except under the direct supervision of an individual actually licensed to perform such work. Plumber's apprentices shall not supervise the performance of plumbing work or make assignments of plumbing work to unlicensed individuals.

(b) Water conditioning contractors employing plumber's apprentices to perform water conditioning work shall maintain records establishing compliance with this subdivision that shall identify all plumber's apprentices performing water conditioning work, and shall permit the department to examine and copy all such records.

Sec. 14. **[326B.555] REGISTERED UNLICENSED INDIVIDUALS.**

Subdivision 1. Registration; supervision; records. (a) All unlicensed individuals engaged in water conditioning installation must be registered under subdivision 3.

(b) A registered unlicensed individual is authorized to assist in water conditioning installations in a single family residential unit only when a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman is available and responsible for ensuring that all water conditioning installation work performed by the unlicensed individual complies with the applicable provisions of the plumbing and water conditioning codes and rules adopted pursuant to such codes. For all other water conditioning installation work, the registered unlicensed individual must be under the direct supervision of a responsible licensed water conditioning master.

(c) Water conditioning contractors employing registered unlicensed individuals to perform water conditioning installation work shall maintain records establishing compliance with this subdivision that shall identify all unlicensed individuals performing water conditioning installations, and shall permit the department to examine and copy all such records.

Subd. 2. Journeyman exam. A registered unlicensed individual who has completed 875 hours of practical water conditioning installation, servicing, and training is eligible to take the water conditioning journeyman examination. Up to 100 hours of practical water conditioning installation and servicing experience prior to becoming a registered unlicensed individual may be applied to the practical experience requirement. However, none of this practical experience may be applied if the unlicensed individual did not have any practical experience in the 12-month period immediately prior to becoming a registered unlicensed individual.

Subd. 3. Registration, renewals, and fees. An unlicensed individual may register by completing and submitting to the commissioner an application form provided by the commissioner, with all fees required by section 326B.58. A completed application form must state the date, the individual's age, schooling, previous experience and employer, and other information required by the commissioner. The plumbing board may prescribe rules, not inconsistent with this section, for the registration of unlicensed individuals. Applications for initial registration may be submitted at any time. Registration must be renewed annually and shall be for the period from July 1 of each year to June 30 of the following year.

Sec. 15. Minnesota Statutes 2016, section 326B.805, subdivision 3, is amended to read:

Subd. 3. **Prohibition.** Except as provided in subdivision 6, no persons required to be licensed by subdivision 1 may act or hold themselves out as a residential building contractor, residential remodeler, residential roofer, or manufactured home installer for compensation without a license issued by the commissioner. Unlicensed residential building contractor, residential remodeler, or residential roofer activity is a gross misdemeanor.

Sec. 16. Minnesota Statutes 2016, section 326B.89, subdivision 1, is amended to read:

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

(b) "Gross annual receipts" means the total amount derived from residential contracting or residential remodeling activities, regardless of where the activities are performed, and must not be reduced by costs of goods sold, expenses, losses, or any other amount.

(c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

(d) "Residential real estate" means a new or existing building constructed for habitation by one to four families, and includes detached garages intended for storage of vehicles associated with the residential real estate.

(e) "Fund" means the contractor recovery fund.

(f) "Owner" when used in connection with real property, means a person who has any legal or equitable interest in real property and includes a condominium or townhome association that owns common property located in a condominium building or townhome building or an associated detached garage. Owner does not include any real estate developer or any owner using, or intending to use, the property for a business purpose and not as owner-occupied residential real estate.

Sec. 17. Minnesota Statutes 2016, section 326B.89, subdivision 5, is amended to read:

Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the fund to an owner or a lessee in an amount greater than \$75,000 per licensee. The commissioner shall not pay compensation from the fund to owners and lessees in an amount that totals more than ~~\$150,000~~ \$300,000 per licensee. The commissioner shall only pay compensation from the fund for a final judgment that is based on a contract directly between the licensee and the homeowner or lessee that was entered into prior to the cause of action and that requires licensure as a residential building contractor or residential remodeler.

Sec. 18. Laws 2015, First Special Session chapter 1, article 1, section 5, subdivision 2, is amended to read:

Subd. 2. Workers' Compensation	15,226,000	17,782,000
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This appropriation is from the workers' compensation fund.

\$4,000,000 in fiscal year 2016 and \$6,000,000 in fiscal year 2017 are for workers' compensation system upgrades and are available through June 30, 2021. The base appropriation for this purpose is \$3,000,000 in fiscal year 2018 and \$3,000,000 in fiscal year 2019. The base appropriation for fiscal year 2020 and beyond is zero.

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

Sec. 19. **RULEMAKING.**

The commissioner of labor and industry shall amend Minnesota Rules, part 1309.0313, IRC sections R313.1 to R313.3, to establish that one- and two-family dwellings and two-unit townhouses are not required to have installed automatic fire sprinkler systems. The commissioner may use the exempt provisions of Minnesota Statutes, section 14.386, except that paragraph (b) shall not apply.

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

Sec. 20. **REPEALER.**

Minnesota Statutes 2016, section 326B.89, subdivision 14, is repealed.

ARTICLE 3
EMPLOYMENT, ECONOMIC DEVELOPMENT, AND
WORKFORCE DEVELOPMENT POLICY

Section 1. Minnesota Statutes 2016, section 116J.01, subdivision 5, is amended to read:

Subd. 5. **Departmental organization.** (a) The commissioner shall organize the department as provided in section 15.06.

(b) The commissioner may establish divisions and offices within the department. The commissioner may employ ~~four~~ one deputy ~~commissioners~~ commissioner in the unclassified service.

(c) The commissioner shall:

(1) employ assistants and other officers, employees, and agents that the commissioner considers necessary to discharge the functions of the commissioner's office;

(2) define the duties of the officers, employees, and agents, and delegate to them any of the commissioner's powers, duties, and responsibilities, subject to the commissioner's control and under conditions prescribed by the commissioner.

(d) The commissioner shall ensure that there are at least three employment and economic development officers in state offices in nonmetropolitan areas of the state who will work with local units of government on developing local employment and economic development.

Sec. 2. Minnesota Statutes 2016, section 116J.013, is amended to read:

116J.013 COST-OF-LIVING STUDY; ANNUAL REPORT.

(a) The commissioner shall conduct an annual cost-of-living study in Minnesota. The study shall include:

(1) a calculation of the statewide basic needs cost of living, including reasonable retirement and long-term care savings, adjusted for family size;

(2) a calculation of the basic needs cost of living, including reasonable retirement and long-term care savings, adjusted for family size, for each county;

(3) an analysis of statewide and county cost-of-living data, employment data, and job vacancy data; and

(4) recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

(b) The commissioner shall report on the cost-of-living study and recommendations by February 1 of each year to the governor and to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over employment and economic development issues.

Sec. 3. **[116J.4221] RURAL POLICY AND DEVELOPMENT CENTER FUND.**

(a) A rural policy and development center fund is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. The State Board of Investment shall ensure that account money is invested under section 11A.24. All money earned by the account must be credited to the account. The principal of the account and any unexpended earnings must be invested and reinvested by the State Board of Investment.

(b) Gifts and donations, including land or interests in land, may be made to the account. Noncash gifts and donations must be disposed of for cash as soon as the board prudently can maximize the value of the gift or donation. Gifts and donations of marketable securities may be held or be disposed of for cash at the option of the board. The cash receipts of gifts and donations of cash or capital assets and marketable securities disposed of for cash must be credited immediately to the principal of the account. The value of marketable securities at the time the gift or donation is made must be credited to the principal of the account and any earnings from the marketable securities are earnings of the account. The earnings in the account are annually appropriated to the board of the Center for Rural Policy and Development to carry out the duties of the center.

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

Sec. 4. **[116J.9922] CENTRAL MINNESOTA OPPORTUNITY GRANT PROGRAM.**

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

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

(c) "Community initiative" means a nonprofit organization which provides services to central Minnesota communities of color in one or more of the program areas listed in subdivision 4, paragraph (a).

(d) "Foundation" means the Central Minnesota Community Foundation.

Subd. 2. **Establishment.** The commissioner shall establish a central Minnesota opportunity grant program, administered by the foundation, to identify and support community initiatives in central and west central Minnesota that enhance long-term economic self-sufficiency by improving education, housing, and economic outcomes for central and west central Minnesota communities of color.

Subd. 3. **Grant to the Central Minnesota Community Foundation.** The commissioner shall award all grant funds to the foundation, which shall administer the central Minnesota opportunity grant program. The foundation may use up to five percent of grant funds for administrative costs.

Subd. 4. **Grants to community initiatives.** (a) The foundation must award funds through a competitive grant process to community initiatives that will provide services, either alone or in partnership with another nonprofit organization, in one or more of the following areas:

(1) economic development, including but not limited to programs to foster entrepreneurship or small business development;

(2) education, including but not limited to programs to encourage civic engagement or provide youth after-school or recreation programs; or

(3) housing, including but not limited to programs to prevent and respond to homelessness or to provide access to loans or grants for housing stability and affordability.

(b) To receive grant funds, a community initiative must submit a written application to the foundation, using a form developed by the foundation. This grant application must include:

(1) a description of the activities that will be funded by the grant;

(2) an estimate of the cost of each grant activity;

(3) the total cost of the project;

(4) the sources and amounts of nonstate funds supplementing the grant;

(5) how the project aims to achieve stated outcomes in areas including improved job training; workforce development; small business support; early childhood, kindergarten through grade 12, and higher education achievement; and access to housing, including loans; and

(6) any additional information requested by the foundation.

(c) In awarding grants under this subdivision, the foundation shall give weight to applications from organizations that demonstrate:

(1) a history of successful provision of the services listed in paragraph (a); and

(2) a history of successful fund-raising from private sources for such services.

(d) In evaluating grant applications, the foundation shall not consider the composition of a community initiative's governing board.

(e) Grant funds may be used by a community initiative for the following purposes:

(1) operating costs, including but not limited to staff, office space, computers, software, and Web development and maintenance services;

(2) program costs;

(3) travel within Minnesota;

(4) consultants directly related to and necessary for delivering services listed in paragraph (a); and

(5) capacity building.

Subd. 5. Reports to the legislature. By January 15, 2019, and each January 15 thereafter through 2022, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over economic development that details the use of grant funds. This report must include data on the number of individuals served and, to the extent practical, measures of progress toward achieving the outcomes stated in subdivision 4, paragraph (b), clause (5).

Sec. 5. Minnesota Statutes 2016, section 116L.17, subdivision 1, is amended to read:

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

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

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

~~(5) MS 2011 Supp [Expired, 2011 c 84 art 3 s 1]~~

~~(6) (5)~~ is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran;

~~(7) (6)~~ is an individual determined by the United States Department of Labor to be covered by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331, as amended; or

~~(8) (7)~~ is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

For the purposes of this section, "dislocated worker" does not include an individual who was an employee, at the time employment ceased, of a political committee, political fund, principle campaign committee, or party unit, as those terms are used in chapter 10A, or an organization required to file with the federal elections commission.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Sec. 6. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter 189, article 7, section 8, is amended to read:

Sec. 14. **ASSIGNED RISK TRANSFER.**

(a) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). This is a onetime transfer.

(b) By June 30, 2015, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year, to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the ~~transfer~~ transfers authorized in ~~paragraph~~ paragraphs (a) and (f). The total amount authorized for all transfers under this paragraph must not exceed \$24,100,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the Minnesota minerals 21st century fund equals \$24,100,000.

(c) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of management and budget shall transfer to the general fund, any unencumbered or unexpended balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or the date the commissioner of commerce determines that an excess surplus in the assigned risk plan does not exist, whichever occurs earlier.

(f) By June 30, 2017, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$2,000,000 each year, to the rural policy and development center fund under Minnesota Statutes, section 116J.4221. This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes, section 79.251, subdivision 1,

paragraph (a), clause (1). The total amount authorized for all transfers under this paragraph must not exceed \$2,000,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the rural policy and development center fund equals \$2,000,000.

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

Sec. 7. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 6, is amended to read:

Subd. 6. **Vocational Rehabilitation**

Appropriations by Fund

General	22,611,000	21,611,000
Workforce Development	7,830,000	7,830,000

(a) \$10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$2,261,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$5,745,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(d) \$250,000 in fiscal year 2016 and \$250,000 in fiscal year 2017 are for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. This appropriation is added to the agency's base.

(e) \$2,555,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(f) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-aged youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

(g) \$1,000,000 in fiscal year 2016 is for a grant to Assistive Technology of Minnesota, a statewide nonprofit organization that is exclusively dedicated to the issues of access to and the acquisition of assistive technology. ~~The purpose of the grant is to acquire assistive technology and to work in tandem with~~

~~individuals using this technology to create career paths~~ Assistive Technology of Minnesota must use the funds to provide low-interest loans to individuals of all ages and types of disabilities to purchase assistive technology and employment-related equipment. This is a onetime appropriation.

(h) For purposes of this subdivision, Minnesota Diversified Industries, Inc. is an eligible provider of services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2015.

Sec. 8. Laws 2016, chapter 189, article 7, section 46, subdivision 3, is amended to read:

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

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

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

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

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

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

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

Sec. 9. Laws 2016, chapter 189, article 7, section 46, the effective date, is amended to read:

EFFECTIVE DATE. This section, except for subdivision 4, is effective July 1, 2016, and expires June 30, ~~2017~~ 2018. Subdivision 4 is effective July 1, 2016, and expires on the date the last loan is repaid or forgiven as provided under this section.

Sec. 10. **GREATER MINNESOTA COMMUNITY DESIGN PILOT PROJECT.**

Subdivision 1. **Creation.** The Minnesota Design Center at the University of Minnesota shall partner with relevant organizations in selected communities within greater Minnesota to establish a pilot project for community design. The pilot project shall identify current and future opportunities for rural development, create designs, seek funding from existing sources, and assist with the implementation of economically, environmentally, and culturally sensitive projects that respond to current community conditions, needs, capabilities, and aspirations in support of the selected communities. For the purposes of this section, "greater Minnesota" is limited to the following counties: Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, and Winona.

Subd. 2. **Community selection.** In order to be considered for inclusion in the pilot project, communities with fewer than 12,000 residents within the counties listed in subdivision 1 must submit a letter of interest to the Minnesota Design Center. The Minnesota Design Center may choose up to ten communities for participation in the pilot project.

Subd. 3. **Pilot project activities.** Among other activities, the Minnesota Design Center, in partnership with relevant organizations within the selected communities, shall:

(1) assess community capacity to engage in design, development, and implementation;

(2) create community and project designs that respond to a community's culture and needs, reinforce its identity as a special place, and support its future aspirations;

(3) create an implementation strategy; and

(4) build capacity to implement design work by identifying potential funding strategies and sources and assisting in grant writing to secure funding.

Sec. 11. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT; MANDATED REPORT HOLIDAY.

(a) Notwithstanding any law to the contrary, any report required by state law from the Department of Employment and Economic Development that is due in fiscal year 2018 or 2019 is optional. The commissioner of employment and economic development may produce any reports at the commissioner's discretion or as may be required by federal law.

(b) This section does not apply to workforce programs outcomes reporting under Minnesota Statutes, section 116L.98.

Sec. 12. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.

Notwithstanding Minnesota Statutes, section 116J.8731, subdivision 2, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2018. A home rule charter or statutory city, county, or town that does so may then use the remaining 80 percent of the uncommitted money for any purposes not otherwise forbidden by law other than Minnesota Statutes, section 116J.8731, but must submit a report by January 20, 2020, to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over economic development that details how the money was used.

Sec. 13. EXISTING DEPUTY COMMISSIONERS MAY SERVE UNTIL JANUARY 1, 2019.

All existing deputy commissioners under Minnesota Statutes, section 116J.01, may serve until January 1, 2019. Vacancies that occur in these positions before January 1, 2019, must not be filled.

Sec. 14. REPEALER.

Minnesota Statutes 2016, section 116J.549, is repealed.

ARTICLE 4
IRON RANGE RESOURCES AND REHABILITATION POLICY

Section 1. Minnesota Statutes 2016, section 3.732, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher Education, the Higher Education Facilities Authority, the Health Technology Advisory Committee, the Armory Building Commission, the Zoological Board, the Department of Iron Range Resources and Rehabilitation Board, the Minnesota Historical Society, the State Agricultural Society, the University of Minnesota, the Minnesota State Colleges and Universities, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota National Guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor except, for purposes of this section and section 3.736 only, a guardian ad litem acting under court appointment, or members of the Minnesota National Guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the Second or Fourth Judicial District, a member of the Health Technology Advisory Committee, and any officer, agent, or employee of the state of Wisconsin performing work for the state of Minnesota pursuant to a joint state initiative.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 2016, section 3.736, subdivision 3, is amended to read:

Subd. 3. **Exclusions.** Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) a loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or rule;

(b) a loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) a loss in connection with the assessment and collection of taxes;

(d) a loss caused by snow or ice conditions on a highway or public sidewalk that does not abut a publicly owned building or a publicly owned parking lot, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) a loss caused by wild animals in their natural state, except as provided in section 3.7371;

(f) a loss other than injury to or loss of property or personal injury or death;

(g) a loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, state land that contains idled or abandoned mine pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither affixed nor improved;

(h) a loss involving or arising out of the use or operation of a recreational motor vehicle, as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as defined in section 160.02, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(i) a loss incurred by a user arising from the construction, operation, or maintenance of the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the construction, operation, maintenance, or administration of grants-in-aid trails as defined in section 85.018, or for a loss arising from the construction, operation, or maintenance of a water access site created by the Department of Iron Range Resources and Rehabilitation Board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person. For the purposes of this clause, a water access site, as defined in section 86A.04 or created by the commissioner of Iron Range resources and rehabilitation Board, that provides access to an idled, water filled mine pit, also includes the entire water filled area of the pit and, further, includes losses caused by the caving or slumping of the mine pit walls;

(j) a loss of benefits or compensation due under a program of public assistance or public welfare, except if state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(k) a loss based on the failure of a person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(l) a loss based on the usual care and treatment, or lack of care and treatment, of a person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(m) loss, damage, or destruction of property of a patient or inmate of a state institution except as provided under section 3.7381;

(n) a loss for which recovery is prohibited by section 169A.48, subdivision 2;

(o) a loss caused by an aeration, bubbler, water circulation, or similar system used to increase dissolved oxygen or maintain open water on the ice of public waters, that is operated under a permit issued by the commissioner of natural resources;

(p) a loss incurred by a visitor to the Minnesota Zoological Garden, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(q) a loss arising out of a person's use of a logging road on public land that is maintained exclusively to provide access to timber on that land by harvesters of the timber, and is not signed or otherwise held out to the public as a public highway; and

(r) a loss incurred by a user of property owned, leased, or otherwise controlled by the Minnesota National Guard or the Department of Military Affairs, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

The state will not pay punitive damages.

Sec. 3. Minnesota Statutes 2016, section 15.01, is amended to read:

15.01 DEPARTMENTS OF THE STATE.

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Commerce; the Department of Corrections; the Department of Education; the Department of Employment and Economic Development; the Department of Health; the Department of Human Rights; the Department of Iron Range Resources and Rehabilitation; the Department of Labor and Industry; the Department of Management and Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Human Services; the Department of Revenue; the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

Sec. 4. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

Subd. 7. **Department of Iron Range Resources and Rehabilitation Board.** After seeking a recommendation from the Legislative Commission on Iron Range Resources and Rehabilitation, the commissioner of Iron Range resources and rehabilitation ~~Board~~ may purchase insurance ~~it considers~~ the commissioner deems necessary and appropriate to insure facilities operated by the ~~board~~ commissioner.

Sec. 5. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall not exceed 120 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all urban consumers from October of the second prior year to October of the immediately prior year. The commissioner of management and budget must publish the limit on the department's Web site. This subdivision applies to the following positions:

Executive director of Gambling Control Board;

Commissioner, of Iron Range resources and rehabilitation ~~Board~~;

Commissioner, Bureau of Mediation Services;

Ombudsman for Mental Health and Developmental Disabilities;

Chair, Metropolitan Council;

School trust lands director;

Executive director of pari-mutuel racing; and

Commissioner, Public Utilities Commission.

Sec. 6. Minnesota Statutes 2016, section 43A.02, subdivision 22, is amended to read:

Subd. 22. **Executive branch.** "Executive branch" means heads of all agencies of state government, elective or appointive, established by statute or Constitution and all employees of those agency heads who have within their particular field of responsibility statewide jurisdiction and who are not within the legislative or judicial branches of government. The executive branch also includes employees of the Department of Iron Range Resources and Rehabilitation Board. The executive branch does not include agencies with jurisdiction in specifically defined geographical areas, such as regions, counties, cities, towns, municipalities, or school districts, the University of Minnesota, the Public Employees Retirement Association, the Minnesota State Retirement System, the Teachers Retirement Association, the Minnesota Historical Society, and all of their employees, and any other entity which is incorporated, even though it receives state funds.

Sec. 7. Minnesota Statutes 2016, section 85.0146, subdivision 1, is amended to read:

Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area Citizens Advisory Council is established. Membership on the advisory council shall include:

- (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;
- (2) a representative of the Croft Mine Historical Park Joint Powers Board;
- (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked as a miner in the local area;
- (4) a representative of the Crow Wing County Board;
- (5) an elected state official;
- (6) a representative of the Grand Rapids regional office of the Department of Natural Resources;
- (7) a designee of the commissioner of Iron Range resources and rehabilitation Board;
- (8) a designee of the local business community selected by the area chambers of commerce;
- (9) a designee of the local environmental community selected by the Crow Wing County District 5 commissioner;
- (10) a designee of a local education organization selected by the Crosby-Ironton School Board;
- (11) a designee of one of the recreation area user groups selected by the Cuyuna Range Chamber of Commerce; and
- (12) a member of the Cuyuna Country Heritage Preservation Society.

Sec. 8. Minnesota Statutes 2016, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For the purposes of this chapter, the following terms have the meanings given to them in this subdivision.

- (a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.
- (b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.

(c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated, or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 103D, counties, towns, cities, port authorities, housing authorities, and economic development authorities established under sections 469.090 to 469.108, but not including courts, school districts, the Department of Iron Range Resources and Rehabilitation, and regional development commissions other than the Metropolitan Council.

Sec. 9. Minnesota Statutes 2016, section 116J.423, subdivision 2, is amended to read:

Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans or equity investments in mineral, steel, or any other industry processing, production, manufacturing, or technology project that would enhance the economic diversification and that is located within the taconite relief tax relief area as defined under section 273.134. The commissioner must, prior to making any loans or equity investments and after consultation with industry and public officials, develop a strategy for making loans and equity investments that assists the taconite relief area in retaining and enhancing its economic competitiveness. Money in the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

Sec. 10. Minnesota Statutes 2016, section 116J.424, is amended to read:

116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD CONTRIBUTION.

The commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board with approval by the board, after consultation with the Legislative Commission on Iron Range Resources and Rehabilitation and complying with the requirements for expenditures under section 298.22,~~ may provide an equal match for any loan or equity investment made for a project located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the ~~board and the board at its sole discretion shall~~ commissioner of Iron Range resources and rehabilitation and the commissioner, after consultation with the commission, shall have sole discretion to decide what interest ~~at the fund~~ acquires in a project. The commissioner of employment and economic development may require a commitment from the ~~board~~ commissioner of Iron Range resources and rehabilitation to make the match prior to disbursing money from the fund.

Sec. 11. Minnesota Statutes 2016, section 116J.994, subdivision 3, is amended to read:

Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

(2) a statement of the public purposes for the subsidy;

(3) measurable, specific, and tangible goals for the subsidy;

(4) a description of the financial obligation of the recipient if the goals are not met;

(5) a statement of why the subsidy is needed;

(6) a commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date;

(7) the name and address of the parent corporation of the recipient, if any; and

(8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

(e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be authorized to move from the jurisdiction where the subsidy is used within the five-year period after the benefit date if, after a public hearing, the grantor approves the recipient's request to move. For the purpose of this paragraph, if the grantor is a state government agency other than the Department of Iron Range Resources and Rehabilitation Board, "jurisdiction" means a city or township.

Sec. 12. Minnesota Statutes 2016, section 116J.994, subdivision 5, is amended to read:

Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$150,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the commissioner of Iron Range resources and rehabilitation Board, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the commissioner of Iron Range resources and rehabilitation Board must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the commissioner of Iron Range resources and rehabilitation Board must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and rehabilitation Board.

(f) The public notice of any public meeting about a business subsidy agreement, including those required by this subdivision and by subdivision 4, must include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

Sec. 13. Minnesota Statutes 2016, section 116J.994, subdivision 7, is amended to read:

Subd. 7. **Reports by recipients to grantors.** (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the local government agency that provided the subsidy or to the commissioner if the grantor is a state agency. If the commissioner of Iron Range resources and rehabilitation Board is the grantor, the copies must be sent to the board. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;

(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;

(8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(9) the name and address of the parent corporation of the recipient, if any;

(10) a list of all financial assistance by all grantors for the project; and

(11) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year. The local agency and the commissioner of Iron Range resources and rehabilitation Board must forward copies of the reports received by recipients to the commissioner by April 1.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting requirements of this subdivision, except that the report of the recipient must include instead:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the assistance is tax increment financing;

(2) progress towards meeting goals stated in the assistance agreement and the public purpose of the assistance;

(3) if the agreement includes job creation, the hourly wage of each job created with separate bands of wages;

(4) if the agreement includes job creation, the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

Sec. 14. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

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

(b) "Area development rate" means a rate schedule established by a utility that provides customers within an area development zone service under a base utility rate schedule, except that charges may be reduced from the base rate as agreed upon by the utility and the customer consistent with this section.

(c) "Area development zone" means a contiguous or noncontiguous area designated by an authority or municipality for development or redevelopment and within which one of the following conditions exists:

(1) obsolete buildings not suitable for improvement or conversion or other identified hazards to the health, safety, and general well-being of the community;

(2) buildings in need of substantial rehabilitation or in substandard condition; or

(3) low values and damaged investments.

(d) "Authority" means a rural development financing authority established under sections 469.142 to 469.151; a housing and redevelopment authority established under sections 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an economic development authority established under sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron Range resources and rehabilitation Board established under section 298.22; a municipality that is administering a development district created under sections 469.124 to 469.133 or any special law; a municipality that undertakes a project under sections 469.152 to 469.165, except a town located outside the metropolitan area as defined in section 473.121, subdivision 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers of a port authority under any general or special law.

(e) "Municipality" means a city, however organized, and, with respect to a project undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008, also includes any county.

Sec. 15. Minnesota Statutes 2016, section 216B.1694, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy project" means a proposed energy-generation facility or group of facilities which may be located on up to three sites:

(1) that makes use of an innovative generation technology utilizing coal as a primary fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional technologies;

(2) that the project developer or owner certifies is a project capable of offering a long-term supply contract at a hedged, predictable cost; and

(3) that is designated by the commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board~~ as a project that is located in the taconite tax relief area on a site that has substantial real property with adequate infrastructure to support new or expanded development and that has received prior financial and other support from the board.

Sec. 16. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole or part within the area. If a municipality is located partly within and partly without the area, the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to the property or portion thereof that is located in that portion of the municipality within the area, except that the fiscal capacity of the municipality must be computed upon the basis of the valuation and population of the entire municipality. A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The commissioner of Iron Range resources and rehabilitation ~~Board~~ and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year. Before making the determination, the commissioner of Iron Range resources and rehabilitation must consult the Legislative Commission on Iron Range Resources and Rehabilitation.

Sec. 17. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the commissioner of Iron Range resources and rehabilitation ~~Board~~, after consultation with the Legislative Commission on Iron Range Resources and Rehabilitation, to be used for the purposes of the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the commissioner of Iron Range resources and rehabilitation ~~Board~~, after consultation with the Legislative Commission on Iron Range Resources and Rehabilitation, has certified by June 30 that the Iron Range school consolidation and cooperatively operated account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

Sec. 18. Minnesota Statutes 2016, section 276A.06, subdivision 8, is amended to read:

Subd. 8. **Certification of values; payment.** The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (1), including the school fund allocation within the county and the total tax on contribution value pursuant to subdivision 7, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined and the county's portion of the school fund allocation to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditor's certification. On or before June 15 and November 15 of each year, each county treasurer shall pay to the administrative auditor that county's share of the school fund allocation. On or before December 1 of each year, the administrative auditor shall pay the school fund allocation to the commissioner of Iron Range resources and rehabilitation Board for deposit in the Iron Range school consolidation and cooperatively operated account.

Sec. 19. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

Subdivision 1. **Development.** In any county where the county board by proper resolution sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation ~~with the approval of the board, after consultation with the Legislative Commission on Iron Range Resources and Rehabilitation,~~ may upon request of the county board assist said county in carrying out any project for the long range development of its forest resources through matching of funds or otherwise.

Sec. 20. Minnesota Statutes 2016, section 282.38, subdivision 3, is amended to read:

Subd. 3. **Not to affect commissioner of Iron Range resources and rehabilitation.** Nothing herein shall be construed to limit or abrogate the authority of the commissioner of Iron Range resources and rehabilitation to give temporary assistance to any county in the development of its land use program.

Sec. 21. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to 298.298, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

Sec. 22. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision to read:

Subd. 11. **Commission.** "Commission" means the Legislative Commission on Iron Range Resources and Rehabilitation, as established under section 298.22.

Sec. 23. Minnesota Statutes 2016, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities

and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) five percent to the commissioner of Iron Range resources and rehabilitation ~~Board~~ for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund; and

(9) seven percent to the taconite environmental protection fund.

The proceeds of the tax shall be distributed on July 15 each year.

Sec. 24. Minnesota Statutes 2016, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural resources to fund agency staff to work on environmental issues and provide regulatory services for ferrous and nonferrous mining operations in this state. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining operations; (2) there is annually appropriated and credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund for transfer to the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a, an amount equal to that which would have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation ~~Board~~ regarding the loans. Payment to the Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

(d) Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

Sec. 25. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

Subdivision 1. ~~The Office of Commissioner~~ **Department of Iron Range Resources and Rehabilitation.** (a) ~~The Office of the Commissioner~~ Department of Iron Range Resources and Rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06.

(b) The commissioner may hold other positions or appointments that are not incompatible with duties as commissioner of Iron Range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of staff and other assistance as may be necessary, must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting options available under section 471.345 when the commissioner determines it is in the best interest of the agency. The agency is not subject to sections 16E.016 and 16C.05.

(c) When the commissioner determines that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use of natural resources in the future and any resulting decrease in employment, the commissioner may use whatever amounts of the appropriation made to the commissioner of revenue in section 298.28 that are determined to be necessary and proper in the development of the remaining resources of the county and in the vocational training and rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in effect after July 1, 1985, is appropriated from the general fund.~~ For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

(d) The commissioner shall annually submit a budget proposal to the Legislative Commission on Iron Range Resources and Rehabilitation. The commission must review and make recommendations on the commissioner's budget proposal and the governor must approve the commissioner's budget proposal as provided in subdivisions 1b, 1c, and 11. This paragraph applies to transfers and expenditures from the following funds or accounts:

(1) the taconite area environmental protection fund under section 298.223, including grants under section 298.2961;

(2) the Douglas J. Johnson economic protection trust fund under sections 298.291 to 298.298, including grants under section 298.2961;

(3) the Iron Range resources and rehabilitation account in the special revenue fund;

(4) the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a, except as provided under paragraph (e);

(5) the Minnesota 21st century fund match requirements under section 116J.424; and

(6) the Iron Range higher education account under section 298.28, subdivision 9d.

(e) Paragraph (d) does not apply to expenditures for:

(1) the commissioner's obligations under sections 298.221; 298.2211, subdivision 4; 298.225, subdivision 2; and 298.292, subdivision 2, clause (3);

(2) payments of amounts authorized under section 298.28, subdivisions 2, 3, 4, 5, 6, 7a, clause (4), and 9a; or

(3) other expenditures required to pay bonds or binding contracts entered into prior to the effective date of this section.

Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

Subd. 1a. **Legislative Commission on Iron Range Resources and Rehabilitation Board.** (a) The Legislative Commission on Iron Range Resources and Rehabilitation Board is created in the legislative branch. The commissioner shall consult the commission before making expenditures or undertaking projects authorized under this chapter. The commission consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside in a taconite assistance area as defined in section 273.1341. One additional state senator shall also be appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. All expenditures and projects made by the commissioner shall first be submitted to the board for approval. The expenses of the board shall be paid by the state from the funds raised pursuant to this section. Members of the board may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1.

~~The members shall be appointed in January of every odd-numbered year, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as original members were chosen.~~

(b) The most senior legislator will serve as temporary chair for the purposes of convening the first meeting, at which members shall develop procedures to elect a chair. The chair shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter. The commission must meet at least quarterly to review the actions of the commissioner.

(c) The appointed legislative member shall serve on the commission for a two-year term, beginning January 1 of each odd-numbered year. The appointed legislative member serves until their successor is appointed and qualified.

EFFECTIVE DATE. This section is effective the day following final enactment. The additional state senator shall be appointed under this section no later than July 1, 2018.

Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1b. Evaluation of proposed budgets and projects. (a) In evaluating budgets proposed by the commissioner, the commission must consider factors including but not limited to the extent to which the proposed budget:

(1) contributes to increasing the effectiveness of promoting or managing Iron Range economic and workforce development, community development, minerals and natural resources development, and any other issue as determined by the commission; and

(2) advances the strategic plan adopted under subdivision 1c.

(b) In evaluating projects proposed by the commissioner, the commission must consider factors including but not limited to:

(1) whether, and the extent to which, an applicant could complete the proposed project without funding from the commissioner;

(2) job creation or retention goals for the proposed project, including but not limited to wages and benefits; whether the jobs created are full time, part time, temporary, or permanent; and whether the stated job creation or retention goals in the proposal can be adequately measured using methods established by the commissioner;

(3) how and to what extent the proposed project is expected to impact the economic climate of the Iron Range resources and rehabilitation services area;

(4) how the proposed project would meet match requirements, if any; and

(5) whether the proposed project meets the written objectives, priorities, and policies established by the commissioner.

Sec. 28. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1c. Strategic plan required. The commissioner, in consultation with the commission, shall adopt a strategic plan for making expenditures including identifying the priority areas for funding for the next six years. The strategic plan must be reviewed every two years. The strategic plan must have clearly stated short- and long-term goals and strategies for expenditures, provide measurable outcomes for expenditures, and determine areas of emphasis for funding.

Sec. 29. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1d. **Administrative and staff assistance.** The Legislative Coordinating Commission shall provide administrative and staff support to the commission. The commissioner shall provide additional information and research assistance to the commission, as requested by the commission.

Sec. 30. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1e. **Expenses of the commission.** All expenses of the commission, including the payment of per diems and expenses under subdivision 1a must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner.

Sec. 31. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation with the commission, may purchase forest lands in the taconite assistance area defined ~~in~~ under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The commissioner, ~~upon approval by the board~~ after consultation with the commission, may sell forest lands purchased under this subdivision if ~~the board finds~~ the commissioner determines that the sale advances the purposes of the trust. Proceeds derived from the management or sale of the lands and from the sale of timber or removal of gravel or other minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is established within the state financial accounts. Funds may be expended from the account ~~upon approval by the board~~ by the commissioner, after consultation with the commission, to purchase, manage, administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~ After consultation with the commission, the commissioner may transfer money in the Iron Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the Douglas J. Johnson economic protection trust fund established under sections 298.291 to 298.294. The property acquired under the authority granted by this subdivision and income derived from the property or the operation or management of the property are exempt from taxation by the state or its political subdivisions while held by the forest trust. The commissioner's actions under this subdivision must at all times comply with the requirements for expenditures under subdivisions 1, 1b, 1c, and 11.

Sec. 32. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

Subd. 6. **Private entity participation.** ~~The board~~ commissioner, after consultation with the commission, may acquire an equity interest in any project for which ~~it~~ the commissioner provides funding. The commissioner may, ~~after consultation with the commission,~~ establish, participate in the management of, and dispose of the assets of charitable foundations, nonprofit limited liability companies, and nonprofit corporations associated with any project for which ~~it~~ the commissioner provides funding, including specifically, but without limitation, a corporation within the meaning of section 317A.011, subdivision 6. The commissioner's actions under this subdivision must at all times comply with the requirements for expenditures under subdivisions 1, 1b, 1c, and 11.

Sec. 33. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

Subd. 10. **Sale or privatization of functions.** The commissioner ~~of Iron Range resources and rehabilitation~~ may not sell or privatize the Ironworld Discovery Center or Giants Ridge Golf and Ski Resort without ~~prior approval by the board~~ first seeking the recommendation of the commission.

Sec. 34. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation shall annually prepare a budget for operational expenditures, programs, and projects, and submit it to the ~~Iron Range Resources and Rehabilitation Board~~ commission. After the commission has been consulted, its recommendations and the commissioner's budget shall be submitted to the governor. Once the budget is approved by the board and the governor, the commissioner may spend money in accordance with the approved budget. If unanticipated needs for funds arise outside of the annual budget process, the commissioner must consult the commission and receive the governor's approval before spending the funds.

Sec. 35. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 13. **Grants and loans; requirements.** (a) Prior to awarding any grants or approving loans from any fund or account from which the commissioner has the authority under law to expend money, the commissioner must evaluate applications based on criteria including, but not limited to:

(1) whether, and the extent to which, an applicant could complete a project without funding from the commissioner;

(2) job creation or retention goals for the project, including but not limited to wages and benefits, and whether the jobs created are full time, part time, temporary, or permanent;

(3) whether the applicant's stated job creation or retention goals can be adequately measured using methods established by the commissioner;

(4) how and to what extent the project proposed by the applicant is expected to impact the economic climate of the Iron Range resources and rehabilitation services area;

(5) how the applicant would meet match requirements, if any; and

(6) whether the project for which a grant or loan application has been submitted meets the written objectives, priorities, and policies established by the commissioner.

(b) The commissioner, if appropriate, must include incentives in loan and grant award agreements to promote and assist grant recipients in achieving the stated job creation and retention objectives established by the commissioner.

(c) For all loans and grants awarded from funds under the commissioner's authority pursuant to this chapter, the commissioner must:

(1) create and maintain a database for tracking loan and grant awards;

(2) create and maintain an objective mechanism for measuring job creation and retention;

(3) verify achievement of job creation and retention goals by grant and loan recipients;

(4) monitor grant and loan awards to ensure that projects comply with applicable Iron Range resources and rehabilitation policies; and

(5) verify that grant or loan recipients have met applicable matching fund requirements.

Sec. 36. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 14. **Expenditures; taconite assistance area.** Expenditures subject to the requirements of this section may be expended only within or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 37. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 15. **Reports to the legislature.** The commissioner shall submit to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over economic development policy an annual report of expenditures under this section.

Sec. 38. Minnesota Statutes 2016, section 298.221, is amended to read:

298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.

(a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of section 298.22 and any fees which may, in the discretion of the commissioner of Iron Range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in the state treasury to the credit of the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

(b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner of the Iron Range resources and rehabilitation ~~Board~~ for payment of advertising contracts if the commissioner determines that the merchandise can be used for special event prizes or mementos at facilities operated by the ~~board~~ commissioner. Nothing in this paragraph authorizes the commissioner or a member of the ~~board~~ commission to receive merchandise for personal use.

(c) All fees charged by the commissioner in connection with public use of the state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived by the commissioner from the operation or lease of those facilities and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be deposited into an Iron Range resources and rehabilitation ~~Board~~ account that is created within the state enterprise fund. All funds deposited in the enterprise fund account are appropriated to the commissioner ~~to be expended, subject to approval by the board, and may only be used,~~ as follows:

(1) to pay costs associated with the construction, equipping, operation, repair, or improvement of the Giants Ridge Recreation Area facilities or lands;

(2) to pay principal, interest and associated bond issuance, reserve, and servicing costs associated with the financing of the facilities; and

(3) to pay the costs of any other project authorized under section 298.22.

Sec. 39. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

~~Subd. 3. **Project approval.** All projects authorized by this section shall be submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for approval by the board. To get approval of a project under this section, the commissioner must comply with all the requirements for expenditures under section 298.22.~~ Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or

~~disapprove the project. Any project approved by the board and the applicable governing bodies, if any, together with detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.~~

Sec. 40. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

Subd. 6. **Fee setting.** Fees for admission to or use of facilities operated by the commissioner of Iron Range resources and rehabilitation Board that have been established according to prevailing market conditions and to recover operating costs need not be set by rule.

Sec. 41. Minnesota Statutes 2016, section 298.2212, is amended to read:

298.2212 INVESTMENT OF FUNDS.

All funds credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund for the purposes of section 298.22 must be invested pursuant to law. The net interest and dividends from the investments are included and become part of the funds available for purposes of section 298.22.

Sec. 42. Minnesota Statutes 2016, section 298.2214, subdivision 2, is amended to read:

Subd. 2. **Iron Range Higher Education Committee; membership.** The members of the committee shall consist of:

- (1) one member appointed by the governor;
- (2) one member appointed by the president of the University of Minnesota;
- (3) four members of the Legislative Commission on Iron Range Resources and Rehabilitation Board appointed by the chair;
- (4) the commissioner of Iron Range resources and rehabilitation; and
- (5) the president of the Northeast Higher Education District or its successor.

Sec. 43. Minnesota Statutes 2016, section 298.223, is amended to read:

298.223 TACONITE AREA ENVIRONMENTAL PROTECTION FUND.

Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

- (1) to initiate investigations into matters the commissioner of Iron Range resources and rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(2) reclamation, restoration, or reforestation of mine lands not otherwise provided for by state law;

(3) local economic development projects ~~but only if those projects are approved by the board~~, and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

(4) monitoring of mineral industry related health problems among mining employees; and

(5) local public works projects under section 298.227, paragraph (c).

Subd. 2. **Administration.** ~~(a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range resources and rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary, in compliance with the requirements for expenditures under section 298.22.~~

~~(b) Each year no less than one half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, clause (3). The Iron Range Resources and Rehabilitation Board may waive the requirements of this paragraph.~~

~~(c) Upon approval by the board, the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and the governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.~~

Subd. 3. **Appropriation.** There is annually appropriated to the commissioner of Iron Range resources and rehabilitation taconite area environmental protection funds necessary to carry out approved projects and programs and the funds necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 11, relating to the taconite area environmental protection fund.

Sec. 44. Minnesota Statutes 2016, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation ~~Board~~ in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production

technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved ~~by the board~~ under the requirements for expenditures under section 298.22, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.~~

~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.~~

~~(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.~~

Sec. 45. Minnesota Statutes 2016, section 298.27, is amended to read:

298.27 COLLECTION AND PAYMENT OF TAX.

The taxes provided by section 298.24 shall be paid directly to each eligible county and the commissioner of Iron Range resources and rehabilitation Board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 15. Every person subject to taxes imposed by section 298.24 shall file a

correct report covering the preceding year. The report must contain the information required by the commissioner of revenue. The report shall be filed by each producer on or before February 1. A remittance equal to 50 percent of the total tax required to be paid hereunder shall be paid on or before February 24. A remittance equal to the remaining total tax required to be paid hereunder shall be paid on or before August 24. On or before February 25 and August 25, the county auditor shall make distribution of the payments previously received by the county in the manner provided by section 298.28. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 46. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

Subd. 7. **Iron Range resources and rehabilitation ~~Board~~ account.** For the 1998 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and rehabilitation ~~Board~~ account for the purposes of section 298.22. That amount shall be increased for distribution years 1999 through 2014 and for distribution in 2018 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341 and in compliance with the requirements for expenditures under section 298.22. ~~No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor.~~

Sec. 47. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** (a) The following amounts must be allocated to the Iron Range resources and rehabilitation ~~Board~~ account to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; and

(ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3);

(3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund;

(ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(4) any other amount as provided by law.

(b) Expenditures from this account shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation Board, after consultation with the commissioner. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless ~~approved by seven members of the Iron Range Resources and Rehabilitation Board~~ the commissioner has complied with the requirements for expenditures under section 298.22.

Sec. 48. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the Hockey Hall of Fame, provided that it continues to operate in that city, and provided that the city of Eveleth certifies to the St. Louis County auditor that it has received donations for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and the governing body of the city determines that it is unlikely to resume operation there within a six-month period, the distribution under this subdivision shall be made to the commissioner of Iron Range resources and rehabilitation Board.

Sec. 49. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be ~~allocated to the Iron Range Resources and Rehabilitation Board to be~~ deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area

defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214, and the commissioner of Iron Range resources and rehabilitation ~~Board~~, after complying with all the requirements for expenditures under section 298.22, must approve all expenditures from the account.

Sec. 50. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in subdivisions 2 to 10a, as certified by the commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with interest earned on all money distributed under this section prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(b) There shall be distributed to each city, town, and county the amount that it received under Minnesota Statutes 1978, section 294.26, in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(c) There shall be distributed to the Iron Range resources and rehabilitation ~~Board~~ account the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount distributed under this paragraph shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341.

(d) There shall be distributed to each school district 62 percent of the amount that it received under Minnesota Statutes 1978, section 294.26, in calendar year 1977.

Sec. 51. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture

capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner ~~upon approval by the board, after consultation with the commission.~~ The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 52. Minnesota Statutes 2016, section 298.296, is amended to read:

298.296 OPERATION OF FUND.

Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates~~ must comply with the requirements for expenditures under section 298.22. ~~These Projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it proposed by the commissioner unless the commissioner finds that:~~

(a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

~~Each project must be approved by over one half of all of the members of the board and the commissioner of Iron Range resources and rehabilitation. The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.~~

Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust.

(b) Additionally, ~~upon recommendation by the board, the commissioner, after consulting the commission, may choose to make~~ up to \$13,000,000 from the corpus of the trust ~~may be made~~ available for use as provided in subdivision 4, and up to \$10,000,000 from the corpus of the trust may be made available for use as provided in section 298.2961.

(c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8, section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend funds for projects under this paragraph only if ~~the project~~:

(1) the project is for the purposes established under section 298.292, subdivision 1, clause (1) or (2); and

(2) ~~is approved by two thirds of all of the members of the board~~ the commissioner complied with the requirements for expenditures under section 298.22.

No money made available under this paragraph or paragraph (d) can be used for administrative or operating expenses of the Department of Iron Range resources and rehabilitation Board or expenses relating to any facilities owned or operated by the ~~board~~ commissioner on May 18, 2002.

(d) ~~Upon recommendation by a unanimous vote of all members of the board,~~ The commissioner may spend amounts in addition to those authorized under paragraphs (a), (b), and (c) ~~may be expended~~ on projects described in section 298.292, subdivision 1, if the commissioner complies with the requirements for expenditures under section 298.22.

(e) Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

(f) Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to 298.298.

(g) Additionally, notwithstanding section 298.293, ~~upon the approval of the board~~ if the commissioner complies with the requirements for expenditures under section 298.22, money from the corpus of the trust may be expended to purchase forest lands within the taconite assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

Subd. 3. **Administration.** The commissioner ~~and staff of the~~ Iron Range resources and rehabilitation ~~Board~~ shall administer the program under which funds are expended pursuant to sections 298.292 to 298.298.

Subd. 4. **Temporary loan authority.** (a) ~~The board may recommend that~~ If the commissioner complies with the requirements for expenditures under section 298.22, the commissioner may use up to \$7,500,000 from the corpus of the trust ~~may be used~~ for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

(b) Additionally, ~~the board must reserve~~ the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, ~~to be used~~ must be reserved for grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a). This amount must be reserved until it is used as described in this subdivision.

(c) Additionally, ~~the board may recommend that~~ up to \$5,500,000 from the corpus of the trust may be used for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

(d) The ~~board~~ commissioner, after consultation with the commission, may require that ~~it~~ the fund receive an equity percentage in any project to which it contributes under this section.

Sec. 53. Minnesota Statutes 2016, section 298.2961, is amended to read:

298.2961 PRODUCER GRANTS.

Subdivision 1. **Appropriation.** (a) \$10,000,000 is appropriated from the Douglas J. Johnson economic protection trust fund to a special account in the taconite area environmental protection fund for grants to producers on a project-by-project basis as provided in this section.

(b) The proceeds of the tax designated under section 298.28, subdivision 9b, are appropriated for grants to producers on a project-by-project basis as provided in this section.

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant.

(b) ~~To be proposed by the board, a project must be approved by the board. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time. For all such projects, the commissioner must comply with the requirements for expenditures under section 298.22.~~

(c) The ~~board~~ commissioner, after consultation with the commission, may require that ~~it~~ the fund receive an equity percentage in any project to which it contributes under this section.

Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the taconite environmental fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section.

(b) Any portion of the taconite environmental fund that is not released by the commissioner within three years of its deposit in the taconite environmental fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds must be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant or loan made under this subdivision ~~must be approved by the board, established under section 298.22~~ comply with the requirements for expenditures under section 298.22.

(b) All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 54. Minnesota Statutes 2016, section 298.297, is amended to read:

298.297 ADVISORY COMMITTEES.

Before submission of a project to the ~~board~~ commission, the commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of one or more persons who are knowledgeable in areas related to the objectives of the proposal. Members of the committees shall be compensated as provided in section 15.059, subdivision 3. ~~The board shall not act~~ commission shall not make recommendations on a proposal until it has received the evaluation and recommendations of the technical advisory committee or until 15 days have elapsed since the proposal was transmitted to the advisory committee, whichever occurs first.

Sec. 55. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly constituted authorities of a taxing district there are in existence reserves of unmined iron ore located in such district, these authorities may petition the commissioner of Iron Range resources and rehabilitation ~~Board~~ for authority to petition the county assessor to verify the existence of such reserves and to ascertain the value thereof by drilling in a manner consistent with established engineering and geological exploration methods, in order that such taxing district may be able to forecast in a proper manner its future economic and fiscal potentials. The commissioner may grant the authority to petition only after consultation with the commission.

Sec. 56. Minnesota Statutes 2016, section 298.46, subdivision 5, is amended to read:

Subd. 5. **Payment of costs; reimbursement.** The cost of such exploration or drilling plus any damages to the property which may be assessed by the district court shall be paid by the commissioner of Iron Range resources and rehabilitation ~~Board~~ from amounts appropriated to ~~that board~~ the commissioner under section 298.22. The commissioner of Iron Range resources and rehabilitation ~~Board~~ shall be reimbursed for one-half of the amounts thus expended. Such reimbursement shall be made by the taxing districts in the proportion that each such taxing district's levy on the property involved bears to the total levy on such property. Such reimbursement shall be made to the commissioner of Iron Range resources and rehabilitation ~~Board~~ in the manner provided by section 298.221.

Sec. 57. Minnesota Statutes 2016, section 298.46, subdivision 6, is amended to read:

Subd. 6. **Refusal to reimburse; reduction of other payments.** If any taxing district refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor is hereby authorized to reduce payments required to be made by the county to such taxing district under other provisions of law. Thereafter the auditor shall draw a warrant, which shall be deposited with the state treasury in accordance with section 298.221, to the credit of the commissioner of Iron Range resources and rehabilitation ~~Board~~.

Sec. 58. Minnesota Statutes 2016, section 466.03, subdivision 6c, is amended to read:

Subd. 6c. **Water access sites.** Any claim based upon the construction, operation, or maintenance by a municipality of a water access site created by the commissioner of Iron Range resources and rehabilitation ~~Board~~. A water access site under this subdivision that provides access to an idled, water filled mine pit also includes the entire water filled area of the pit, and, further, claims related to a mine pit water access site under this subdivision include those based upon the caving or slumping of mine pit walls.

Sec. 59. Minnesota Statutes 2016, section 469.310, subdivision 9, is amended to read:

Subd. 9. **Local government unit.** "Local government unit" means a statutory or home rule charter city, county, town, ~~the Department of~~ Iron Range Resources and Rehabilitation ~~agency~~, regional development commission, or a federally designated economic development district.

Sec. 60. Minnesota Statutes 2016, section 474A.02, subdivision 21, is amended to read:

Subd. 21. **Preliminary resolution.** "Preliminary resolution" means a resolution adopted by the governing body or board of the issuer, or ~~in the case of the~~ by the commissioner of Iron Range resources and rehabilitation Board ~~by the commissioner~~. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project, identify the proposed project, and disclose the proposed amount of qualified bonds to be issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify a specific project.

Sec. 61. Laws 2010, chapter 389, article 5, section 7, is amended to read:

Sec. 7. GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.

Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose any or all of the taxes described in this section.

Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less refunds and costs of collection, must be deposited into the Iron Range Resources and Rehabilitation ~~Board~~ account enterprise fund created under the provisions of Minnesota Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board~~, upon approval by the vote of at least seven members of ~~after consultation with the~~ Legislative Commission on Iron Range Resources and Rehabilitation ~~Board~~, to pay costs for the construction, renovation, improvement, expansion, and maintenance of public recreational facilities located in those portions of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7, or to pay any principal, interest, or premium on any bond issued to finance the construction, renovation, improvement, or expansion of such public recreational facilities.

Subd. 3. **Lodging tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed only on gross lodging receipts generated within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

(b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner consults with the Legislative Commission on Iron Range Resources and Rehabilitation.

Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on admission receipts to entertainment and recreational facilities and on receipts from the rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If the city imposes the tax under paragraph (a), it must include in the ordinance an exemption for purchases of season tickets or passes.

(c) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner consults with the Legislative Commission on Iron Range Resources and Rehabilitation.

Subd. 5. **Food and beverage tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than one percent on gross receipts of food and beverages sold whether it is consumed on or off the premises by restaurants and places of refreshment as defined by resolution of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner consults with the Legislative Commission on Iron Range Resources and Rehabilitation.

EFFECTIVE DATE. This section is effective August 1, 2017, without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 62. **REVISOR'S INSTRUCTION.**

The revisor of statutes, with cooperation from the House Research Department and the Office of Senate Counsel, Research, and Fiscal Analysis, shall prepare legislation that makes conforming changes in accordance with the provisions of this article. The revisor shall submit the proposal, in a form ready for introduction, during the 2018 regular legislative session to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over taxes.

Sec. 63. **REPEALER.**

Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are repealed.

ARTICLE 5
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL
POLICY

Section 1. Minnesota Statutes 2016, section 268.046, subdivision 3, is amended to read:

Subd. 3. **Penalties; application.** (a) Any person that violates the requirements of this section and any taxpaying employer that violates subdivision 1, paragraph (b), or any nonprofit or government employer that violates subdivision 2, paragraph (b), is subject to the penalties under section 268.184, subdivision 1a. Penalties are credited to the trust fund.

(b) Section 268.051, subdivision 4, does not apply to contracts under this section. This section does not limit or prevent the application of section 268.051, subdivision 4, to any other transactions or acquisitions involving the taxpaying employer. This section does not limit or prevent the application of section 268.051, subdivision 4a.

(c) An assignment of an account upon the execution of a contract under this section and a termination of a contract with the corresponding assignment of the account is not ~~considered~~ a separation from employment of any worker covered by the contract. Nothing under this subdivision causes the person to be liable for any amounts past due under this chapter from the taxpaying employer or the nonprofit or government employer.

~~(d) This section applies to, but is not limited to, persons registered under section 79.255, but does not apply to persons that obtain~~ An exemption from registration under section 79.255, subdivision 9, does not determine the application of this section.

Sec. 2. Minnesota Statutes 2016, section 268.065, subdivision 2, is amended to read:

Subd. 2. **Employee leasing company, professional employer organization, or similar person.** (a) A person whose work force consists of 50 percent or more of workers provided by an employee leasing company, professional employer organization, or similar person for a fee, is jointly and severally liable for the unpaid amounts that are due under this chapter or section 116L.20 on the wages paid on the contract with the employee leasing company, professional employer organization, or similar person.

~~(b) This subdivision applies to, but is not limited to, persons registered under section 79.255, but does not apply to agreements with persons that obtain~~ An exemption from registration under section 79.255, subdivision 9, does not determine the application of this section.

Sec. 3. Minnesota Statutes 2016, section 268.085, subdivision 13, is amended to read:

Subd. 13. **Suspension from employment.** (a) An applicant who has been suspended from employment without pay for 30 calendar days or less, as a result of employment misconduct or aggravated employment misconduct as defined under section 268.095, ~~subdivision 6~~, is ineligible for unemployment benefits beginning the Sunday of the week that the applicant was suspended and continuing for the duration of the suspension.

(b) A suspension from employment without pay that is of indefinite duration or is for more than 30 calendar days is considered, at the time the suspension begins, a discharge from employment ~~under~~ subject to section 268.095, ~~subdivision 5~~.

(c) A suspension from employment with pay, regardless of duration, is not ~~considered~~ a separation from employment and the applicant is ineligible for unemployment benefits for the duration of the suspension with pay.

Sec. 4. Minnesota Statutes 2016, section 268.095, subdivision 5, is amended to read:

Subd. 5. **Discharge defined.** (a) A discharge from employment occurs when any words or actions by an employer would lead a reasonable employee to believe that the employer will no longer allow the employee to work for the employer in any capacity. A layoff because of lack of work is a discharge.

~~(b)~~ A suspension from employment without pay that is of an indefinite duration or is for more than 30 calendar days is considered a discharge at the time the suspension begins.

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

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

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

Sec. 5. Minnesota Statutes 2016, section 268.101, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility raised by information required from an applicant under subdivision 1, paragraph (a) or (c), and send to the applicant and any involved employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility, as is appropriate. The determination on an issue of ineligibility as a result of a quit or a discharge of the applicant must state the effect on the employer under section 268.047. A determination must be made in accordance with this paragraph even if a notified employer has not raised the issue of ineligibility.

(b) The commissioner must determine any issue of ineligibility raised by an employer and send to the applicant and that employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility as is appropriate. The determination on an issue of ineligibility as a result of a quit or discharge of the applicant must state the effect on the employer under section 268.047.

If a base period employer:

(1) was not the applicant's most recent employer before the application for unemployment benefits;

(2) did not employ the applicant during the six calendar months before the application for unemployment benefits; and

(3) did not raise an issue of ineligibility as a result of a quit or discharge of the applicant within ten calendar days of notification under subdivision 1, paragraph (b);

then any exception under section 268.047, subdivisions 2 and 3, begins the Sunday two weeks following the week that the issue of ineligibility as a result of a quit or discharge of the applicant was raised by the employer.

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

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

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

(e) ~~The commissioner may~~ department is authorized to issue a determination on an issue of ineligibility within 24 months from the establishment of a benefit account based upon information from any source, even if the issue of ineligibility was not raised by the applicant or an employer.

If an applicant obtained unemployment benefits through ~~fraud~~ misrepresentation under section 268.18, subdivision 2, the department is authorized to issue a determination of ineligibility ~~may be issued~~ within 48 months of the establishment of the benefit account.

If the department has filed an intervention in a worker's compensation matter under section 176.361, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

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

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

ARTICLE 6
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL
HOUSEKEEPING

Section 1. Minnesota Statutes 2016, section 268.035, subdivision 20, is amended to read:

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

- (1) employment for the United States government or an instrumentality thereof, including military service;
- (2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;
- (3) employment for a foreign government;
- (4) employment covered under the federal Railroad Unemployment Insurance Act;
- (5) employment for a church or convention or association of churches, or a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;
- (6) employment for an elementary or secondary school with a curriculum that includes religious education that is operated by a church, a convention or association of churches, or a nonprofit organization that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;
- ~~(7)~~ (7) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order;
- ~~(7)~~ (8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

~~(8)~~ (9) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program ~~assisted or~~ financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause does not apply to programs that require unemployment benefit coverage for the participants;

~~(9)~~ (10) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

~~(10)~~ (11) employment as a member of the Minnesota National Guard or Air National Guard;

~~(11)~~ (12) employment for Minnesota or a political subdivision, or instrumentality thereof, of an individual serving on a temporary basis in case of fire, flood, tornado, or similar emergency;

~~(12)~~ (13) employment as an election official or election worker for Minnesota or a political subdivision, if the compensation for that employment was less than \$1,000 in a calendar year;

~~(13)~~ (14) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

~~(14)~~ (15) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

~~(15)~~ (16) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

~~(16)~~ (17) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than \$1,000.

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

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

~~(18)~~ (19) employment of an inmate of a custodial or penal institution;

~~(19)~~ (20) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

~~(20)~~ (21) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

~~(21)~~ (22) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

~~(22)~~ (23) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

~~(23)~~ (24) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

~~(24)~~ (25) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

~~(25)~~ (26) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

~~(26)~~ (27) employment as an officer of a township mutual insurance company or farmer's mutual insurance company under chapter 67A;

~~(27)~~ (28) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

~~(28)~~ (29) employment as a real estate salesperson, other than a corporate officer, if all the wages from the employment is solely by way of commission;

~~(29)~~ (30) employment as a direct seller as defined in United States Code, title 26, section 3508;

~~(30)~~ (31) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

~~(31)~~ (32) casual employment performed for an individual, other than domestic employment under clause ~~(16)~~ (17), that does not promote or advance that employer's trade or business;

~~(32)~~ (33) employment in "agricultural employment" unless it is "covered agricultural employment" under subdivision 11; or

~~(33)~~ (34) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.

Sec. 2. Minnesota Statutes 2016, section 268.035, subdivision 21d, is amended to read:

Subd. 21d. **Staffing service.** A "staffing service" is an employer whose business involves employing individuals directly for the purpose of furnishing temporary assignment workers to ~~clients~~ support or supplement the workforce of the business that is a client of the staffing service.

Sec. 3. Minnesota Statutes 2016, section 268.051, subdivision 9, is amended to read:

Subd. 9. **Assessments, fees, and surcharges; treatment.** ~~Any assessment, fee, or surcharge imposed under the Minnesota Unemployment Insurance Law is treated the same as, and considered as, a tax.~~ Any assessment, fee, or surcharge is subject to the same collection procedures that apply to past due taxes.

Sec. 4. Minnesota Statutes 2016, section 268.07, subdivision 3b, is amended to read:

Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating within seven calendar days of the date the application is filed. An application may be backdated only if the applicant was unemployed during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

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

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

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

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

A benefit account may be withdrawn after the expiration of the benefit year, and the new work requirements of subdivision 2, paragraph (b), do not apply if the applicant was not paid any unemployment benefits on the benefit account that is being withdrawn.

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

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

Sec. 5. Minnesota Statutes 2016, section 268.085, subdivision 1, is amended to read:

Subdivision 1. **Eligibility conditions.** An applicant may be eligible to receive unemployment benefits for any week if:

(1) the applicant has filed a continued request for unemployment benefits for that week under section 268.0865;

(2) the week for which unemployment benefits are requested is in the applicant's benefit year;

(3) the applicant was unemployed as defined in section 268.035, subdivision 26;

(4) the applicant was available for suitable employment as defined in subdivision 15. The applicant's weekly unemployment benefit amount is reduced one-fifth for each day the applicant is unavailable for suitable employment. This clause does not apply to an applicant who is in reemployment assistance training, or each day the applicant is on jury duty or serving as an election judge;

(5) the applicant was actively seeking suitable employment as defined in subdivision 16. This clause does not apply to an applicant who is in reemployment assistance training or who was on jury duty throughout the week;

(6) the applicant has served a nonpayable period of one week that the applicant is otherwise eligible for some amount of unemployment benefits. This clause does not apply if the applicant would have been eligible for federal disaster unemployment assistance because of a disaster in Minnesota, but for the applicant's establishment of a benefit account under section 268.07; and

(7) the applicant has been participating in reemployment assistance services, such as development of, and adherence to, a work search plan, if the applicant has been directed to participate by the commissioner. This clause does not apply if the applicant has good cause for failing to participate. "Good cause" is a reason that would have prevented a reasonable person acting with due diligence from participating.

Sec. 6. Minnesota Statutes 2016, section 268.085, subdivision 13a, is amended to read:

Subd. 13a. **Leave of absence.** (a) An applicant on a voluntary leave of absence is ineligible for unemployment benefits for the duration of the leave of absence. An applicant on an involuntary leave of absence is not ineligible under this subdivision.

A leave of absence is voluntary when work that the applicant can then perform is available with the applicant's employer but the applicant chooses not to work. A medical leave of absence is not presumed to be voluntary.

(b) A period of vacation requested by the applicant, paid or unpaid, is ~~considered~~ a voluntary leave of absence. A vacation period assigned by an employer under: (1) a uniform vacation shutdown; (2) a collective bargaining agreement; or (3) an established employer policy, is ~~considered~~ an involuntary leave of absence.

(c) A leave of absence is a temporary stopping of work that has been approved by the employer. A voluntary leave of absence is not ~~considered~~ a quit and an involuntary leave of absence is not ~~considered~~ a discharge from employment for purposes of section 268.095.

(d) An applicant who is on a paid leave of absence, whether the leave of absence is voluntary or involuntary, is ineligible for unemployment benefits for the duration of the leave.

(e) This subdivision applies to a leave of absence from a base period employer, an employer during the period between the end of the base period and the effective date of the benefit account, or an employer during the benefit year.

Sec. 7. Minnesota Statutes 2016, section 268.105, subdivision 2, is amended to read:

Subd. 2. **Request for reconsideration.** (a) Any party, or the commissioner, may within 20 calendar days of the sending of the unemployment law judge's decision under subdivision 1a, file a request for reconsideration asking the judge to reconsider that decision.

(b) Upon a request for reconsideration having been filed, the chief unemployment law judge must send a notice, by mail or electronic transmission, to all parties that a request for reconsideration has been filed. The notice must inform the parties:

(1) that reconsideration is the procedure for the unemployment law judge to correct any factual or legal mistake in the decision, or to order an additional hearing when appropriate;

(2) of the opportunity to provide comment on the request for reconsideration, and the right under subdivision 5 to obtain a copy of any recorded testimony and exhibits offered or received into evidence at the hearing;

(3) that providing specific comments as to a perceived factual or legal mistake in the decision, or a perceived mistake in procedure during the hearing, will assist the unemployment law judge in deciding the request for reconsideration;

(4) of the right to obtain any comments and submissions provided by any other party regarding the request for reconsideration; and

(5) of the provisions of paragraph (c) regarding additional evidence.

This paragraph does not apply if paragraph (d) is applicable. Sending the notice does not mean the unemployment law judge has decided the request for reconsideration was timely filed.

(c) In deciding a request for reconsideration, the unemployment law judge must not consider any evidence that was not submitted at the hearing, except for purposes of determining whether to order an additional hearing.

The unemployment law judge must order an additional hearing if a party shows that evidence which was not submitted at the hearing:

(1) would likely change the outcome of the decision and there was good cause for not having previously submitted that evidence; or

(2) would show that the evidence that was submitted at the hearing was likely false and that the likely false evidence had an effect on the outcome of the decision.

"Good cause" for purposes of this paragraph is a reason that would have prevented a reasonable person acting with due diligence from submitting the evidence.

(d) If the party who filed the request for reconsideration failed to participate in the hearing, the unemployment law judge must issue an order setting aside the decision and ordering an additional hearing if the party who failed to participate had good cause for failing to do so. The party who failed to participate in the hearing must be informed of the requirement to show good cause for failing to participate. If the unemployment law judge determines that good cause for failure to participate has not been shown, the judge must state that in the decision issued under paragraph (f).

Submission of a written statement at the hearing does not constitute participation for purposes of this paragraph.

"Good cause" for purposes of this paragraph is a reason that would have prevented a reasonable person acting with due diligence from participating in the hearing.

(e) A request for reconsideration must be decided by the unemployment law judge who issued the decision under subdivision 1a unless that judge:

(1) is no longer employed by the department;

(2) is on an extended or indefinite leave; or

(3) has been removed from the proceedings by the chief unemployment law judge.

(f) If a request for reconsideration is timely filed, the unemployment law judge must issue:

(1) a decision affirming the findings of fact, reasons for decision, and decision issued under subdivision 1a;

(2) a decision modifying the findings of fact, reasons for decision, and decision under subdivision 1a; or

(3) an order setting aside the findings of fact, reasons for decision, and decision issued under subdivision 1a, and ordering an additional hearing.

The unemployment law judge must issue a decision dismissing the request for reconsideration as untimely if the judge decides the request for reconsideration was not filed within 20 calendar days after the sending of the decision under subdivision 1a.

The unemployment law judge must send to all parties, by mail or electronic transmission, the decision or order issued under this subdivision. A decision affirming or modifying the previously issued findings of fact, reasons for decision, and decision, or a decision dismissing the request for reconsideration as untimely, is the final decision on the matter and is binding on the parties unless judicial review is sought under subdivision 7.

ARTICLE 7
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL
TECHNICAL

Section 1. Minnesota Statutes 2016, section 268.031, subdivision 1, is amended to read:

Subdivision 1. **Standard of proof.** All issues ~~of fact~~ under the Minnesota Unemployment Insurance Law are determined by a preponderance of the evidence.

Sec. 2. Minnesota Statutes 2016, section 268.035, subdivision 15, is amended to read:

Subd. 15. **Employment.** (a) "Employment" means service performed by:

(1) an individual who is ~~considered~~ an employee under the common law of employer-employee and not ~~considered~~ an independent contractor;

(2) an officer of a corporation;

(3) a member of a limited liability company who is ~~considered~~ an employee under the common law of employer-employee; or

(4) product demonstrators in retail stores or other locations to aid in the sale of products. The person that pays the wages is ~~considered~~ the employer; or,

~~(5) an individual who performs services for a person for compensation, as:~~

~~(i) an agent driver or commission driver engaged in distributing meat products, vegetable products, fruit products, beverages, or laundry or dry cleaning services; or~~

~~(ii) a traveling or city salesperson, other than as an agent driver or commission driver, engaged full time in the solicitation on behalf of the person, of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations.~~

~~This clause applies only if the contract of service provides that substantially all of the services are to be performed personally by the individual, and the services are part of a continuing relationship with the person for whom the services are performed, and the individual does not have a substantial investment in facilities used in connection with the performance of the services, other than facilities for transportation.~~

(b) Employment does not include service as a juror.

(c) Construction industry employment is defined in subdivision 9a. Trucking and messenger/courier industry employment is defined in subdivision 25b. Rules on determining worker employment status are described under Minnesota Rules, chapter 3315.

Sec. 3. Minnesota Statutes 2016, section 268.035, subdivision 23, is amended to read:

Subd. 23. **State's average annual and average weekly wage.** (a) On or before June 30 of each year, the commissioner must calculate, from wage detail reports under section 268.044, the state's average annual wage and the state's average weekly wage in the following manner:

(1) the sum of the total monthly covered employment reported by all employers for the prior calendar year is divided by 12 to calculate the average monthly covered employment-;

(2) the sum of the total wages paid for all covered employment reported by all employers for the prior calendar year is divided by the average monthly covered employment to calculate the state's average annual wage-; and

(3) the state's average annual wage is divided by 52 to calculate the state's average weekly wage.

(b) For purposes of calculating the amount of taxable wages under subdivision 24, the state's average annual wage applies to the calendar year following the calculation.

(c) For purposes of calculating ~~(4)~~ the state's maximum weekly unemployment benefit amount available on any benefit account under section 268.07, subdivision 2a, and ~~(2)~~ the state's average weekly wage applies to the one-year period beginning the last Sunday in October of the calendar year of the calculation.

(d) For purposes of calculating the wage credits necessary to establish a benefit account under section 268.07, subdivision 2, the state's average weekly wage applies to the one-year period beginning the last Sunday in October of the calendar year of the calculation.

Sec. 4. Minnesota Statutes 2016, section 268.035, subdivision 30, is amended to read:

Subd. 30. **Wages paid.** (a) "Wages paid" means the amount of wages:

(1) that have been actually paid; or

(2) that have been credited to or set apart so that payment and disposition is under the control of the employee.

(b) Wage payments delayed beyond the regularly scheduled pay date are ~~considered~~ "wages paid" on the missed pay date. Back pay is ~~considered~~ "wages paid" on the date of actual payment. Any wages earned but not paid with no scheduled date of payment ~~is considered~~ are "wages paid" on the last day of employment.

(c) Wages paid does not include wages earned but not paid except as provided for in this subdivision.

Sec. 5. Minnesota Statutes 2016, section 268.042, subdivision 1, is amended to read:

Subdivision 1. **Employer registration.** (a) Each employer must, upon or before the submission of its first wage detail report under section 268.044, register with the commissioner for a tax account or a reimbursable account, by electronic transmission in a format prescribed by the commissioner. The employer must provide all required information for registration, including the actual physical street and city address of the employer.

(b) Within 30 calendar days, each employer must notify the commissioner by electronic transmission, in a format prescribed, of a change in legal entity, of the transfer, sale, or acquisition of a business conducted in Minnesota, in whole or in part, if the transaction results in the creation of a new or different employer or affects the establishment of employer accounts, the assignment of tax rates, or the transfer of experience rating history.

(c) Except as provided in subdivision 3, any person that is or becomes an employer ~~subject to the Minnesota Unemployment Insurance Law~~ with covered employment within any calendar year is ~~considered to be~~ subject to this chapter the entire calendar year.

(d) Within 30 calendar days of the termination of business, an employer that has been assigned a tax account or reimbursable account must notify the commissioner by electronic transmission, in a format prescribed by the commissioner, if that employer does not intend or expect to pay wages to any employees in covered employment during the current or the next calendar year. Upon notification, the employer is no longer required to file wage detail reports under section 268.044, subdivision 1, paragraph (d), and the employer's account must be terminated.

(e) An employer that has its account terminated regains its previous tax account under section 268.045, with the experience rating history of that account, if the employer again commences business and again pays wages in covered employment if:

- (1) less than 14 calendar quarters have elapsed in which no wages were paid for covered employment;
- (2) the experience rating history regained contains taxable wages; and
- (3) the experience rating history has not been transferred to a successor under section 268.051, subdivision 4.

Sec. 6. Minnesota Statutes 2016, section 268.051, subdivision 1, is amended to read:

Subdivision 1. **Payments.** (a) Unemployment insurance taxes ~~and any special assessments, fees, or surcharges~~ accrue and become payable by each employer for each calendar year on the taxable wages that the employer paid to employees in covered employment, except for:

- (1) nonprofit organizations that elect to make reimbursements as provided in section 268.053; and
- (2) the state of Minnesota and political subdivisions that make reimbursements, unless they elect to pay taxes as provided in section 268.052.

Each employer must pay taxes quarterly, at the employer's assigned tax rate under subdivision 6, on the taxable wages paid to each employee. The commissioner must compute the tax due from the wage detail report required under section 268.044 and notify the employer of the tax due. The taxes ~~and any special assessments, fees, or surcharges~~ must be paid to the trust fund and must be received by the department on or before the last day of the month following the end of the calendar quarter.

(b) If for any reason the wages on the wage detail report under section 268.044 are adjusted for any quarter, the commissioner must recompute the taxes due for that quarter and assess the employer for any amount due or credit the employer as appropriate.

Sec. 7. Minnesota Statutes 2016, section 268.07, subdivision 2, is amended to read:

Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish a benefit account an applicant must have ~~total wage credits in the applicant's four-quarter base period~~ of at least 5.3 percent of the state's average annual wage rounded down to the next lower \$100.

(b) To establish a new benefit account following the expiration of the benefit year on a prior benefit account, an applicant must have performed actual work in subsequent covered employment and have been paid wages in one or more completed calendar quarters that started after the effective date of the prior benefit account. The wages paid for that employment must be at least enough to meet the requirements of paragraph (a). A benefit account under this paragraph may not be established effective earlier than the Sunday following the end of the most recent completed calendar quarter in which the requirements of paragraph (a) were met. An applicant may not establish a second benefit account as a result of one loss of employment.

Sec. 8. Minnesota Statutes 2016, section 268.07, subdivision 3a, is amended to read:

Subd. 3a. **Right of appeal.** (a) A determination or amended determination of benefit account is final unless an applicant or base period employer within 20 calendar days after the sending of the determination or amended determination files an appeal. Every determination or amended determination of benefit account must contain a prominent statement indicating in clear language the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268.105.

(b) Any applicant or base period employer may appeal from a determination or amended determination of benefit account on the issue of whether services performed constitute employment, whether the employment is ~~considered~~ covered employment, and whether money paid constitutes wages. ~~Proceedings on the appeal are conducted in accordance with section 268.105.~~

Sec. 9. Minnesota Statutes 2016, section 268.085, subdivision 6, is amended to read:

Subd. 6. **Receipt of back pay.** (a) Back pay received by an applicant within 24 months of the establishment of the benefit account with respect to any week must be deducted from unemployment benefits paid for that week, and the applicant is ~~considered to have been~~ overpaid the unemployment benefits under section 268.18, subdivision 1.

If the back pay is not paid with respect to a specific period, the back pay must be applied to the period immediately following the last day of employment.

(b) If the back pay is reduced by the amount of unemployment benefits that have been paid, the amount of back pay withheld and not paid the applicant must be:

(1) paid by the taxpaying or reimbursing employer to the trust fund within 30 calendar days and is subject to the same collection procedures that apply to past due taxes and reimbursements; and

(2) when received by the trust fund:

(i) an overpayment of unemployment benefits must be created which, under section 268.047, subdivision 2, clause (8), clears the employer's tax or reimbursable account of any effect; and

(ii) the back pay must then be applied to the unemployment benefit overpayment, eliminating any effect on the applicant.

(c) The following must result when applying paragraph (b):

(1) an employer neither overpays nor underpays the employer's proper portion of the unemployment benefit costs; and

(2) the applicant is placed in the same position as never having been paid the unemployment benefits.

(d) This subdivision applies to payments labeled front pay, settlement pay, and other terms describing or dealing with wage loss.

Sec. 10. Minnesota Statutes 2016, section 268.085, subdivision 7, is amended to read:

Subd. 7. **School employees; between terms denial.** (a) ~~No~~ Wage credits ~~in any amount~~ from any employment with ~~any an~~ educational institution or institutions ~~earned in any capacity~~ may not be used for unemployment benefit purposes for any week during the period between two successive academic years or terms if:

(1) the applicant had employment for ~~any an~~ educational institution or institutions in the prior academic year or term; and

(2) there is a reasonable assurance that the applicant will have employment for ~~any an~~ educational institution or institutions in the following academic year or term, ~~unless that~~.

This paragraph applies to a vacation period or holiday recess if the applicant was employed immediately before the vacation period or holiday recess, and there is a reasonable assurance that the applicant will be employed immediately following the vacation period or holiday recess. This paragraph also applies to the period between two regular but not successive terms if there is an agreement for that schedule between the applicant and the educational institution.

This paragraph does not apply if the subsequent employment is substantially less favorable than the employment of the prior academic year or term, or the employment prior to the vacation period or holiday recess.

(b) Paragraph (a) does not apply to an applicant who, at the end of the prior academic year or term, had an agreement for a definite period of employment between academic years or terms in other than an instructional, research, or principal administrative capacity and the educational institution or institutions failed to provide that employment.

(c) If unemployment benefits are denied to any applicant under paragraph (a) who was employed in the prior academic year or term in other than an instructional, research, or principal administrative capacity and who was not offered an opportunity to perform the employment in the following academic year or term, the applicant is entitled to retroactive unemployment benefits for each week during the period between academic years or terms that the applicant filed a timely continued request for unemployment benefits, but unemployment benefits were denied solely because of paragraph (a).

~~(d) An educational assistant is not considered to be in an instructional, research, or principal administrative capacity.~~

~~(e) Paragraph (a) applies to any vacation period or holiday recess if the applicant was employed immediately before the vacation period or holiday recess, and there is a reasonable assurance that the applicant will be employed immediately following the vacation period or holiday recess.~~

~~(f)~~ (d) This subdivision applies to employment with an educational service agency if the applicant performed the services at an educational institution or institutions. "Educational service agency" means a governmental ~~agency or~~ entity established and operated ~~exclusively~~ for the purpose of providing services to one or more educational institutions.

(e) This subdivision ~~also~~ applies to employment with Minnesota ~~or~~ a political subdivision, or a nonprofit organization, if the services are provided to or on behalf of an educational institution or institutions.

~~(g) Paragraphs (a) and (e) apply~~ (f) Paragraph (a) applies beginning the Sunday of the week that there is a reasonable assurance of employment.

~~(h)~~ (g) Employment and a reasonable assurance with multiple education institutions must be aggregated for purposes of application of this subdivision.

~~(i)~~ (h) If all of the applicant's employment with any educational institution or institutions during the prior academic year or term consisted of on-call employment, and the applicant has a reasonable assurance of any on-call employment with any educational institution or institutions for the following academic year or term, it is not considered substantially less favorable employment.

~~(j)~~ Paragraph (a) also applies to the period between two regular but not successive terms.

~~(k)~~ (i) A "reasonable assurance" may be written, oral, implied, or established by custom or practice.

~~(l)~~ (j) An "educational institution" is ~~an~~ a school, college, university, or other educational entity operated by Minnesota ~~or~~ a political subdivision or ~~an~~ instrumentality thereof, or ~~an educational~~ a nonprofit organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code, and exempt from income tax under section 501(a).

(k) An "instructional, research, or principal administrative capacity" does not include an educational assistant.

Sec. 11. Minnesota Statutes 2016, section 268.085, subdivision 12, is amended to read:

Subd. 12. **Aliens.** (a) An alien is ineligible for unemployment benefits for any week the alien is not authorized to work in the United States under federal law. Information from the Bureau of Citizenship and Immigration Services is ~~considered~~ conclusive, absent specific evidence that the information was erroneous. Under the existing agreement between the United States and Canada, this paragraph does not apply to an applicant who is a Canadian citizen and has returned to and is living in Canada each week unemployment benefits are requested.

~~(b) Unemployment benefits must not be paid on the basis of~~ An alien's wage credits earned by an alien may not be used for unemployment benefit purposes unless the alien was:

(1) ~~was~~ lawfully admitted for permanent residence at the time of the employment; ~~;~~

(2) ~~was~~ lawfully present for the purposes of the employment; ~~;~~ or

(3) ~~was~~ permanently residing in the United States under color of law at the time of the employment.

~~(c) Any~~ Information required of applicants applying for unemployment benefits to determine eligibility because of their alien status must be required ~~from~~ of all applicants.

Sec. 12. Minnesota Statutes 2016, section 268.0865, subdivision 5, is amended to read:

Subd. 5. **Good cause defined.** (a) "Good cause" for purposes of this section is a ~~compelling substantial~~ reason that would have prevented a reasonable person acting with due diligence from filing a continued request for unemployment benefits within the time periods required.

(b) "Good cause" does not include forgetfulness, loss of the continued request form if filing by mail, having returned to work, having an appeal pending, or inability to file a continued request for unemployment benefits by the method designated if the applicant was aware of the inability and did not make diligent effort to have the method of filing a continued request changed by the commissioner. "Good cause" does not include having previously made an attempt to file a continued request for unemployment benefits but where the communication was not considered a continued request because the applicant failed to submit all required information.

Sec. 13. Minnesota Statutes 2016, section 268.095, subdivision 1, is amended to read:

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

- (1) the applicant quit the employment because of a good reason caused by the employer as defined in subdivision 3;
- (2) the applicant quit the employment to accept other covered employment that provided equal to or better terms and conditions of employment, but the applicant did not work long enough at the second employment to have sufficient subsequent wages paid to satisfy the period of ineligibility that would otherwise be imposed under subdivision 10 for quitting the first employment;
- (3) the applicant quit the employment within 30 calendar days of beginning the employment and the employment was unsuitable;
- (4) the employment was unsuitable and the applicant quit to enter reemployment assistance training;
- (5) the employment was part time and the applicant also had full-time employment in the base period, from which full-time employment the applicant separated because of reasons for which the applicant ~~is~~ would not be ineligible, and the wage credits from the full-time employment are sufficient to meet the minimum requirements to establish a benefit account under section 268.07;
- (6) the applicant quit because the employer notified the applicant that the applicant was going to be laid off because of lack of work within 30 calendar days. An applicant who quit employment within 30 calendar days of a notified date of layoff because of lack of work is ineligible for unemployment benefits through the end of the week that includes the scheduled date of layoff;
- (7) the applicant quit the employment (i) because the applicant's serious illness or injury made it medically necessary that the applicant quit; or (ii) in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant. This exception only applies if the applicant informs the employer of the medical problem and requests accommodation and no reasonable accommodation is made available.

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

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

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

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

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

For purposes of this subdivision:

(i) "domestic abuse" has the meaning given in section 518B.01;

(ii) "sexual assault" means an act that would constitute a violation of sections 609.342 to 609.3453 or 609.352; and

(iii) "stalking" means an act that would constitute a violation of section 609.749; or

(10) the applicant quit in order to relocate to accompany a spouse:

~~(1)~~ (i) who is in the military; or

~~(2)~~ (ii) whose job was transferred by the spouse's employer to a new location making it impractical for the applicant to commute.

Sec. 14. Minnesota Statutes 2016, section 268.095, subdivision 2, is amended to read:

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

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

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

(d) A notice of quitting in the future does not constitute a quit at the time the notice is given. An employee who seeks to withdraw a previously submitted notice of quitting in the future has quit the employment, as of the intended date of quitting, if the employer does not agree that the notice may be withdrawn.

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

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

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

(3) accepts employment with the client of the staffing service. Accepting employment with the client of the staffing service meets the requirements of the exception to ineligibility under subdivision 1, clause (2).

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

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

Sec. 15. Minnesota Statutes 2016, section 268.131, is amended to read:

268.131 RECIPROCAL UNEMPLOYMENT BENEFIT COMBINED WAGE ARRANGEMENTS FOR WORK IN MULTIPLE STATES.

~~Subdivision 1. Cooperation with other states on combining wages.~~ (a) In accordance with the requirements of ~~United States Code, title 26, section 3304(a)(9)(B),~~ the Federal Unemployment Tax Act, the commissioner must participate ~~in reciprocal arrangements~~ with other states for the payment of unemployment benefits on the basis of combining an applicant's wages from multiple states for the purposes of collecting unemployment benefits from a single state. ~~The reciprocal agreement must include provisions for applying the base period of a single state law to a benefit account involving the combining of an applicant's wages and employment and avoiding the duplicate use of wages by reason of such combining.~~ The commissioner may ~~not enter into any reciprocal arrangement unless it contains provisions for~~ only pay unemployment benefits from the trust fund under this section if:

~~(1) there are~~ reimbursements to the trust fund, by the other state, for unemployment benefits paid from the trust fund ~~to applicants~~ based upon wages and employment covered under the laws of the other state; and

~~(b) The commissioner is authorized to pay unemployment benefits based upon an applicant's wages paid in covered employment in another state only if~~ (2) the applicant is combining Minnesota wage credits with the wages paid in covered employment from another state ~~or states.~~

~~(c) Section 268.23 does not apply to this subdivision.~~

~~(d) On any reciprocal arrangement,~~ (b) Under this section, the wages paid an applicant from employment covered under an unemployment insurance program of another state are considered wages from covered employment for the purpose of determining the applicant's rights to unemployment benefits under the Minnesota Unemployment Insurance Law.

~~Subd. 2. Cooperation with foreign governments.~~ The commissioner is authorized to enter into or cooperate in arrangements whereby facilities and services provided under the Minnesota Unemployment Insurance Law and facilities and services provided under the unemployment insurance program of any foreign government, may be used for the taking of applications for unemployment benefits and continued requests and the payment of unemployment benefits under this law or under a similar law of a foreign government.

Sec. 16. Minnesota Statutes 2016, section 268.18, subdivision 2, is amended to read:

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

~~(1) knowingly misrepresenting, misstating, or failing to disclose any material fact; or~~

~~(2) making a false statement or representation without a good faith belief as to the correctness of the statement or representation.~~

After the discovery of facts indicating ~~fraud~~ misrepresentation, the commissioner must issue a determination of overpayment penalty assessing a penalty equal to 40 percent of the amount overpaid. This penalty is in addition to penalties under section 268.182.

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

(c) A determination of overpayment penalty must state the methods of collection the commissioner may use to recover the overpayment, penalty, and interest assessed. Money received in repayment of overpaid unemployment benefits, penalties, and interest is first applied to the benefits overpaid, then to the penalty amount due, then to any interest due. 62.5 percent of the payments made toward the penalty are credited to the contingent account and 37.5 percent credited to the trust fund.

(d) ~~The department is authorized to issue~~ a determination of overpayment penalty under this subdivision ~~may be issued~~ within 48 months of the establishment of the benefit account upon which the unemployment benefits were obtained through ~~fraud~~ misrepresentation.

Sec. 17. Minnesota Statutes 2016, section 268.18, subdivision 2b, is amended to read:

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

Sec. 18. Minnesota Statutes 2016, section 268.18, subdivision 5, is amended to read:

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

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

Sec. 19. Minnesota Statutes 2016, section 268.182, is amended to read:

268.182 APPLICANT'S FALSE REPRESENTATIONS; CONCEALMENT OF FACTS FRAUD; CRIMINAL PENALTY.

Subdivision 1. **Criminal penalties.** ~~Whoever~~ An individual has committed fraud and is guilty of theft and must be sentenced under section 609.52 if the individual obtains, or attempts to obtain, or aids or abets any other individual to obtain, by means of an intentional false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent means, unemployment benefits that the individual is not entitled to or unemployment benefits greater than the individual is entitled to under this chapter, or under the federal law of any state or of the federal government, either personally or for any other individual, is guilty of theft and must be sentenced under section 609.52.

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

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

Sec. 20. Minnesota Statutes 2016, section 268.184, is amended to read:

268.184 EMPLOYER MISCONDUCT; PENALTY MISREPRESENTATION AND MISREPORTING; ADMINISTRATIVE PENALTIES.

Subdivision 1. **Misrepresentation; administrative penalties.** (a) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer, ~~is in collusion with any applicant for the purpose of assisting the applicant to receive unemployment benefits fraudulently. The penalty is \$500 or the amount of unemployment benefits determined to be overpaid, whichever is greater.~~

~~(b) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer: (1) made a false statement or representation knowing it to be false; (2) made a false statement or representation without a good faith belief as to correctness of the statement or representation; (3) or knowingly failed to disclose a material fact; or (4) made an offer of employment to an applicant when, in fact, the employer had no employment available. in order to:~~

~~(1) assist an applicant to receive unemployment benefits to which the applicant is not entitled;~~

~~(2) prevent or reduce the payment of unemployment benefits to an applicant; or~~

~~(3) avoid or reduce any payment required from an employer under this chapter or section 116L.20.~~

The penalty is the greater of \$500 or 50 percent of the following resulting from the employer's action:

(i) the amount of any overpaid unemployment benefits to an applicant;

(ii) the amount of unemployment benefits not paid to an applicant that would otherwise have been paid; or

(iii) the amount of any payment required from the employer under this chapter or section 116L.20 that was not paid.

~~(e)~~ (b) The commissioner must penalize an employer if that employer failed or refused to honor a subpoena issued under section 268.188. The penalty is \$500 and any costs of enforcing the subpoena, including attorney fees.

~~(d)~~ (c) Penalties under this subdivision and under section 268.047, subdivision 4, paragraph (b), are in addition to any other penalties and subject to the same collection procedures that apply to past due taxes. Penalties must be paid within 30 calendar days of issuance of the determination of penalty and credited to the trust fund.

~~(e)~~ (d) The determination of penalty is final unless the employer files an appeal within 20 calendar days after the sending of the determination of penalty to the employer by mail or electronic transmission. Proceedings on the appeal are conducted in accordance with section 268.105.

Subd. 1a. **Notification and misreporting penalties.** (a) If the commissioner finds that any employer or agent of an employer failed to meet the notification requirements of section 268.051, subdivision 4, the employer must be assessed a penalty of \$5,000 or two percent of the first full quarterly payroll acquired, whichever is higher. Payroll is wages paid as defined in section 268.035, subdivision 30. The penalty under this paragraph must be canceled if the commissioner determines that the failure occurred because of ignorance or inadvertence.

(b) If the commissioner finds that any individual advised an employer to violate the employer's notification requirements under section 268.051, subdivision 4, the individual, and that individual's employer, must each be assessed the penalty in paragraph (a).

(c) If the commissioner finds that any person or agent of a person violated the reporting requirements of section 268.046, the person must be assessed a penalty of \$5,000 or two percent of the quarterly payroll reported in violation of section 268.046, whichever is higher. Payroll is wages paid as defined in section 268.035, subdivision 30.

(d) Penalties under this subdivision are in addition to any other penalties and subject to the same collection procedures that apply to past due amounts from an employer. Penalties must be paid within 30 calendar days after sending of the determination of penalty and credited to the trust fund.

(e) The determination of penalty is final unless the person assessed files an appeal within 20 calendar days after sending of the determination of penalty by mail or electronic transmission. Proceedings on the appeal are conducted in accordance with section 268.105.

Subd. 2. **Criminal penalties.** Any employer or any officer or agent of an employer or any other individual ~~who~~ has committed fraud and is guilty of a crime, if in order to avoid or reduce any payment required from an employer under this chapter or section 116L.20, or to prevent or reduce the payment of unemployment benefits to an applicant:

(1) makes a false statement or representation knowing it to be false;

(2) knowingly fails to disclose a material fact, including notification required under section 268.051, subdivision 4; or

(3) knowingly advises or assists an employer in violating clause (1) or (2), ~~to avoid or reduce any payment required from an employer under this chapter or section 116L.20, or to prevent or reduce the payment of unemployment benefits to any applicant,~~

The individual is guilty of a gross misdemeanor unless if the underpayment exceeds is \$500, in that case or less. The individual is guilty of a felony if the underpayment exceeds \$500.

Sec. 21. Minnesota Statutes 2016, section 268.194, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** There is established as a special state trust fund, separate and apart from all other public money or funds of this state, an unemployment insurance trust fund, that is administered by the commissioner exclusively for the payment of unemployment benefits. This trust fund consists of:

(1) all taxes collected;

(2) interest earned upon any money in the trust fund;

(3) reimbursements paid by nonprofit organizations, and the state and political subdivisions;

(4) tax rate buydown payments under section 268.051, subdivision 7;

(5) ~~any~~ money received as a loan from the federal unemployment trust fund in accordance with United States Code, title 42, section 1321, of the Social Security Act;

(6) ~~any other~~ money received under a ~~reciprocal unemployment benefit~~ combined wage arrangement with the federal government or any other state;

(7) money received from the federal government for unemployment benefits paid under a federal program;

~~(7)~~ (8) money recovered on overpaid unemployment benefits;

~~(8)~~ (9) all money credited to the account under this chapter;

~~(9)~~ (10) all money credited to the account of Minnesota in the federal unemployment trust fund under United States Code, title 42, section 1103, of the Social Security Act, also known as the Reed Act; and

~~(10)~~ (11) all money received for the trust fund from any other source.

Sec. 22. Minnesota Statutes 2016, section 268.194, subdivision 4, is amended to read:

Subd. 4. **Reimbursements.** The commissioner is authorized to make to other state or federal agencies and to receive from other state or federal agencies, reimbursements from or to the trust fund, in accordance with ~~reciprocal~~ combined wage arrangements entered into under section 268.131.

Money received under a ~~reciprocal agreement~~ combined wage arrangement must be placed directly in the unemployment benefit payment account of the trust fund.

Sec. 23. **REVISOR'S INSTRUCTION.**

In the following sections of Minnesota Statutes, the revisor of statutes shall delete the term "considered": Minnesota Statutes, sections 268.035, subdivisions 21c and 26; 268.07, subdivision 1; 268.085, subdivisions 4a, 13c, 15, and 16; 268.095, subdivision 3; 268.101, subdivision 6; and 268.105, subdivisions 3a and 7.

Sec. 24. **REVISOR'S INSTRUCTION.**

(a) In Minnesota Statutes, section 268.18, the revisor of statutes shall change the term "fraud" to "misrepresentation" and "nonfraud" to "nonmisrepresentation."

(b) The revisor of statutes shall renumber Minnesota Statutes, section 268.184, subdivision 2, as Minnesota Statutes, section 268.182, subdivision 1, paragraph (b).

(c) The revisor of statutes shall renumber Minnesota Statutes, section 268.182, subdivision 2, as Minnesota Statutes, section 268.183.

(d) The revisor of statutes shall make cross-reference changes needed arising out of the renumbering in Minnesota Statutes, section 268.032, subdivision 20.

Sec. 25. **REPEALER.**

Laws 2005, chapter 112, article 1, section 14, is repealed.

ARTICLE 8 COMMERCE POLICY

Section 1. Minnesota Statutes 2016, section 45.013, is amended to read:

45.013 POWER TO APPOINT STAFF.

The commissioner of commerce may appoint ~~four one~~ four deputy commissioners, ~~commissioners~~ commissioner, four assistant commissioners, and an assistant to the commissioner. Those positions, as well as that of a confidential secretary, are unclassified. The commissioner may appoint other employees necessary to carry out the duties and responsibilities entrusted to the commissioner.

Sec. 2. Minnesota Statutes 2016, section 45.0135, subdivision 6, is amended to read:

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 and transferred from the automobile theft prevention account in ~~section~~ sections 65B.84, subdivision 1, and 297L.11, subdivision 2, is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 3. Minnesota Statutes 2016, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the ~~general fund~~ insurance fraud prevention account described in section 297I.11, subdivision 2.

(c) At the end of each fiscal year, the commissioner may transfer any unobligated balances in the auto theft prevention account to the insurance fraud prevention account under section 45.0135, subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 4. **[239.7511] GAS TAX SIGN ON PETROLEUM DISPENSER.**

(a) The director must ensure that signs having 12-point font or greater are affixed on retail petroleum dispensers as follows:

(1) for regular or premium gasoline, a sign that reads: "The price for each gallon of gasoline includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 18.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according to the Minnesota Constitution."; and

(2) for diesel fuel, a sign that reads: "The price for each gallon of diesel fuel includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 24.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according to the Minnesota Constitution."

(b) The director must distribute the signs under this section to the owner or operator of retail petroleum dispensers. To the extent possible, the director must coordinate the distribution of signs with other duties the director may have involving retail petroleum dispensers.

(c) If the amount of the gasoline tax described in paragraph (a), clauses (1) and (2), changes, the director must distribute revised signs to reflect the updated gasoline tax amounts within 12 calendar months of the change.

(d) The director is prohibited from assessing any penalty, fine, or fee on the owner or operator of a retail petroleum dispenser that has a missing, destroyed, defaced, or otherwise damaged gas tax sign.

Sec. 5. Minnesota Statutes 2016, section 297I.11, subdivision 2, is amended to read:

Subd. 2. **Automobile theft prevention account.** A special revenue account in the state treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1. Of the revenue in the account, \$1,300,000 each year must be transferred to the ~~general fund~~ insurance fraud prevention account under section 45.0135, subdivision 6. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 6. Minnesota Statutes 2016, section 325J.06, is amended to read:

325J.06 EFFECT OF NONREDEMPTION.

(a) A pledgor shall have no obligation to redeem pledged goods or make any payment on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of the pawn transaction, ~~renewal, or extension~~ shall automatically be forfeited to the pawnbroker, and qualified right, title, and interest in and to the goods shall automatically vest in the pawnbroker.

(b) The pawnbroker's right, title, and interest in the pledged goods under paragraph (a) is qualified only by the pledgor's right, while the pledged goods remain in possession of the pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees and/or interest accrued up to the date of redemption.

(c) A pawn transaction that involves holding only the title to property is subject to chapter 168A or 336.

Sec. 7. Minnesota Statutes 2016, section 345.42, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's duty.** Within the calendar year next following the year in which abandoned property has been paid or delivered to the commissioner, the commissioner shall provide public notice of the abandoned property in the manner described in subdivision 1a and frequency otherwise as the commissioner determines to be most effective and efficient in communicating to the persons appearing to be owners of this property. ~~Public notice may include the use of print, broadcast, or electronic media.~~ The commissioner shall, at a minimum, expend 15 percent of the funds allocated by the legislature to the operations of the unclaimed property division, to comply with the public notice requirements of this ~~subdivision~~ section and shall report to the legislature annually on how those funds are expended. Public notice must include public outreach efforts including the use of newspapers and other mass media, but must not include costs incurred by the commissioner to develop, maintain, or improve the Department of Commerce Web site.

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

Sec. 8. Minnesota Statutes 2016, section 345.42, is amended by adding a subdivision to read:

Subd. 1a. **Public notice.** (a) Public notice provided by the commissioner shall include the following:

(1) posting on the Department of Commerce Web site a list of all persons appearing to be owners of abandoned property. The list shall be arranged in alphabetical order by the last name of the person and further organized by county. The list of persons must be updated at least three times per year and must remain on the Department of Commerce Web site at all times;

(2) publication in a qualified newspaper of a list of persons appearing to be owners of abandoned property having a value of \$500 or more. The list must be published in a qualified newspaper of general circulation in each county, and must include the names of all persons whose last known address is within the county. The list must be

published at least once per year. The commissioner may stagger publication of the entire list of owners by publishing a partial list at least twice, but no more than three times per year. Each qualified newspaper that publishes the list shall, at no additional charge to the commissioner, also post the list on its Web site or on a central Web site that can be accessed directly from the qualified newspaper's Web site. The list must be accessible on the Web site for not less than 180 days and at no cost to the public. The qualified newspaper must include in its publication of the list a reference to its Web site or a central Web site; and

(3) dissemination of information to persons appearing to be owners of abandoned property through other means and media, including broadcast media, the Internet, and social media.

(b) Beginning July 1, 2017, and annually thereafter, the commissioner shall provide to each member of the legislature a list of all persons appearing to be owners of abandoned property whose last known address is located in the legislator's respective legislative district.

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

Sec. 9. Minnesota Statutes 2016, section 345.49, is amended to read:

345.49 CLAIM FOR ABANDONED PROPERTY PAID OR DELIVERED.

Subdivision 1. **Filing.** (a) Any person claiming an interest in any property delivered to the state under sections 345.31 to 345.60 may file a claim thereto or to the proceeds from the sale thereof on the form prescribed by the commissioner.

(b) Any person claiming an interest in property evidenced by a will or trust document, or court order, may submit to the commissioner only such portions of the document or order necessary to establish a claim.

Subd. 2. **Appropriation.** There is hereby appropriated to the persons entitled to a refund, from the fund in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

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

Sec. 10. **[471.9998] MERCHANT BAGS.**

Subdivision 1. **Merchant option.** All merchants, itinerant vendors, and peddlers doing business in this state shall have the option to provide customers a paper, plastic, or reusable bag for the packaging of any item or good purchased, provided such purchase is of a size and manner commensurate with the use of paper, plastic, or reusable bags.

Subd. 2. **Prohibition; bag ban.** Notwithstanding any other provision of law, no political subdivision shall impose any ban upon the use of paper, plastic, or reusable bags for packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

EFFECTIVE DATE. This section is effective May 31, 2017. Ordinances existing on the effective date of this section that would be prohibited under this section are invalid as of the effective date of this section.

Sec. 11. **EXISTING DEPUTY COMMISSIONERS MAY SERVE UNTIL JANUARY 1, 2019.**

All existing deputy commissioners under Minnesota Statutes, section 45.013, may serve until January 1, 2019. Vacancies that occur in these positions before January 1, 2019, must not be filled.

Sec. 12. **REPORT ON UNCLAIMED PROPERTY DIVISION.**

The commissioner shall report by February 15, 2018, to the chairs and ranking minority members of the standing committees of the house of representatives and senate having jurisdiction over commerce regarding the process owners of abandoned property must comply with in order to file an allowed claim under Minnesota Statutes, chapter 345. The report shall include information regarding the documentation and identification necessary for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to file an allowed claim.

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

ARTICLE 9
TELECOMMUNICATIONS POLICY

Section 1. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision to read:

Subd. 10. Voice-over-Internet protocol service. "Voice-over-Internet protocol service" or "VoIP service" means any service that (1) enables real-time two-way voice communications that originate from or terminate at the user's location in Internet protocol or any successor protocol, and (2) permits users generally to receive calls that originate on the public switched telephone network and terminate calls to the public switched telephone network.

Sec. 2. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision to read:

Subd. 11. Internet protocol-enabled service. "Internet protocol-enabled service" or "IP-enabled service" means any service, capability, functionality, or application provided using Internet protocol, or any successor protocol, that enables an end user to send or receive a communication in Internet protocol format or any successor format, regardless of whether that communication is voice, data, or video.

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

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

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

(b) A provider of VoIP service must comply with the requirements of chapter 403 applicable to the provision of access to 911 service by service providers, except to the extent those requirements conflict with federal requirements for the provision of 911 service by VoIP providers under Code of Federal Regulations, title 47, part 9. A VoIP provider is entitled to the benefit of the limitation of liability provisions of section 403.07, subdivision 5. Beginning June 1, 2017, and continuing each June 1 thereafter, each VoIP provider shall file a plan with the commission describing how it will comply with the requirements of this paragraph. After its initial filing under this paragraph, a VoIP provider shall file with the commission either an update of the plan or a statement certifying that the plan and personnel contact information previously filed is still current.

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

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

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

(3) any commission jurisdiction over (i) intrastate switched access rates, terms, and conditions, including the implementation of federal law with respect to intercarrier compensation, or (ii) existing commission authority to address or affect the resolution of disputes regarding intercarrier compensation;

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

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

(6) the authority of the attorney general to apply and enforce chapters 325C to 325G, 325K to 325M, and other laws of general applicability governing consumer protection and trade practices.

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

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

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

(3) any other IP-enabled video service.

Subd. 5. **Preservation of existing landline telephone service.** Nothing in this section restricts, creates, expands, or otherwise affects or modifies the obligations of a telephone company under this chapter to offer landline telephone service that is not Voice-over-Internet protocol service.

Sec. 4. **[237.417] PERSONAL INFORMATION; PROHIBITION.**

No telecommunications or Internet service provider that has entered into a franchise agreement, right-of-way agreement, or other contract with the state of Minnesota or a political subdivision, or that uses facilities that are subject to such agreements, even if it is not a party to the agreement, may collect personal information from a customer resulting from the customer's use of the telecommunications or Internet service provider without express written approval from the customer.

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

ARTICLE 10
ENERGY POLICY

Section 1. Minnesota Statutes 2016, section 3.8851, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) There is established a Legislative Energy Commission to study and to make recommendations for legislation concerning issues related to its duties under subdivision 3.

(b) The commission consists of:

(1) ~~ten~~ five members of the house of representatives, three of whom are appointed by the speaker of the house, four and two of whom must be from are appointed by the leader of the minority caucus, and including the chair of the committee with primary jurisdiction over energy policy; the chair or another member of each of the committees with primary jurisdiction over environmental policy, agricultural policy, and transportation policy; and

(2) ~~ten~~ five members of the senate ~~to be, three of whom are appointed by the Subcommittee on Committees leader of the majority caucus, four and two of whom must be from are appointed by the leader of the minority caucus, and including the chair of the committee with primary jurisdiction over energy policy; and the chair or another member of each of the committees with primary jurisdiction over environmental policy, agricultural policy, and transportation policy.~~

(c) The commission may employ full-time and part-time staff, contract for consulting services, and may reimburse the expenses of persons requested to assist it in its duties. The director of the Legislative Coordinating Commission shall assist the commission in administrative matters. The commission shall elect cochair, one member of the house of representatives and one member of the senate from among the committee and subcommittee chairs named to the commission. The commission members from the house of representatives shall elect the house of representatives cochair, and the commission members from the senate shall elect the senate cochair.

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

Sec. 2. Minnesota Statutes 2016, section 16B.323, is amended to read:

16B.323 SOLAR ENERGY IN STATE BUILDINGS.

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

(b) "~~Made in Minnesota~~" means ~~the manufacture in this state of:~~

(1) ~~components of a solar thermal system certified by the Solar Rating and Certification Corporation; or~~

(2) ~~solar photovoltaic modules that:~~

(i) ~~are manufactured at a manufacturing facility in Minnesota that is registered and authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency;~~

(ii) ~~bear certification marks from Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency; and~~

(iii) ~~meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses (1), (5), and (6).~~

~~For the purposes of clause (2), "manufactured" has the meaning given in section 116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

(e) (b) "Major renovation" means a substantial addition to an existing building, or a substantial change to the interior configuration or the energy system of an existing building.

~~(d)~~ (c) "Solar energy system" means ~~solar photovoltaic modules~~ devices alone or installed in conjunction with a solar thermal system.

~~(e)~~ "Solar Photovoltaic module" ~~(d)~~ "Photovoltaic device" has the meaning given in section ~~116C.7791, subdivision 1, paragraph (e)~~ 216C.06, subdivision 16.

~~(f)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

~~(g)~~ (f) "State building" means a building whose construction or renovation is paid wholly or in part by the state from the bond proceeds fund.

Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for the construction or major renovation of a state building, after the completion of a cost-benefit analysis, may include installation of ~~"Made in Minnesota"~~ solar energy systems of up to 40 kilowatts capacity on, adjacent, or in proximity to the state building.

(b) The capacity of a solar energy system must be less than 40 kilowatts to the extent necessary to match the electrical load of the building or to the extent necessary to keep the costs for the installation below the five percent maximum set by paragraph (c).

(c) The cost of the solar energy system must not exceed five percent of the appropriations from the bond proceeds fund for the construction or renovation of the state building. Purchase and installation of a solar thermal system may account for no more than 25 percent of the cost of a solar energy system installation.

(d) A project subject to this section is ineligible to receive a rebate for the installation of a solar energy system under section 116C.7791 or from any utility.

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

Sec. 3. Minnesota Statutes 2016, section 116.03, is amended by adding a subdivision to read:

Subd. 7. **Clean Air Act settlement money.** "Clean Air Act settlement money" means money required to be paid to the state as a result of litigation or settlements of alleged violations of the federal Clean Air Act, United States Code, title 42, section 7401, et seq., or rules adopted thereunder, by an automobile manufacturer. Clean Air Act settlement money may not be spent until it is specifically appropriated by law.

Sec. 4. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. ~~**Renewable development**~~ **Energy fund account.** (a) The energy fund account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account are credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, are credited to the account. Funds remaining in the account at the end of a fiscal year do not cancel to the general fund, but remain in the account until expended.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the energy fund account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under sections 116C.7791, 116C.7792, and 216C.41 are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to a ~~renewable development~~ the energy fund account \$500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(e)~~ (f). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year.

~~(b)~~ (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the ~~renewable development~~ energy fund account \$350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(e)~~ (f). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

(e) Each year, the public utility must withhold from the funds transferred to the energy fund account under paragraphs (c) and (d) the amount necessary to pay its obligations under sections 116C.7791, 116C.7792, and 216C.41 for that calendar year.

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

(g) Funds in the account may only be expended to support projects that:

(1) result in lower rates for Xcel's Minnesota retail electricity customers;

(2) result in reduced air emissions from Xcel's Minnesota electric generating facilities; and

(3) provide incentives for the development of new energy technologies that meet the conditions of clause (1) or (2).

Except as provided in section 116C.7793, subdivision 7, expenditures from the fund must only benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

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

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

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

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

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

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

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

~~(f) The account shall be managed by the public utility but the public utility must consult about account expenditures with an advisory group that includes, among others, representatives of its ratepayers. The commission may require that other interests be represented on the advisory group. The advisory group must be consulted with respect to the general scope of expenditures in designing a request for proposal and in evaluating projects submitted in response to a request for proposals. In addition to consulting with the advisory group, the public utility must utilize an independent third party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (d), clause (3), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for multiple projects may include a provision that exempts the projects from the third party expert review and instead provides for project evaluation and selection by a merit peer review grant system. The utility should attempt to reach agreement with the advisory group after consulting with it but the utility has full and sole authority to determine which expenditures shall be submitted to the commission for commission approval. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the public utility must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.~~

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

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

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

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

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

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

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

Sec. 5. Minnesota Statutes 2016, section 116C.779, is amended by adding a subdivision to read:

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

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

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

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

Sec. 6. Minnesota Statutes 2016, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total nameplate capacity of 20 kilowatts direct current. The program shall be operated for five consecutive calendar years commencing in 2014. \$5,000,000 shall be allocated for each of the five years from the ~~renewable development energy fund~~ account established in section 116C.779 to a separate account for the purpose of the solar production incentive program. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner.

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

Sec. 7. **[116C.7793] LEGISLATIVE RENEWABLE ENERGY COUNCIL.**

Subdivision 1. **Establishment.** (a) The Legislative Renewable Energy Council of 11 members is established in the legislative branch, consisting of:

(1) five members of the house of representatives appointed by the speaker of the house, three of whom are from the majority caucus and two of whom are from the minority caucus; and

(2) five members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, three of whom are from the majority caucus and two of whom are from the minority caucus; and

(3) one representative of the Prairie Island Indian Community appointed by that community's tribal council.

(b) Eight legislative members appointed to the council must represent legislative districts in which at least 60 percent of residents receive electric service from the utility that owns a nuclear powered electric generating plant in this state. No member may be appointed to the council from a legislative district that does not contain any electric retail customers of the utility that owns a nuclear powered electric generating plant in this state. Council members must be geographically balanced to represent the entire electric service area of that utility.

(c) Council members shall elect a chair, a vice-chair, and other officers as determined by the council. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

(d) The Legislative Coordinating Commission may appoint nonpartisan staff and contract with consultants as necessary to support the functions of the council. The council has final approval authority to hire an executive director. Up to one-half of one percent of the money appropriated from the fund may be used to pay for the council's administrative expenses.

Subd. 2. Council recommendations. (a) The council must make recommendations to the legislature on appropriations from the energy fund account established under section 116C.779 that are consistent with that section and state law. The council's recommendations must be submitted no later than December 15 each year. The council must present its recommendations to the senate and house of representatives committees with jurisdiction over energy policy and finance by February 15 in odd-numbered years, and within the first four weeks of the legislative session in even-numbered years.

(b) Recommendations of the council, including approval of recommendations for expenditures from the energy fund account, require an affirmative vote of at least eight members of the council.

(c) The council must develop and implement a decision-making process that ensures citizens and potential recipients of funds are included at each stage of the process. The process must include a fair, equitable, and thorough method to review funding requests, and a clear and easily understood process to rank projects.

Subd. 3. Conflict of interest. (a) A council member may not be an advocate for or against a council action or vote on any action that may be a conflict of interest. A conflict of interest must be disclosed as soon as it is discovered. The council must follow the policies and requirements related to conflicts of interest developed by the Office of Grants Management under section 16B.98.

(b) For the purposes of this section, a conflict of interest exists when a person has an organizational conflict of interest or a direct financial conflict of interest, and the conflict of interest presents the appearance that it will be difficult for the person to impartially fulfill the person's duties as a member of the council. An organizational conflict of interest exists when a person has an affiliation with an organization subject to council activities that presents the appearance of a conflict between organizational interests and the council member's duties under this section. An organizational conflict of interest does not exist if the person's only affiliation with an organization is being a member of the organization.

Subd. 4. Audit. The legislative auditor must audit energy fund account expenditures recommended by the council, including administrative and staffing expenditures, to ensure the money is spent in compliance with all applicable laws.

Subd. 5. Recipient requirements. (a) A recipient of a direct appropriation from the energy fund account recommended by the council must compile and submit all information for funded projects or programs, including proposed measurable outcomes required by the council.

(b) A recipient's future eligibility to receive funds from the energy fund account is contingent upon the recipient satisfying all applicable requirements under this section, as well as any additional requirements contained in applicable law. If the Office of the Legislative Auditor, in the course of an audit or investigation, publicly reports that a recipient of funds from the energy fund account has not complied with the laws, rules, or regulations under this section or other laws applicable to the recipient, the recipient is not eligible for future funding from the energy fund account until the recipient demonstrates compliance to the legislative auditor.

(c) A recipient of a direct appropriation from the energy fund account pursuant to a recommendation by the council may not receive funds from another direct appropriation from the council until four years after completion of the project funded by the prior direct appropriation.

Subd. 6. **Accomplishment plans.** As a condition of accepting funds appropriated from the energy fund account on the council's recommendation, a recipient must agree to submit an accomplishment plan and periodic accomplishment reports to the council in the form determined by the council. The accomplishment plan must identify the project manager responsible for expending the appropriation and the final product. The accomplishment plan must account for the use of the appropriation, identify outcomes of the expenditure, and include an evaluation of results.

Subd. 7. **Expenditures.** (a) The council's recommendations regarding expenditures from the energy fund account may include but are not limited to research and development projects, demonstration projects, and statewide programs and financial incentives.

(b) If general fund money is transferred to the energy fund account, the council may recommend the expenditure of, and the legislature may appropriate, funds from the account up to the amount of general fund money present in the account for purposes that do not exclusively benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear powered generating plant in this state.

Subd. 8. **Administration.** The council shall develop administrative procedures for the submission and review of proposals seeking funding from the council.

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

Sec. 8. Minnesota Statutes 2016, section 216A.03, subdivision 1, is amended to read:

Subdivision 1. **Members.** (a) The Public Utilities Commission shall consist of five members. The terms of members shall be six years and until their successors have been appointed and qualified. ~~Each commissioner shall be appointed by the governor by and with the advice and consent of the senate.~~ Not more than three commissioners shall belong to the same political party. At least one commissioner must have been domiciled at the time of appointment outside the seven-county metropolitan area. If the membership of the commission after July 31, 1986, does not consist of at least one member domiciled at the time of appointment outside the seven-county metropolitan area, the membership shall conform to this requirement following normal attrition of the present commissioners. ~~The governor~~ When selecting commissioners, the appropriating authorities under paragraph (c) shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting, property and utility valuation, finance, physical or natural sciences, production agriculture, or natural resources as well as being representative of the general public.

(b) For purposes of this subdivision, "seven-county metropolitan area" means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.

(c) The legislature and the governor shall appoint members of the commission as follows:

(1) the speaker of the house of representatives shall appoint one member;

(2) the leader of the majority caucus in the senate shall appoint one member;

(3) the leader of the minority caucus in the house of representatives shall appoint one member;

(4) the leader of the minority caucus in the senate shall appoint one member; and

(5) the governor shall appoint one member.

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

Sec. 9. Minnesota Statutes 2016, section 216A.03, is amended by adding a subdivision to read:

Subd. 1b. **Transition.** (a) This subdivision governs the membership of the commission between July 1, 2017, and July 1, 2019.

(b) On or before July 1, 2017, the leaders of the senate majority and minority caucuses shall each appoint one commissioner to serve a term ending July 1, 2023, to replace commissioners whose terms expire in 2022 and 2023.

(c) On or before February 1, 2019, the governor shall appoint a commissioner to serve a term ending July 1, 2025, to replace a commissioner whose term ends in 2021.

(d) On or before July 1, 2019, the leaders of the house majority and minority caucuses shall each appoint one commissioner to serve a term ending July 1, 2025, to replace commissioners whose terms expire in 2019 and 2020.

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

Sec. 10. Minnesota Statutes 2016, section 216B.03, is amended to read:

216B.03 REASONABLE RATE.

Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable, and consistent in application to a class of consumers. To the maximum reasonable extent, the commission shall set rates to encourage economic growth, job retention, energy conservation ~~and~~ renewable energy use, and to further the goals of sections 216B.164, 216B.1696, 216B.241, and 216C.05. Any doubt as to reasonableness should be resolved in favor of the consumer. For rate-making purposes a public utility may treat two or more municipalities served by it as a single class wherever the populations are comparable in size or the conditions of service are similar.

EFFECTIVE DATE. This section is effective the day following final enactment and applies immediately to all proceedings pending before the commission.

Sec. 11. Minnesota Statutes 2016, section 216B.16, subdivision 1a, is amended to read:

Subd. 1a. **Settlement.** (a) When a public utility submits a general rate filing, the Office of Administrative Hearings, before conducting a contested case hearing, shall convene a settlement conference including all of the parties for the purpose of encouraging settlement of any or all of the issues in the contested case. If a stipulated settlement is not reached before the contested case hearing, the Office of Administrative Hearings may reconvene the settlement conference during or after completion of the contested case hearing at its discretion or a party's request. The Office of Administrative Hearings or the commission may, upon the request of any party and the public utility, extend the procedural schedule of the contested case in order to permit the parties to engage in settlement discussions. An extension must be for a definite period of time not to exceed 60 days.

(b) If the applicant and all intervening parties agree to a stipulated settlement of the case or parts of the case, the settlement must be submitted to the commission. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the Office of Administrative Hearings to

conduct a contested case hearing. The commission may accept the settlement on finding that ~~to do so the settlement is supported by substantial evidence and approving the settlement is in the public interest and is supported by substantial evidence.~~ The analysis must consider the impact of the proposed settlement on the economy, job growth, and job retention. If the commission does not accept the settlement, it may issue an order modifying the settlement subject to the approval of the parties. Each party shall have ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commission's order becomes final. If the commission rejects the settlement, or a party rejects the commission's proposed modification, a contested case hearing must be completed.

EFFECTIVE DATE. This section is effective the day following final enactment and applies immediately to all proceedings pending before the commission.

Sec. 12. Minnesota Statutes 2016, section 216B.16, subdivision 6, is amended to read:

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service, as well as the need for competitive electric rates, job preservation, and economic growth, and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy statute or policy, the commission may allow the public utility to recover any positive net book value of the facility as determined by the commission.

EFFECTIVE DATE. This section is effective the day following final enactment and applies immediately to all proceedings pending before the commission.

Sec. 13. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

~~(d)~~ (d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

~~(e)~~ (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

~~(f)~~ (f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

~~(g)~~ (g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

~~(h)~~ (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

~~(i)~~ (i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 14. **[216B.1697] STATE-MANDATED ENERGY PURCHASES; PUBLIC INFORMATION.**

A utility serving Minnesota customers at retail must, within 30 days of entering into an agreement to purchase energy that is used to meet a requirement under state law to purchase or generate certain amounts and types of energy, including, but not limited to, requirements in sections 216B.1691, 216B.2423, and 216B.2424, post the following information contained in the agreement on the utility's Web site:

(1) the wholesale price per unit of energy over the term of the agreement, including any escalator clauses or inflation factors; and

(2) the amount of energy to be purchased each year by the utility over the term of the agreement.

EFFECTIVE DATE. This section is effective immediately and applies to all power purchase agreements entered into on or after July 1, 2017.

Sec. 15. Minnesota Statutes 2016, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. **Conservation improvement by cooperative association or municipality.** (a) This subdivision applies to:

(1) a cooperative electric association that provides retail service to ~~its~~ more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas ~~to~~ retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities may be used to meet 50 percent of the conservation investment and spending requirements of this subdivision.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) Each municipality or cooperative shall file energy conservation improvement plans by June 1 on a schedule determined by order of the commissioner, but at least every three years. Plans received by June 1 must be approved or approved as modified by the commissioner by December 1 of the same year. The municipality or cooperative shall provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost-effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department. The commissioner shall review each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities.

~~(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]~~

(h) The commissioner shall consider and may require a utility, association, or other entity providing energy efficiency and conservation services under this section to undertake a program suggested by an outside source, including a political subdivision, nonprofit corporation, or community organization.

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

Sec. 16. Minnesota Statutes 2016, section 216B.241, subdivision 1c, is amended to read:

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

(b) Each individual utility and association shall have an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather-normalized average. A utility or association may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal.

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

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

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

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

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

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

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

(i) This subdivision does not apply to:

(1) a cooperative electric association with fewer than 5,000 members;

(2) a municipal utility with fewer than 1,000 retail electric customers; or

(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.

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

Sec. 17. Minnesota Statutes 2016, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Programs.** (a) The commissioner may require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover no more than a three-year period. Public utilities shall file conservation improvement plans by June 1, on a schedule determined by order of the commissioner, but at least every three years. Plans received by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year. The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.

(c) Each public utility subject to subdivision 1a may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.

(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

(e) A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, the attorney general acting on behalf of consumers and small business interests, or a utility customer that has suggested a program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

(f) The commissioner may order a public utility to include, with the filing of the utility's annual status report, the results of an independent audit of the utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility that is the result of the spending and investments. The audit must evaluate the cost-effectiveness of the utility's conservation programs.

(g) A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.

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

Sec. 18. Minnesota Statutes 2016, section 216B.241, subdivision 5, is amended to read:

Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers and is subject to subdivision 1c shall include as part of its conservation improvement activities a program to strongly encourage the use of fluorescent and high-intensity discharge lamps. The program must include at least a public information campaign to encourage use of the lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal utility for promotion and collection of fluorescent and high-intensity discharge lamps under this subdivision are conservation improvement spending under this section.

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

Sec. 19. Minnesota Statutes 2016, section 216B.241, subdivision 5d, is amended to read:

Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

(1) "utility" means a public utility, municipal utility, or cooperative electric association subject to subdivision 1c that provides electric or natural gas service to retail customers; and

(2) "on-bill repayment program" means a program in which a utility collects on a customer's bill repayment of a loan to the customer by an eligible lender to finance the customer's investment in eligible energy conservation or renewable energy projects, and remits loan repayments to the lender.

(b) A utility may include as part of its conservation improvement plan an on-bill repayment program to enable a customer to finance eligible projects with installment loans originated by an eligible lender. An eligible project is one that is either an energy conservation improvement, or a project installed on the customer's site that uses an eligible renewable energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b), but does not include mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste. An eligible renewable energy source also includes solar thermal technology that collects the sun's radiant energy and uses that energy to heat or cool air or water, and meets the requirements of section 216C.25. To be an eligible lender, a lender must:

(1) have a federal or state charter and be eligible for federal deposit insurance;

(2) be a government entity, including an entity established under chapter 469, that has authority to provide financial assistance for energy efficiency and renewable energy projects;

(3) be a joint venture by utilities established under section 452.25; or

(4) be licensed, certified, or otherwise have its lending activities overseen by a state or federal government agency.

The commissioner must allow a utility broad discretion in designing and implementing an on-bill repayment program, provided that the program complies with this subdivision.

(c) A utility may establish an on-bill repayment program for all customer classes or for a specific customer class.

(d) A public utility that implements an on-bill repayment program under this subdivision must enter into a contract with one or more eligible lenders that complies with the requirements of this subdivision and contains provisions addressing capital commitments, loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance of loans returned due to delinquency or default.

(e) A public utility's contract with a lender must require the lender to comply with all applicable federal and state laws, rules, and regulations related to lending practices and consumer protection; to conform to reasonable and prudent lending standards; and to provide businesses that sell, maintain, and install eligible projects the ability to participate in an on-bill repayment program under this subdivision on a nondiscriminatory basis.

(f) A public utility's contract with a lender may provide:

(1) for the public utility to purchase loans from the lender with a condition that the lender must purchase back loans in delinquency or default; or

(2) for the lender to retain ownership of loans with the public utility servicing the loans through on-bill repayment as long as payments are current.

The risk of default must remain with the lender. The lender shall not have recourse against the public utility except in the event of negligence or breach of contract by the utility.

(g) If a public utility customer makes a partial payment on a utility bill that includes a loan installment, the partial payment must be credited first to the amount owed for utility service, including taxes and fees. A public utility may not suspend or terminate a customer's utility service for delinquency or default on a loan that is being serviced through the public utility's on-bill repayment program.

(h) An outstanding balance on a loan being repaid under this subdivision is a financial obligation only of the customer who is signatory to the loan, and not to any subsequent customer occupying the property associated with the loan. If the public utility purchases loans from the lender as authorized under paragraph (f), clause (1), the public utility must return to the lender a loan not repaid when a customer borrower no longer occupies the property.

(i) Costs incurred by a public utility under this subdivision are recoverable as provided in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs for billing system modifications necessary to implement and operate an on-bill repayment program and for ongoing costs to operate the program. Costs in a plan approved by the commissioner may be counted toward a utility's conservation spending requirements under subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting from this section may be counted toward satisfying a utility's energy-savings goals under subdivision 1c.

(j) This subdivision does not require a utility to terminate or modify an existing financing program and does not prohibit a utility from establishing an on-bill financing program in which the utility provides the financing capital.

(k) A municipal utility or cooperative electric association that implements an on-bill repayment program shall design the program to address the issues identified in paragraphs (d) through (h) as determined by the governing board of the utility or association.

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

Sec. 20. Minnesota Statutes 2016, section 216B.241, subdivision 7, is amended to read:

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility and association subject to subdivision 1c provides low-income programs. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings for low-income programs, and the number of low-income persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at least 0.4 percent, of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. A utility or association that furnishes electric service must spend at least 0.1 percent of its

gross operating revenue from residential customers in the state on low-income programs. For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.

(b) To meet the requirements of paragraph (a), a utility or association may contribute money to the energy and conservation account. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income programs to utilize money contributed to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income persons, including low-income renters, in the service territory of the utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph (g). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the utility. The energy and demand savings may, at the discretion of the utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

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

Sec. 21. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest. The analysis must consider the economy, job growth, and job retention.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all energy needs from both new and refurbished ~~capacity needs~~ generating facilities through a combination of conservation and renewable energy resources.

EFFECTIVE DATE. This section is effective the day following final enactment. Paragraphs (a) and (b) apply immediately to all proceedings pending before the commission. Paragraph (c) applies to resource plans filed with the commission on or after July 1, 2017.

Sec. 22. Minnesota Statutes 2016, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings. As part of the resource options and socioeconomic cost analysis under this section, the utility must calculate the impact of resource options on customers' bills and utility rates. Any doubt regarding the various resource options before the commission must be resolved in favor of supporting the economy, job growth, and job retention.

(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).

EFFECTIVE DATE. This section is effective the day following final enactment and applies immediately to all proceedings pending before the commission.

Sec. 23. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for renewable energy facility.** The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest. When making the public interest determination, the commission must include consider:

(1) whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f-;

(2) impacts on local and regional grid reliability;

(3) utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and

(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 24. Minnesota Statutes 2016, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a wind energy conversion system or solar electric generation facility if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; ~~or~~

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section ~~216B.2421, subdivision 2~~ 216E.01, subdivision 9a, engaging in a repowering project that:

(i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the facility exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase;

(9) a large wind energy conversion system, as defined in section 216F.01, subdivision 2;

(10) a solar energy generating system, as defined in section 216E.01, subdivision 9a, with a capacity of five megawatts or more;

(11) a pipeline transporting crude oil or refined petroleum products;

(12) a pipeline transporting natural gas or propane; or

(13) a replacement pipeline.

(b) For the purpose of this subdivision, the following terms have the meanings given:

(1) "repowering project" means:

~~(i)~~ (i) modifying a large wind energy conversion system or a solar energy generating large energy facility to increase its efficiency without increasing its nameplate capacity;

~~(2)~~ (ii) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

~~(3)~~ (iii) increasing the nameplate capacity of a large wind energy conversion system; and

(2) "replacement pipeline" means a pipeline constructed in a new or existing right-of-way that replaces service provided by an existing pipeline that will be permanently removed from service within 180 days of the date of initial service of the replacement pipeline.

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

Sec. 25. Minnesota Statutes 2016, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas be achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives; ~~and~~

(3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025-; and

(4) retail electricity rates be at least ten percent below the national average for commercial customers and at least five percent below the national average for all other customer classes.

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

Sec. 26. Minnesota Statutes 2016, section 216C.41, subdivision 2, is amended to read:

Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of commerce of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the ~~renewable development energy fund~~ energy fund account established under section 116C.779 to the commissioner of commerce sums sufficient to make the payments required under this section, in addition to the amounts funded by the ~~renewable development energy fund~~ energy fund account as specified in subdivision 5a.

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

Sec. 27. Minnesota Statutes 2016, section 216C.41, subdivision 5a, is amended to read:

Subd. 5a. ~~Renewable development account~~ **Payment authorization.** The Department of Commerce shall authorize payment of the renewable energy production incentive to wind energy conversion systems that are eligible under this section or Laws 2005, chapter 40, to on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive shall be made from the ~~renewable energy development fund~~ account as provided under section 116C.779, subdivision 2.

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

Sec. 28. **[216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVES.**

Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy production incentive to an owner whose application was approved by the commissioner of commerce under section 216C.415 prior to the effective date of this section must be administered under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414, subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made under this section to an owner whose application was approved by the commissioner after the effective date of this section.

Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the energy fund account in the special revenue fund established under section 116C.779, subdivision 1.

(b) There is annually appropriated from the energy fund account in the special revenue fund established in section 116C.779 to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2016, section 216C.415.

(c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of this appropriation may be used for administrative costs.

Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this subdivision only for solar photovoltaic module installations that meet the requirements of subdivision 1 and that first begin generating electricity between January 1, 2014, and December 31, 2017.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar photovoltaic module first begins generating electricity.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years, provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after December 31, 2027.

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

Sec. 29. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision to read:

Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means a residential dwelling containing five or more units intended for use as a residence by tenants or lessees of the owner.

Sec. 30. Minnesota Statutes 2016, section 216E.03, subdivision 3, is amended to read:

Subd. 3. **Application.** Any person seeking to construct a large electric power generating plant or a high-voltage transmission line must apply to the commission for a site or route permit. The application shall contain such information as the commission may require. The applicant ~~shall~~ may propose at least two sites for a large electric power generating plant and two routes for a high-voltage transmission line. Neither of the two proposed routes may be designated as a preferred route and all proposed routes must be numbered and designated as alternatives. The commission shall determine whether an application is complete and advise the applicant of any deficiencies within ten days of receipt. An application is not incomplete if information not in the application can be obtained from the applicant during the first phase of the process and that information is not essential for notice and initial public meetings.

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

Sec. 31. Minnesota Statutes 2016, section 216E.03, subdivision 9, is amended to read:

Subd. 9. **Timing.** The commission shall make a final decision on an application within 60 days after receipt of the report of the administrative law judge. A final decision on the request for a site permit or route permit shall be made within one year after the commission's determination that an application is complete. The commission may extend this time limit for up to ~~three months~~ 30 days for just cause or upon agreement of the applicant.

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

Sec. 32. Minnesota Statutes 2016, section 216E.04, subdivision 7, is amended to read:

Subd. 7. **Timing.** The commission shall make a final decision on an application within 60 days after completion of the public hearing. A final decision on the request for a site permit or route permit under this section shall be made within six months after the commission's determination that an application is complete. The commission may extend this time limit for up to ~~three months~~ 30 days for just cause or upon agreement of the applicant.

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

Sec. 33. Minnesota Statutes 2016, section 216F.01, subdivision 2, is amended to read:

Subd. 2. **Large wind energy conversion system or LW ECS.** "Large wind energy conversion system" or "LW ECS" means any combination of WECS with a combined nameplate capacity of 5,000 kilowatts or more and transmission lines directly associated with the LW ECS that are necessary to interconnect the LW ECS to the transmission system.

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

Sec. 34. Minnesota Statutes 2016, section 216F.011, is amended to read:

216F.011 SIZE DETERMINATION.

(a) The total size of a combination of wind energy conversion systems for the purpose of determining what jurisdiction has siting authority under this chapter must be determined according to this section. The nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that:

- (1) is located within five miles of the wind energy conversion system;
- (2) is constructed within the same 12-month period as the wind energy conversion system; and

(3) exhibits characteristics of being a single development, including, but not limited to, ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

(b) The commissioner shall provide forms and assistance for project developers to make a request for a size determination. Upon written request of a project developer, the commissioner of commerce shall provide a written size determination within 30 days of receipt of the request and of any information needed to complete the size determination that has been requested by the commissioner. In the case of a dispute, the chair of the Public Utilities Commission shall make the final size determination.

(c) An application to a county for a permit under this chapter for a wind energy conversion system is not complete without a size determination made under this section.

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

Sec. 35. Minnesota Statutes 2016, section 216F.04, is amended to read:

216F.04 SITE PERMIT.

(a) No person may construct an LWECs without a site permit issued by the Public Utilities Commission.

(b) Any person seeking to construct an LWECs shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for an LWECs within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline ~~for cause~~ if the proposer agrees to an extension in writing.

(d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

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

Sec. 36. **[216G.025] ALTERNATIVE PIPELINE ROUTES; RESTRICTION.**

Notwithstanding section 116D.04, subdivisions 2a and 6, and any other law or rule, no environmental analysis of alternative routes for a pipeline seeking a routing permit may include an alternative route that does not connect the pipeline's termini as proposed by the applicant.

Sec. 37. Minnesota Statutes 2016, section 216H.03, subdivision 3, is amended to read:

Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless preempted by federal law, until a comprehensive and enforceable state law or rule pertaining to greenhouse gases that directly limits and substantially reduces, over time, statewide power sector carbon dioxide emissions is enacted and in effect, and except as allowed in subdivisions 4 to 7, on and after August 1, 2009, no person shall:

(4) construct within the state a new large energy facility that would contribute to statewide power sector carbon dioxide emissions;

~~(2) import or commit to import from outside the state power from a new large energy facility that would contribute to statewide power sector carbon dioxide emissions; or~~

~~(3) enter into a new long term power purchase agreement that would increase statewide power sector carbon dioxide emissions. For purposes of this section, a long term power purchase agreement means an agreement to purchase 50 megawatts of capacity or more for a term exceeding five years.~~

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

Sec. 38. Minnesota Statutes 2016, section 216H.03, subdivision 4, is amended to read:

Subd. 4. **Exception for facilities that offset emissions.** (a) ~~The prohibitions in prohibition under~~ subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to the Public Utilities Commission's satisfaction that it will offset the new contribution to statewide power sector carbon dioxide emissions with a carbon dioxide reduction project identified in paragraph (b) and in compliance with paragraph (c).

(b) A project proponent may offset in an amount equal to or greater than the proposed new contribution to statewide power sector carbon dioxide emissions in either, or a combination of both, of the following ways:

(1) by reducing an existing facility's contribution to statewide power sector carbon dioxide emissions; or

(2) by purchasing carbon dioxide allowances from a state or group of states that has a carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

(c) The Public Utilities Commission shall not find that a proposed carbon dioxide reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide power sector carbon dioxide emissions unless the proposed offsets are permanent, quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section does not exempt emissions that have been offset under this subdivision and emissions exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

Sec. 39. Minnesota Statutes 2016, section 216H.03, subdivision 7, is amended to read:

Subd. 7. **Other exemptions.** ~~The prohibitions in prohibition under~~ subdivision 3 ~~do~~ does not apply to:

(1) a new large energy facility under consideration by the Public Utilities Commission pursuant to proposals or applications filed with the Public Utilities Commission before April 1, 2007, or to any power purchase agreement related to a facility described in this clause. The exclusion of pending proposals and applications from the prohibitions in subdivision 3 does not limit the applicability of any other law and is not an expression of legislative intent regarding whether any pending proposal or application should be approved or denied;

(2) a contract not subject to commission approval that was entered into prior to April 1, 2007, to purchase power from a new large energy facility that was approved by a comparable authority in another state prior to that date, for which municipal or public power district bonds have been issued, and on which construction has begun;

(3) a new large energy facility ~~or a power purchase agreement between a Minnesota utility and a new large energy facility~~ located ~~outside~~ within Minnesota that the Public Utilities Commission has determined is essential to ensure the long-term reliability of Minnesota's electric system, to allow electric service for increased industrial demand, or to avoid placing a substantial financial burden on Minnesota ratepayers. An order of the commission granting an exemption under this clause is stayed until the June 1 following the next regular or annual session of the legislature that begins after the date of the commission's final order; or

(4) a new large energy facility with a combined electric generating capacity of less than 100 megawatts, which did not require a Minnesota certificate of need, which received an air pollution control permit to construct from an adjoining state before January 1, 2008, and on which construction began before July 1, 2008, or to any power purchase agreement related to a facility described in this clause.

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

Sec. 40. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK FORCE PROGRAMS.**

Subdivision 1. Establishment. The Residential PACE Consumer Protection Legislation Task Force shall develop recommendations for consumer protection legislation for any energy improvements financing program implemented under Minnesota Statutes, sections 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section, "residential PACE" or "PACE" means energy improvement financing programs for single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435 to 216C.436.

Subd. 2. Task force. (a) The task force consists of 16 members as follows:

- (1) one member appointed by the Minnesota Association of Realtors;
- (2) one member appointed by the Center for Energy and Environment;
- (3) one member appointed by the Minnesota Bankers Association;
- (4) one member appointed by the Legal Services Advocacy Project;
- (5) one member appointed by the Minnesota Credit Union Network;
- (6) one member appointed by the Minnesota Solar Energy Industry Association;
- (7) one member appointed by the St. Paul Port Authority;
- (8) one member appointed by the League of Minnesota Cities;
- (9) one member appointed by the Association of Minnesota Counties;
- (10) one member appointed by AARP Minnesota;
- (11) one member appointed by Fresh Energy;
- (12) one member appointed by the Citizens Utility Board of Minnesota;
- (13) one member appointed by Clean Energy Economy Minnesota;
- (14) one member appointed by the Minnesota Land Title Association;
- (15) one member appointed by an organization with experience implementing residential PACE programs in other states; and
- (16) the commissioner of commerce or a designee.

(b) Any public member can designate a substitute from the same organization to replace that member at a meeting of the task force.

Subd. 3. **Duties.** The task force must develop recommendations to:

(1) address concerns regarding the possible constraints on free alienation of residential property caused by existence and amount of the PACE liens;

(2) reduce and minimize any point-of-sale confusion in transactions involving PACE-encumbered homes;

(3) ensure conspicuous and meaningful disclosure of, among other things:

(i) all costs and fees of a residential PACE loan; and

(ii) the risks, such as foreclosure and higher costs, that may be associated with residential PACE loans relative to other financing mechanisms;

(4) ensure that the ability to repay standard uses commonly accepted underwriting principles;

(5) ensure that consumer provisions required of and protections that apply to conventional loans and other financing options, including but not limited to the Truth in Lending Act and the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;

(6) address any unique protections necessary for elderly, low-income homeowners and other financially vulnerable homeowners;

(7) establish criteria to ensure the cost-effectiveness of PACE-enabled clean energy improvements; and

(8) address any other issues the task force identifies that are necessary to protect consumers.

Subd. 4. **Administrative support.** The commissioner of commerce shall provide administrative support and meeting space for the task force.

Subd. 5. **Compensation.** Members serve without compensation and shall not be reimbursed for expenses.

Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall serve as chair.

Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017. The commissioner of commerce must convene the first meeting by July 15, 2017.

Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a report detailing the task force's findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy and consumer protection policy and finance. The report must include any draft legislation necessary to implement the recommendations of the task force.

Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing consumer protections that address, but are not limited to, the concerns identified in subdivision 3, no programs for the financing of energy improvements on a single-family residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436, may be operated after the effective date of this section.

Subd. 11. **Expiration.** The task force expires January 15, 2018, or after submitting the report required in this section, whichever is earlier.

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

Sec. 41. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR THERMAL REBATES.**

(a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner of a solar thermal system whose application was approved by the commissioner of commerce after the effective date of this section.

(b) Unspent money remaining in the account established under Minnesota Statutes 2014, section 216C.416, as of July 2, 2017, must be transferred to the energy fund account established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

Sec. 42. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF UNEXPENDED GRANT FUNDS.**

(a) No later than 30 days after the effective date of this section, the utility subject to Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person who received a grant funded from the renewable development account previously established under that subdivision:

(1) after January 1, 2012; and

(2) before January 1, 2012, if the funded project remains incomplete as of the effective date of this section.

The notice must contain the provisions of this section and instructions directing grant recipients how unexpended funds can be transferred to the energy fund account.

(b) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after receiving the notice required under paragraph (a), transfer any grant funds that remain unexpended as of the effective date of this section to the energy fund account if, by that effective date, all of the following conditions are met:

(1) the grant was awarded more than five years before the effective date of this section;

(2) the grant recipient has failed to obtain control of the site on which the project is to be constructed;

(3) the grant recipient has failed to secure all necessary permits or approvals from any unit of government with respect to the project; and

(4) construction of the project has not begun.

(c) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds that remain unexpended five years after the grant funds are received by the grant recipient if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary of the receipt of the grant funds.

(d) A person who transfers funds to the energy fund account under this section is eligible to apply for funding from the Legislative Renewable Energy Council under Minnesota Statutes, section 116C.7793.

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

Sec. 43. **REPEALER.**

(a) Laws 2013, chapter 85, article 6, section 11, is repealed.

(b) Minnesota Statutes 2016, sections 216B.8109; 216B.811; 216B.812; 216B.813; and 216B.815, are repealed.

(c) Minnesota Statutes 2016, sections 3.8852; 116C.779, subdivision 3; and 216C.29, are repealed.

(d) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; and 216C.416, are repealed.

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

ARTICLE 11 MISCELLANEOUS

Section 1. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

Subdivision 1. **Definition.** As used in this section, "residential construction" means the new construction or remodeling of any building subject to the Minnesota Residential Code.

Subd. 2. **Impact on housing cost; agency determination.** An agency must determine if implementation of a proposed rule, or any portion of a proposed rule, will, on average, increase the cost of residential construction or remodeling by \$1,000 or more per unit. The agency must make this determination before the close of the hearing record, or before the agency submits the record to the administrative law judge if there is no hearing. The administrative law judge must review and approve or disapprove an agency's determination under this subdivision.

Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision 2, or if the administrative law judge disapproves the agency's determination that the impact does not meet or exceed that threshold, the agency must notify, in writing, the chairs and ranking minority members of the policy committees of the house of representatives and the senate with jurisdiction over the subject matter of the proposed rule within ten days of the determination or disapproval.

(b) If a committee of either the house of representatives or senate with jurisdiction over the subject matter of the proposed rule votes to advise an agency that the rule should not be adopted as proposed, the agency may not adopt the rule unless the rule is approved by a law enacted after the vote of the committee. Section 14.126, subdivision 2, applies to a vote of a committee under this subdivision.

Subd. 4. **Severability.** If the agency or an administrative law judge determines that part of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a severable portion of the proposed rule does not meet or exceed that threshold, the agency may proceed to adopt the severable portions of the proposed rule regardless of whether a legislative committee vote is conducted under subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to administrative rules proposed on or after that date.

Sec. 2. Minnesota Statutes 2016, section 462.355, subdivision 4, is amended to read:

Subd. 4. **Interim ordinance.** (a) If a municipality is conducting studies or has authorized a study to be conducted or has held or has scheduled a hearing for the purpose of considering adoption or amendment of a comprehensive plan or official controls as defined in section 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted is annexed to a municipality, the governing body of the municipality may adopt an interim ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning process and the health, safety and welfare of its citizens. The interim ordinance may regulate, restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion thereof for a period not to exceed one year from the date it is effective.

(b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities relating to livestock production, a public hearing must be held following a ten-day notice given by publication in a newspaper of general circulation in the municipality before the interim ordinance takes effect.

(c)(1) A statutory or home rule charter city may adopt an interim ordinance that regulates, restricts, or prohibits a housing proposal only if the ordinance is approved by at least two-thirds of city council members present.

(2) Before adopting the interim ordinance, the city council must hold a public hearing after providing written notice to any person who has submitted a housing proposal, has a pending housing proposal, or has provided a written request to be notified of interim ordinances related to housing proposals. The written notice must be provided at least three business days before the public hearing. Notice also must be posted on the city's official Web site, if the city has an official Web site.

(3) The date of the public hearing shall be the earlier of the next regularly scheduled city council meeting after the notice period or within ten days of the notice.

(4) The activities proposed to be restricted by the proposed interim ordinance may not be undertaken before the public hearing.

(5) For the purposes of this paragraph, "housing proposal" means a written request for city approval of a project intended primarily to provide residential dwellings, either single family or multi-family, and involves the subdivision or development of land or the demolition, construction, reconstruction, alteration, repair, or occupancy of residential dwellings.

(⇌) (d) The period of an interim ordinance applicable to an area that is affected by a city's master plan for a municipal airport may be extended for such additional periods as the municipality may deem appropriate, not exceeding a total additional period of 18 months. In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has been given preliminary approval, nor may any interim ordinance extend the time deadline for agency action set forth in section 15.99 with respect to any application filed prior to the effective date of the interim ordinance. The governing body of the municipality may extend the interim ordinance after a public hearing and written findings have been adopted based upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be held at least 15 days but not more than 30 days before the expiration of the interim ordinance, and notice of the hearing must be published at least ten days before the hearing. The interim ordinance may be extended for the following conditions and durations, but, except as provided in clause (3), an interim ordinance may not be extended more than an additional 18 months:

(1) up to an additional 120 days following the receipt of the final approval or review by a federal, state, or metropolitan agency when the approval is required by law and the review or approval has not been completed and received by the municipality at least 30 days before the expiration of the interim ordinance;

(2) up to an additional 120 days following the completion of any other process required by a state statute, federal law, or court order, when the process is not completed at least 30 days before the expiration of the interim ordinance; or

(3) up to an additional one year if the municipality has not adopted a comprehensive plan under this section at the time the interim ordinance is enacted.

EFFECTIVE DATE. This section is effective for interim ordinances proposed on or after August 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 462A.201, subdivision 2, is amended to read:

Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust fund account to provide loans or grants for:

(1) projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units, including temporary and transitional housing;

(2) the costs of operating rental housing, as determined by the agency, that are unique to the operation of low-income rental housing or supportive housing; ~~and~~

(3) rental assistance, either project-based or tenant-based; and

(4) rental assistance to secure stable housing for families with children, or unaccompanied homeless youth, eligible for enrollment in a prekindergarten through grade 12 academic program.

For purposes of this section, "transitional housing" has the meaning given by the United States Department of Housing and Urban Development. Loans or grants for residential housing for migrant farmworkers may be made under this section.

(b) The housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 60 percent of median income as determined by the United States Department of Housing and Urban Development for the metropolitan area. At least 75 percent of the funds in the housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. For purposes of this section, a household with a housing assistance voucher under Section 8 of the United States Housing Act of 1937, as amended, is deemed to meet the income requirements of this section.

The median family income may be adjusted for families of five or more.

(c) Rental assistance under this section must be provided by governmental units which administer housing assistance supplements or by for-profit or nonprofit organizations experienced in housing management. Rental assistance shall be limited to households whose income at the time of initial receipt of rental assistance does not exceed 60 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Priority among comparable applications for tenant-based rental assistance will be given to proposals that will serve households whose income at the time of initial application for rental assistance does not exceed 30 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Rental assistance must be terminated when it is determined that 30 percent of a household's monthly income for four consecutive months equals or exceeds the market rent for the unit in which the household resides plus utilities for which the tenant is responsible. Rental assistance may only be used for rental housing units that meet the housing maintenance code of the local unit of government in which the unit is located, if such a code has been adopted, or the housing quality standards adopted by the United States Department of Housing and Urban Development, if no local housing maintenance code has been adopted.

(d) In making the loans or grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt rules for awarding grants and loans under this subdivision.

Sec. 4. Minnesota Statutes 2016, section 462A.204, subdivision 8, is amended to read:

Subd. 8. **School stability.** (a) The agency in consultation with the Interagency ~~Task Force~~ Council on Homelessness may establish a school stability project under the family homeless prevention and assistance program. The purpose of the project is to secure stable housing for families with school-age children who have moved frequently and for unaccompanied youth. For purposes of this subdivision, "unaccompanied youth" are minors who are leaving foster care or juvenile correctional facilities, or minors who meet the definition of a child in need of services or protection under section 260C.007, subdivision 6, but for whom no court finding has been made pursuant to that statute.

(b) The agency shall make grants to family homeless prevention and assistance projects in communities with a school or schools that have a significant degree of student mobility.

(c) Each project must be designed to reduce school absenteeism; stabilize children in one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each project must include plans for the following:

(1) ~~targeting of families with children under age 12 who, in the last 12 months have either: changed schools or homes at least once or been absent from school at least 15 percent of the school year and who have either been evicted from their housing; who are eligible for a prekindergarten through grade 12 academic program and are living in overcrowded conditions in their current housing; or who are paying more than 50 percent of their income for rent; or who lack a fixed, regular, and adequate nighttime residence;~~

(2) targeting of unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their home; and

(4) one or more of the following:

(i) provision of rental assistance for a specified period of time, which may exceed 24 months; or

(ii) ~~development of permanent supportive housing or transitional housing~~ provision of support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(d) ~~Notwithstanding subdivision 2, grants under this section may be used to acquire, rehabilitate, or construct transitional or permanent housing. In selecting projects for funding under this subdivision, preference shall be given to organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause (4), and groups working in collaboration with such organizations.~~

(e) ~~Each grantee under the project must include representatives of the local school district or targeted schools, or both, and of the local community correction agencies on its advisory committee. No grantee under this subdivision is required to have an advisory committee as described in subdivision 6.~~

Sec. 5. **[462A.39] WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

Subdivision 1. Establishment. The commissioner of Minnesota housing finance shall establish a workforce housing development program to award grants or deferred loans to eligible project areas to be used for qualified expenditures.

Subd. 2. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible project area" means a home rule charter or statutory city located outside of the metropolitan area as defined in section 473.121, subdivision 2, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area as defined in section 473.121, subdivision 2; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and excludes:

(1) properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy; and

(2) properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

(e) "Qualified expenditure" means expenditures for market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

Subd. 3. Application. The commissioner shall develop forms and procedures for soliciting and reviewing application for grants or deferred loans under this section. At a minimum, a city must include in its application a resolution of its governing body certifying that the matching amount as required under this section is available and committed.

Subd. 4. Program requirements. (a) The commissioner must not award a grant or deferred loans to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available rental housing has impeded their ability to recruit and hire employees; and

(3) the eligible project area has certified that the grants or deferred loans will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants or deferred loans awarded under this section shall be given to eligible project areas with less than 18,000 people.

Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant or deferred loans to a city without certification by the city that the amount of the grant or deferred loans shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant or deferred loans funds.

Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes and workforce development specifying the projects that received grants or deferred loans under this section and the specific purposes for which the grant funds were used.

Sec. 6. **[462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT.**

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

(b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

(c) "Fund" means a local housing trust fund or a regional housing trust fund.

(d) "Local government" means any statutory or home rule charter city or a county.

(e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.

(f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.

Subd. 2. **Creation and administration.** (a) A local government may establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund.

(b) A local or regional housing trust fund may be, but is not required to be, administered through a nonprofit organization. If administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may be used only to:

(1) pay for administrative expenses, but not more than ten percent of the balance of the fund may be spent on administration;

(2) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;

(3) match other funds from federal, state, or private resources for housing projects; or

(4) provide down payment assistance, rental assistance, and homebuyer counseling services.

Subd. 4. **Funding.** (a) A local government may finance its local or regional housing trust fund with any money available to the local government, unless expressly prohibited by state law. Sources of these funds include, but are not limited to:

(1) donations;

(2) bond proceeds;

(3) grants and loans from a state, federal, or private source;

(4) appropriations by a local government to the fund;

(5) investment earnings of the fund; and

(6) housing and redevelopment authority levies.

(b) The local government may alter a source of funding for the local or regional housing trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts or expenditures authorized by the fund in its budget.

Subd. 5. **Reports.** A local or regional housing trust fund established under this section must report annually to the local government that created the fund. The local government or governments must post this report on its public Web site.

Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A local or regional housing trust fund existing on the effective date of this section is not required to alter the existing terms of its governing documents or take any additional authorizing actions required by subdivision 2.

Sec. 7. Minnesota Statutes 2016, section 473.145, is amended to read:

473.145 DEVELOPMENT GUIDE.

The Metropolitan Council shall prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive development guide for the metropolitan area. It shall consist of a compilation of policy statements, goals, standards, programs, and maps prescribing guides for the orderly and economical development, public and private, of the metropolitan area. The comprehensive development guide shall recognize and encompass physical, social, or economic needs of the metropolitan area and those future developments which will have an impact on the entire area including but not limited to such matters as land use, parks and open space land needs, the necessity for and location of airports, highways, transit facilities, public hospitals, libraries, schools, and other public buildings. Notwithstanding any council action to adopt it, a plan or plan element relating to housing does not take effect until a law is enacted approving the plan.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to plans adopted before, on, or after that date. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 8. Minnesota Statutes 2016, section 473.254, subdivision 2, is amended to read:

Subd. 2. **Affordable, life-cycle goals.** The council shall negotiate with each municipality to establish affordable and life-cycle housing goals for that municipality that are consistent with and promote the policies of the Metropolitan Council as provided in the adopted Metropolitan Development Guide. The council shall adopt, by

resolution after a public hearing, the negotiated affordable and life-cycle housing goals for each municipality by January 15, 1996, and by January 15 in each succeeding year for each municipality newly electing to participate in the program or for each municipality with which new housing goals have been negotiated. By June 30, 1996, and by June 30 in each succeeding year for each municipality newly electing to participate in the program or for each municipality with which new housing goals have been negotiated, each municipality shall identify to the council the actions it plans to take to meet the established housing goals.

Beginning in 2018, the negotiated affordable and life-cycle housing goals for each municipality must be submitted by January 15 each year to the chairs and ranking minority members of the legislative committees with jurisdiction over the Metropolitan Council and housing policy and finance, and may be adopted by the council only after a law is enacted approving them or the legislature has adjourned its regular session for that calendar year without taking any action on the matter.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 9. Minnesota Statutes 2016, section 473.254, subdivision 3a, is amended to read:

Subd. 3a. **Affordable, life-cycle housing opportunities amount.** (a) Each municipality's "affordable and life-cycle housing opportunities amount" for that year must be determined annually by the council using the method in this subdivision. The affordable and life-cycle housing opportunities amount must be determined for each calendar year for all municipalities in the metropolitan area.

(b) The council must allocate to each municipality its portion of the \$1,000,000 of the revenue generated by the levy authorized in section 473.249 which is credited to the local housing incentives account pursuant to subdivision 5, paragraph (b). The allocation must be made by determining the amount levied for and payable in each municipality in the previous calendar year pursuant to the council levy in section 473.249 divided by the total amount levied for and payable in the metropolitan area in the previous calendar year pursuant to such levy and multiplying that result by \$1,000,000.

(c) The council must also determine the amount levied for and payable in each municipality in the previous calendar year pursuant to the council levy in section 473.253, subdivision 1.

(d) A municipality's affordable and life-cycle housing opportunities amount for the calendar year is the sum of the amounts determined under paragraphs (b) and (c).

(e) The council must report to the chairs and ranking minority members of the legislative committees with jurisdiction over the Metropolitan Council and housing policy and finance by March 15 each year the council's estimated amount under paragraph (d). The legislature may approve, modify, or reject the amounts the council will use in paragraph (f). If no law is enacted to approve, modify, or reject the amounts during the regular legislative session for that calendar year, the council may proceed with its proposed amounts.

~~(e)~~ (f) By August 1 of each year, the council must notify each municipality of its affordable and life-cycle housing opportunities amount for the following calendar year determined by the method in this subdivision.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 10. **[474A.22] WORKFORCE HOUSING, TAX-EXEMPT BONDING ALLOCATION.**

Subdivision 1. Definitions. In addition to the definitions in section 474A.02, for the purposes of this section, the following terms have the meanings given them:

(1) "aggregate bond limitation" means 55 percent of the reasonably expected aggregate basis of the project and the land on which the project is located;

(2) "AMI" means the area median income as published by the Department of Housing and Urban Development, adjusted for household size; and

(3) "workforce housing" means a multifamily housing project in which, for a period of at least 15 years following completion, at least 80 percent of rental units are occupied or held for occupancy by persons or families whose adjusted income does not exceed 60 percent of AMI and at least 80 percent of rental units in the project are rent restricted in an amount of 30 percent to 60 percent of AMI.

Subd. 2. No single-family set aside for two years. Notwithstanding section 474A.03, subdivision 1, clause (2), the commissioner of management and budget shall not set aside any of the housing pool for single-family housing programs prior to December 31, 2019.

Subd. 3. Additional application requirements. In addition to any other application requirements for an allocation under sections 474A.061, subdivision 1, and 474A.091, subdivision 2, for a residential rental project, an applicant must provide a statement as to:

(1) whether the project owner intends to apply for and receive low-income housing tax credits for the project under section 42 of the Internal Revenue Code of 1986, as amended, from the applicable allocating agency;

(2) whether the proposed residential rental project meets the definition of workforce housing; and

(3) whether the aggregate of the amount of tax-exempt bonds previously allocated to a project under section 474A.061 or 474A.091, if any, and the amount of bonds requested in the application for that same project exceeds the aggregate bond limitation.

Subd. 4. Re-prioritized housing pool allocations. Notwithstanding section 474A.061, subdivision 2a, paragraph (a), commencing on the second Tuesday in January and continuing on each Monday through July 15, the commissioner shall allocate available bonding authority from the housing pool to applications received on or before the Monday of the preceding week for residential rental projects that meet the eligibility criteria under section 474A.047, and after the second Tuesday in January through July 15, for single-family housing programs. Allocations of available bonding authority from the housing pool for eligible uses shall be awarded in the following order of priority:

(1) residential rental projects that preserve existing federally subsidized housing and the aggregate amount of bonds requested in the application and any previous allocation of bonds do not exceed the aggregate bond limitation;

(2) residential rental projects that:

(i) intend to apply for and receive low-income housing tax credits under section 42 of the Internal Revenue Code and meet the definition of workforce housing; and

(ii) the aggregate amount of bonds requested in the application and any previous allocation of bonds to the project do not exceed the aggregate bond limitation;

(3) other residential rental projects that intend to apply for and receive low-income housing tax credits under section 42 of the Internal Revenue Code;

(4) single-family housing programs described in section 474A.061, subdivision 2a, paragraph (b); and

(5) other residential rental projects.

If there are two or more applications for residential rental projects from the housing pool with equal priority and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded by lot including a partial allocation until all remaining bonding authority is allocated unless otherwise agreed to by the respective issuers. If a residential rental project receives some, but less than the requested amount of allocation contained in its application, and the project applies in the future to the housing pool for additional allocation of bonds, the project shall be fully funded up to its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within 120 days of the allocation or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July 15.

(b) Subject to paragraph (a), the commissioner shall otherwise follow the provisions of section 474A.061.

Subd. 5. **Re-prioritized unified pool allocation.** (a) Notwithstanding section 474A.091, subdivision 3, paragraph (f), if there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority:

(1) residential rental projects that preserve existing federally subsidized housing and the aggregate amount of bonds requested in the application and any previous allocation of bonds do not exceed the aggregate bond limitation;

(2) residential rental projects that:

(i) intend to apply for and receive low-income housing tax credits under section 42 of the Internal Revenue Code and meet the definition of workforce housing; and

(ii) the aggregate amount of bonds requested in the application and any previous allocation of bonds to that same project do not exceed the aggregate bond limitation;

(3) other residential rental projects that intend to apply for and receive low-income housing tax credits under section 42 of the Internal Revenue Code; and

(4) other residential rental projects.

If there are two or more applications for residential rental projects from the unified pool with equal priority and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded by lot including a partial allocation until all remaining bonding authority is allocated unless otherwise agreed to by the respective issuers. If a residential rental project receives some, but less than the requested amount of allocation contained in its application, and the project applies in the future to the unified pool for additional allocation of bonds, the project shall be fully funded up to its original application request for bonding authority before any new residential project, applying in the same allocation period, that has an equal priority shall receive bonding authority.

(b) Notwithstanding section 474A.091, subdivision 3, paragraph (g), the reservation within the unified pool for small issue bonds is from the first Monday in August through the last Monday in October.

Subd. 6. **Mortgage bonds.** Notwithstanding section 474A.091, subdivision 3a, paragraph (a), bonding authority remaining in the unified pool on October 1 is available for single-family housing programs only for cities that applied in January and received an allocation under section 474A.061, subdivision 2a, in the same calendar year. The Minnesota Housing Finance Agency shall receive an allocation for mortgage bonds pursuant to this section, minus any amounts for a city or consortium that intends to issue bonds on its own behalf under paragraph (c).

Subd. 7. **Unified pool allocation plan.** (a) By January 15 of each year, the commissioner of the Minnesota Housing Finance Agency shall annually prepare a tax-exempt bond allocation plan that identifies:

(1) the amount of tax-exempt bonds allocated to the Minnesota Housing Finance Agency during the previous calendar year;

(2) whether or not the Minnesota Housing Finance Agency intends to carry forward such bonds not otherwise allocated in the previous year as qualified residential rental bonds or qualified mortgage bonds or mortgage credit certificates consistent with the requirements of Internal Revenue Service Form 8328; and

(3) the carryforward balance of any tax-exempt bonds allocated to the Minnesota Housing Finance Agency including those bonds carried forward as qualified residential rental bonds and qualified mortgage bonds or mortgage credit certificates.

(b) Prior to January 15 of each year, the Minnesota Housing Finance Agency must post on its official Web site the plan under paragraph (a) and invite public comment until February 1. The Minnesota Housing Finance Agency shall not file the Internal Revenue Service Form 8328 until the public comment period has closed on February 1 unless otherwise required by federal law.

EFFECTIVE DATE. This section is effective July 1, 2017, and subdivision 2 expires December 31, 2019.

Sec. 11. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special Session chapter 1, article 7, section 1, and Laws 2016, chapter 189, article 7, section 42, is amended to read:

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 3 and 6 to 11 are effective July 1, ~~2017~~ 2036. Sections 4, 5, and 12 are effective July 1, 2014.

Sec. 12. **AGENCY ACTIVITY AND EXPENDITURE REPORTS.**

(a) The commissioners of employment and economic development, housing finance, labor and industry, and commerce, as well as the Public Utilities Commission, must each submit a report, as described in paragraph (b), to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over their budget appropriations by October 15, 2018.

(b) The reports must include:

(1) the number of employees in each operational division and descriptions of the work of each employee;

(2) a description of the responsibilities that fall under each operational division;

(3) a detailed list of the source of all revenue, including any fees, taxes, or other revenues collected, as well as details of base budgets, including all prior appropriation riders;

(4) how much of each budgetary division appropriation passes through as grants, as well as the costs related to each grant program;

(5) a detailed description of the costs related to each budgetary division, as well as the statutory authority under which those costs are allocated; and

(6) the statutory authority for all expenditures.

Sec. 13. **HOUSING FINANCE AGENCY ADMINISTRATIVE COSTS.**

The cost of administering programs operated by the Housing Finance Agency that are funded by the general fund or other resources, including bonds and federal funding, must not be higher than the amount expended for direct or indirect administrative costs in fiscal year 2017. The Housing Finance Agency must not have more full-time equivalent positions than the number of full-time equivalent positions at the Housing Finance Agency on June 30, 2017.

EFFECTIVE DATE. This section is effective from July 1, 2017, to July 1, 2021."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for jobs and economic development; appropriating money for the Department of Employment and Economic Development, Housing Finance Agency, Department of Labor and Industry, Bureau of Mediation Services, Workers' Compensation Court of Appeals, Department of Commerce, Public Utilities Commission, Public Facilities Authority, and the Department of Iron Range Resources and Rehabilitation; making policy and housekeeping changes to labor and industry provisions; making policy changes to employment, economic development, and workforce development provisions; making policy changes to the Department of Iron Range Resources and Rehabilitation; making policy, housekeeping, and technical changes regarding unemployment insurance; making changes to commerce, telecommunications, and energy policy; making other miscellaneous policy changes; allocating workforce housing tax-exempt bonds; modifying fees; modifying rulemaking procedures; modifying criminal penalties; requiring reports; amending Minnesota Statutes 2016, sections 3.732, subdivision 1; 3.736, subdivision 3; 3.8851, subdivision 1; 15.01; 15.38, subdivision 7; 15A.0815, subdivision 3; 16B.323; 43A.02, subdivision 22; 45.013; 45.0135, subdivision 6; 65B.84, subdivision 1; 85.0146, subdivision 1; 116.03, by adding a subdivision; 116C.779, subdivision 1, by adding a subdivision; 116C.7792; 116D.04, subdivision 1a; 116J.01, subdivision 5; 116J.013; 116J.423, subdivision 2; 116J.424; 116J.994, subdivisions 3, 5, 7; 116L.17, subdivision 1; 175.45; 216A.03, subdivision 1, by adding a subdivision; 216B.03; 216B.16, subdivisions 1a, 6; 216B.161, subdivision 1; 216B.1691, subdivision 2f; 216B.1694, subdivision 1; 216B.241, subdivisions 1b, 1c, 2, 5, 5d, 7; 216B.2422, subdivisions 2, 3, 4; 216B.243, subdivision 8; 216C.05, subdivision 2; 216C.41, subdivisions 2, 5a; 216C.435, by adding a subdivision; 216E.03, subdivisions 3, 9; 216E.04, subdivision 7; 216F.01, subdivision 2; 216F.011; 216F.04; 216H.03, subdivisions 3, 4, 7; 237.01, by adding subdivisions; 268.031, subdivision 1; 268.035, subdivisions 15, 20, 21d, 23, 30; 268.042, subdivision 1; 268.046, subdivision 3; 268.051, subdivisions 1, 9; 268.065, subdivision 2; 268.07, subdivisions 2, 3a, 3b; 268.085, subdivisions 1, 6, 7, 12, 13, 13a; 268.0865, subdivision 5; 268.095, subdivisions 1, 2, 5; 268.101, subdivision 2; 268.105, subdivision 2; 268.131; 268.18, subdivisions 2, 2b, 5; 268.182; 268.184; 268.194, subdivisions 1, 4; 276A.01, subdivisions 8, 17; 276A.06, subdivision 8; 282.38, subdivisions 1, 3; 297I.11, subdivision 2; 298.001, subdivision 8, by adding a subdivision; 298.018, subdivision 1; 298.17; 298.22, subdivisions 1, 1a, 5a, 6, 10, 11, by adding subdivisions; 298.221; 298.2211, subdivisions 3, 6; 298.2212; 298.2214, subdivision 2; 298.223; 298.227; 298.27; 298.28, subdivisions 7, 7a, 9c, 9d, 11; 298.292, subdivision 2; 298.296; 298.2961; 298.297; 298.46, subdivisions 2, 5, 6; 325J.06; 326B.092, subdivision 7; 326B.153, subdivision 1; 326B.37, by adding subdivisions; 326B.435, subdivision 2; 326B.50, subdivision 3, by adding subdivisions; 326B.55, subdivisions 2, 4; 326B.805, subdivision 3; 326B.89, subdivisions 1, 5; 345.42, subdivision 1, by adding a subdivision; 345.49; 462.355, subdivision 4; 462A.201, subdivision 2; 462A.204, subdivision 8; 466.03, subdivision 6c; 469.310, subdivision 9; 473.145; 473.254, subdivisions 2, 3a; 474A.02, subdivision 21; Laws 2010, chapter 389, article 5, section 7; Laws 2014, chapter 211, section 13, as amended; Laws 2014, chapter 312, article 2, section 14,

as amended; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 6; 5, subdivision 2; Laws 2016, chapter 189, article 7, section 46; proposing coding for new law in Minnesota Statutes, chapters 14; 116C; 116J; 175; 216B; 216C; 216G; 237; 239; 326B; 462A; 462C; 471; 474A; repealing Minnesota Statutes 2016, sections 3.8852; 116C.779, subdivision 3; 116J.549; 174.187; 216B.8109; 216B.811; 216B.812; 216B.813; 216B.815; 216C.29; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; 216C.416; 298.22, subdivision 8; 298.2213; 298.298; 326B.89, subdivision 14; Laws 2005, chapter 112, article 1, section 14; Laws 2013, chapter 85, article 6, section 11."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 605 and 1937 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Albright introduced:

H. F. No. 2578, A bill for an act relating to human services; creating an intergovernmental transfer for University of Minnesota Physicians and dentists; amending Minnesota Statutes 2016, section 256B.196, subdivisions 2, 3, 4.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Thissen; Pinto; Freiberg; Kunesh-Podein; Rosenthal; Carlson, A., and Hortman introduced:

H. F. No. 2579, A bill for an act relating to telecommunications; data privacy; prohibiting collection of personal information absent customer's express written approval; proposing coding for new law in Minnesota Statutes, chapter 237.

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform.

Thissen; Dehn, R.; Maye Quade and Moran introduced:

H. F. No. 2580, A bill for an act relating to the legislature; requiring racial impact screening of certain legislation; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Bennett; Miller; Petersburg; Johnson, C.; Poppe; Cornish and Daniels introduced:

H. F. No. 2581, A bill for an act relating to disaster assistance; appropriating money to the Housing Finance Agency for disaster assistance.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 800.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 800, A bill for an act relating to human services finance and policy; appropriating money for human services and health-related programs; modifying various provisions governing community supports, housing, continuing care, health care, managed care organizations, health insurance, direct care and treatment, children and families, chemical and mental health services, Department of Human Services operations, Department of Health policy, and health licensing boards; establishing a license for substance abuse disorder treatment; authorizing transfers; providing for supplemental rates; modifying reimbursement rates and premium scales; making forecast adjustments; providing for audits; establishing crumb rubber playground moratorium; authorizing pilot projects and studies; requiring reports; establishing a legislative commission; making technical and terminology changes; amending Minnesota Statutes 2016, sections 3.972, by adding a subdivision; 13.32, by adding a subdivision; 13.46, subdivisions 1, 2, 4; 13.69, subdivision 1; 13.84, subdivision 5; 62A.04, subdivision 1; 62A.21, subdivision 2a; 62A.3075; 62D.105, subdivisions 1, 2; 62E.04, subdivision 11; 62E.05, subdivision 1; 62E.06, by adding a subdivision; 62M.07; 62U.02; 62V.05, subdivision 12; 103I.101, subdivisions 2, 5; 103I.111, subdivisions 6, 7, 8; 103I.205; 103I.301; 103I.501; 103I.505; 103I.515; 103I.535, subdivisions 3, 6, by adding a subdivision; 103I.541; 103I.545, subdivisions 1, 2; 103I.711, subdivision 1; 103I.715, subdivision 2; 119B.011, by adding subdivisions; 119B.02, subdivision 5; 119B.09, subdivision 9a; 119B.125, subdivisions 4, 6; 119B.13, subdivisions 1, 6; 119B.16, subdivisions 1, 1a, 1b, by adding subdivisions; 144.05, subdivision 6; 144.0724, subdivisions 4, 6; 144.122; 144.1501, subdivision 2; 144.551, subdivision 1; 144A.071, subdivision 4d; 144A.351; 144A.472, subdivision 7; 144A.474, subdivision 11; 144A.4799, subdivision 3; 144A.70, subdivision 6, by adding a subdivision; 144D.04, subdivision 2, by adding a subdivision; 144D.06; 145.4716, subdivision 2; 145.986, subdivision 1a; 146B.02, subdivisions 2, 5, 8, by adding subdivisions; 146B.03, subdivisions 6, 7; 146B.07, subdivision 4; 146B.10, subdivision 1; 147.01, subdivision 7; 147.02, subdivision 1; 147.03, subdivision 1; 147B.08, by adding a subdivision; 147C.40, by adding a subdivision; 148.5194, subdivision 7; 148.6402, subdivision 4; 148.6405; 148.6408, subdivision 2; 148.6410, subdivision 2; 148.6412, subdivision 2; 148.6415; 148.6418, subdivisions 1, 2, 4, 5; 148.6420, subdivisions 1, 3, 5; 148.6423; 148.6425, subdivisions 2, 3; 148.6428; 148.6443, subdivisions 5, 6, 7, 8; 148.6445, subdivisions 1, 10; 148.6448; 157.16, subdivision 1; 214.01, subdivision 2; 245.4889, subdivision 1; 245.91, subdivisions 4, 6; 245.97, subdivision 6; 245A.02, subdivision 2b, by adding a subdivision; 245A.03,

subdivisions 2, 7; 245A.04, subdivision 14; 245A.06, subdivision 2; 245A.07, subdivision 3; 245A.11, by adding subdivisions; 245A.191; 245A.50, subdivision 5; 245D.03, subdivision 1; 245D.04, subdivision 3; 245D.071, subdivision 3; 245D.11, subdivision 4; 245D.24, subdivision 3; 245E.01, by adding a subdivision; 245E.02, subdivisions 1, 3, 4; 245E.03, subdivisions 2, 4; 245E.04; 245E.05, subdivision 1; 245E.06, subdivisions 1, 2, 3; 245E.07, subdivision 1; 252.27, subdivision 2a; 252.41, subdivision 3; 253B.10, subdivision 1; 253B.22, subdivision 1; 254A.01; 254A.02, subdivisions 2, 3, 5, 6, 8, 10, by adding subdivisions; 254A.03; 254A.035, subdivision 1; 254A.04; 254A.08; 254A.09; 254A.19, subdivision 3; 254B.01, subdivision 3, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivisions 1, 2b; 254B.05, subdivisions 1, 1a, 5; 254B.051; 254B.07; 254B.08; 254B.09; 254B.12, subdivision 2; 254B.13, subdivision 2a; 256.01, subdivision 41, by adding a subdivision; 256.045, subdivision 3; 256.969, subdivisions 2b, 4b, by adding a subdivision; 256.975, subdivision 7, by adding a subdivision; 256.98, subdivision 8; 256B.04, subdivisions 21, 22; 256B.056, subdivision 5; 256B.0621, subdivision 10; 256B.0625, subdivisions 3b, 7, 20, 45a, 57, 64, by adding subdivisions; 256B.0659, subdivisions 1, 2, 11, 21, by adding a subdivision; 256B.072; 256B.0755, subdivisions 1, 3, 4, by adding a subdivision; 256B.0911, subdivisions 1a, 3a, 4d, by adding subdivisions; 256B.0915, subdivisions 1, 1a, 3a, 3e, 3h, 5, by adding subdivisions; 256B.092, subdivision 4; 256B.0922, subdivision 1; 256B.0924, by adding a subdivision; 256B.0943, subdivision 13; 256B.0945, subdivisions 2, 4; 256B.196, subdivision 2; 256B.431, subdivisions 10, 16, 30; 256B.434, subdivisions 4, 4f; 256B.49, subdivisions 11, 15; 256B.4913, subdivision 4a, by adding a subdivision; 256B.4914, subdivisions 2, 3, 5, 6, 7, 8, 9, 10, 16; 256B.493, subdivisions 1, 2, by adding a subdivision; 256B.50, subdivision 1b; 256B.5012, by adding a subdivision; 256B.69, subdivision 9e; 256B.76, subdivisions 1, 2; 256B.766; 256B.85, subdivisions 3, 5, 6; 256C.23, subdivision 2, by adding subdivisions; 256C.233, subdivisions 1, 2; 256C.24, subdivisions 1, 2, by adding a subdivision; 256C.261; 256D.44, subdivisions 4, 5; 256E.30, subdivision 2; 256I.03, subdivision 8; 256I.04, subdivisions 1, 2d, 2g, 3; 256I.05, subdivisions 1a, 1c, 1e, 1j, 1m, 8, by adding subdivisions; 256I.06, subdivisions 2, 8; 256J.24, subdivision 5; 256J.45, subdivision 2; 256L.03, subdivisions 1, 1a, 5; 256L.15, subdivision 2; 256P.06, subdivision 2; 256R.02, subdivisions 4, 18; 256R.07, by adding a subdivision; 256R.10, by adding a subdivision; 256R.37; 256R.40, subdivision 5; 256R.41; 256R.47; 256R.49, subdivision 1; 260C.451, subdivision 6; 317A.811, subdivision 1, by adding a subdivision; 327.15, subdivision 3; 609.5315, subdivision 5c; 626.556, subdivisions 2, 3, 3c, 10d, 10j; Laws 2009, chapter 101, article 1, section 12; Laws 2012, chapter 247, article 6, section 2, subdivision 2; Laws 2013, chapter 108, article 15, section 2, subdivision 2; Laws 2014, chapter 312, article 23, section 9, subdivision 8, by adding a subdivision; Laws 2015, chapter 71, article 14, section 3, subdivision 2, as amended; Laws 2017, chapter 2, article 1, sections 1, subdivision 3; 2, subdivision 4, by adding a subdivision; 3; 5; 7; article 2, section 13; proposing coding for new law in Minnesota Statutes, chapters 62J; 62K; 62Q; 119B; 144; 144D; 145; 147A; 148; 245; 245A; 256; 256B; 256I; 256N; 256R; 317A; 448; proposing coding for new law as Minnesota Statutes, chapters 144H; 245G; repealing Minnesota Statutes 2016, sections 13.468; 147A.21; 147B.08, subdivisions 1, 2, 3; 147C.40, subdivisions 1, 2, 3, 4; 148.6402, subdivision 2; 148.6450; 245A.1915; 245A.192; 254A.02, subdivision 4; 256B.0659, subdivision 22; 256B.19, subdivision 1c; 256B.4914, subdivision 16; 256B.64; 256C.23, subdivision 3; 256C.233, subdivision 4; 256C.25, subdivisions 1, 2; 256J.626, subdivision 5; Laws 2014, chapter 312, article 23, section 9, subdivision 5; Minnesota Rules, parts 5600.2500; 9530.6405, subparts 1, 1a, 2, 3, 4, 5, 6, 7, 7a, 8, 9, 10, 11, 12, 13, 14, 14a, 15, 15a, 16, 17, 17a, 17b, 17c, 18, 20, 21; 9530.6410; 9530.6415; 9530.6420; 9530.6422; 9530.6425; 9530.6430; 9530.6435; 9530.6440; 9530.6445; 9530.6450; 9530.6455; 9530.6460; 9530.6465; 9530.6470; 9530.6475; 9530.6480; 9530.6485; 9530.6490; 9530.6495; 9530.6500; 9530.6505.

The bill was read for the first time and referred to the Committee on Ways and Means.

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

RECESS

RECONVENED

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

Peppin was excused between the hours of 12:35 p.m. and 2:00 p.m.

CALENDAR FOR THE DAY

H. F. No. 707 was reported to the House.

Green moved to amend H. F. No. 707, the second engrossment, as follows:

Page 24, after line 2, insert:

"Sec. 8. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to read:

Subd. 26. **Overhead costs.** Notwithstanding any law, policy, or guidance to the contrary, a recipient of money from the outdoor heritage fund must not use the money to pay for rent, lease payments, insurance, utilities, custodial services, building maintenance, or another overhead cost unless the recipient has documented the amount that specific overhead costs increased as a direct and necessary result of the recipient's responsibility to administer a program, project, or activity paid for with money from the outdoor heritage fund. The amount of money from the fund the recipient may use to pay for that specific overhead cost must not exceed the amount the recipient documented as the increase in the cost."

Page 60, after line 24, insert:

"Sec. 15. Minnesota Statutes 2016, section 114D.50, is amended by adding a subdivision to read:

Subd. 8. **Overhead costs.** Notwithstanding any law, policy, or guidance to the contrary, a recipient of money from the clean water fund must not use the money to pay for rent, lease payments, insurance, utilities, custodial services, building maintenance, or another overhead cost unless the recipient has documented the amount that specific overhead costs increased as a direct and necessary result of the recipient's responsibility to administer a program, project, or activity paid for with money from the clean water fund. The amount of money from the fund the recipient may use to pay for that specific overhead cost must not exceed the amount the recipient documented as the increase in the cost."

Page 67, after line 18, insert:

"Sec. 7. Minnesota Statutes 2016, section 85.53, is amended by adding a subdivision to read:

Subd. 7. **Overhead costs.** Notwithstanding any law, policy, or guidance to the contrary, a recipient of money from the parks and trails fund must not use the money to pay for rent, lease payments, insurance, utilities, custodial services, building maintenance, or another overhead cost unless the recipient has documented the amount that specific overhead costs increased as a direct and necessary result of the recipient's responsibility to administer a program, project, or activity paid for with money from the parks and trails fund. The amount of money from the fund the recipient may use to pay for that specific overhead cost must not exceed the amount the recipient documented as the increase in the cost."

Page 84, after line 25, insert:

"Sec. 5. Minnesota Statutes 2016, section 129D.17, is amended by adding a subdivision to read:

Subd. 6. **Overhead costs.** Notwithstanding any law, policy, or guidance to the contrary, a recipient of money from the arts and cultural heritage fund must not use the money to pay for rent, lease payments, insurance, utilities, custodial services, building maintenance, or another overhead cost unless the recipient has documented the amount that specific overhead costs increased as a direct and necessary result of the recipient's responsibility to administer a program, project, or activity paid for with money from the arts and cultural heritage fund. The amount of money from the fund the recipient may use to pay for that specific overhead cost must not exceed the amount the recipient documented as the increase in the cost."

Page 85, after line 15, insert:

"ARTICLE 5
GENERAL PROVISIONS; ALL LEGACY FUNDS

Section 1. Minnesota Statutes 2016, section 16A.127, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) No statewide or agency indirect cost liability shall be accrued to any program, appropriation, or account that is specifically exempted from the liability in federal or state law, or if the commissioner determines the funds to be held in trust, or to be a pass-through, workshop, or seminar account. Accounts receiving proceeds from bond issues and general fund accounts are also exempt from this section.

(b) Except for the costs of the legislative auditor to conduct financial audits of federal funds, this section does not apply to the Board of Trustees of the Minnesota State Colleges and Universities. Receipts attributable to financial audits conducted by the legislative auditor of federal funds administered by the board shall be deposited in the general fund.

(c) The commissioner must not use this section to obtain money appropriated from the outdoor heritage, clean water, parks and trails, or arts and cultural heritage fund to pay for statewide or agency indirect costs."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Green moved to amend H. F. No. 707, the second engrossment, as amended, as follows:

Page 24, after line 2, insert:

"Sec. 8. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to read:

Subd. 26. **No net gain; counties.** (a) A county may file a no net gain of state lands policy, adopted by the county board, with the commissioner of natural resources. The policy must express the county's policy against the acquisition of additional land by the state within the county.

(b) When the commissioner of natural resources acquires private land within a county that has filed a no net gain of state lands policy under this subdivision, and the land was acquired in fee with money appropriated from the outdoor heritage fund, the commissioner of natural resources must sell to a private individual or entity an equal number of acres of land within the county. The value of the land sold must be of at least substantially equal value of

the lands acquired. Notwithstanding section 94.10, subdivision 2, if lands being offered for sale to comply with this subdivision remain unsold after a public sale offering, the lands may be sold for less than the appraised value. Land sold under this paragraph must not be sold for less than 75 percent of the appraised value.

(c) For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b).

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Green amendment and the roll was called. There were 74 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Heintzeman	Loonan	Pelowski	Swedzinski
Anderson, P.	Ecklund	Hertaus	Lucero	Petersburg	Theis
Anderson, S.	Erickson	Howe	Lueck	Peterson	Torkelson
Backer	Fabian	Jessup	Marquart	Pierson	Vogel
Bahr, C.	Fenton	Johnson, B.	McDonald	Poppe	West
Barr, R.	Franke	Jurgens	Metsa	Poston	Whelan
Bennett	Franson	Kiel	Miller	Pugh	Wills
Bliss	Garofalo	Knoblach	Moran	Quam	Zerwas
Christensen	Green	Koznick	Nash	Rarick	Spk. Daudt
Daniels	Grossell	Layman	Neu	Runbeck	
Davids	Gruenhagen	Lien	Newberger	Sandstede	
Dean, M.	Gunther	Lohmer	Nornes	Schomacker	
Dettmer	Haley	Loon	O'Neill	Sundin	

Those who voted in the negative were:

Anselmo	Davnie	Hoppe	Liebling	O'Driscoll	Uglen
Baker	Dehn, R.	Hornstein	Lillie	Olson	Urdahl
Becker-Finn	Fischer	Hortman	Loeffler	Omar	Wagenius
Bernardy	Flanagan	Johnson, C.	Mahoney	Pinto	Ward
Bly	Freiberg	Johnson, S.	Mariani	Pryor	Youakim
Carlson, A.	Halverson	Koegel	Masin	Rosenthal	
Carlson, L.	Hamilton	Kresha	Maye Quade	Sauke	
Clark	Hansen	Kunesh-Podein	Murphy, E.	Schultz	
Considine	Hausman	Lee	Murphy, M.	Smith	
Cornish	Hilstrom	Lesch	Nelson	Thissen	

The motion prevailed and the amendment was adopted.

Davnie was excused between the hours of 1:50 p.m. and 2:10 p.m.

Hansen moved to amend H. F. No. 707, the second engrossment, as amended, as follows:

Page 42, after line 11, insert:

"Sec. 12. **CERTAIN LAND ACQUISITION RESTRICTIONS SUPERSEDED AND PREEMPTED.**

Notwithstanding H. F. No. 4, if enacted by the ninetieth session of legislature, or any other law enacted by ninetieth session of the legislature, whether enacted before or after this section, provisions restricting the use of money from the outdoor heritage fund to acquire land in fee with money from the outdoor heritage fund if provisions requiring a onetime trust fund payment are found void or if sufficient funding is not available to make the payments do not apply and the state may acquire land in fee with money from the outdoor heritage fund.

EFFECTIVE DATE. This section is effective the day following final enactment and supersedes and preempts any inconsistent provisions of law."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hansen amendment and the roll was called. There were 51 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Anselmo	Ecklund	Hornstein	Lillie	Murphy, M.	Schultz
Becker-Finn	Fischer	Hortman	Loeffler	Nelson	Sundin
Bernardy	Flanagan	Johnson, C.	Mahoney	Olson	Urdahl
Bly	Franke	Johnson, S.	Mariani	Omar	Wagenius
Carlson, A.	Freiberg	Koegel	Masin	Pinto	Ward
Carlson, L.	Halverson	Kunesh-Podein	Maye Quade	Pryor	Youakim
Clark	Hansen	Lee	Metsa	Rosenthal	
Considine	Hausman	Lesch	Moran	Sandstede	
Dehn, R.	Hilstrom	Liebling	Murphy, E.	Sauke	

Those who voted in the negative were:

Albright	Dean, M.	Hamilton	Lien	O'Driscoll	Smith
Anderson, P.	Dettmer	Heintzeman	Lohmer	O'Neill	Swedzinski
Anderson, S.	Drazkowski	Hertaus	Loon	Pelowski	Theis
Backer	Erickson	Hoppe	Loonan	Petersburg	Torkelson
Bahr, C.	Fabian	Howe	Lucero	Peterson	Uglen
Baker	Fenton	Jessup	Lueck	Pierson	Vogel
Barr, R.	Franson	Johnson, B.	Marquart	Poppe	West
Bennett	Garfalo	Jurgens	McDonald	Poston	Whelan
Bliss	Green	Kiel	Miller	Pugh	Wills
Christensen	Grossell	Knoblach	Nash	Quam	Zerwas
Cornish	Gruenhagen	Koznick	Neu	Rarick	Spk. Daudt
Daniels	Gunther	Kresha	Newberger	Runbeck	
Davids	Haley	Layman	Nornes	Schomacker	

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

Wagenius and Gunther moved to amend H. F. No. 707, the second engrossment, as amended, as follows:

Page 55, line 30, delete "\$2,658,000" and insert "\$2,915,000"

Adjust amounts accordingly

The motion prevailed and the amendment was adopted.

Hansen moved to amend H. F. No. 707, the second engrossment, as amended, as follows:

Page 43, line 1, before "The" insert "Notwithstanding Minnesota Statutes, section 114D.50, subdivision 7, this appropriation is from the clean water fund."

Page 57, after line 28, insert:

"(c) \$500,000 the first year is to provide grants or loans for local inflow and infiltration reduction programs in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. This appropriation is available until June 30, 2021."

Adjust amounts accordingly

A roll call was requested and properly seconded.

Hansen moved to amend the Hansen amendment to H. F. No. 707, the second engrossment, as amended, as follows:

Page 1, line 7, delete "the metropolitan area," and insert "regions with high susceptibility to groundwater contamination"

Page 1, delete line 8

Page 1, line 9, delete everything before the period

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Hansen amendment, as amended, and the roll was called. There were 121 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Albright	Bernardy	Dean, M.	Freiberg	Hausman	Johnson, S.
Anderson, P.	Bliss	Dehn, R.	Garofalo	Heintzeman	Jurgens
Anderson, S.	Bly	Dettmer	Green	Hertaus	Kiel
Anselmo	Carlson, A.	Ecklund	Grossell	Hilstrom	Knoblach
Applebaum	Carlson, L.	Fabian	Gruenhagen	Hoppe	Koegel
Backer	Clark	Fenton	Gunther	Hornstein	Kresha
Baker	Considine	Fischer	Haley	Hortman	Kunesh-Podein
Barr, R.	Cornish	Flanagan	Halverson	Jessup	Layman
Becker-Finn	Daniels	Franke	Hamilton	Johnson, B.	Lee
Bennett	Dauids	Franson	Hansen	Johnson, C.	Lesch

Liebling	Marquart	Neu	Pinto	Schultz	West
Lien	Masin	Nornes	Poppe	Smith	Whelan
Lillie	Maye Quade	O'Driscoll	Poston	Sundin	Wills
Loeffler	McDonald	Olson	Pryor	Swedzinski	Youakim
Lohmer	Metsa	Omar	Pugh	Theis	Zerwas
Loon	Miller	O'Neill	Quam	Thissen	Spk. Daudt
Loonan	Moran	Pelowski	Rosenthal	Uglen	
Lucero	Murphy, E.	Peppin	Runbeck	Urdahl	
Lueck	Murphy, M.	Petersburg	Sandstede	Vogel	
Mahoney	Nash	Peterson	Sauke	Wagenius	
Mariani	Nelson	Pierson	Schomacker	Ward	

Those who voted in the negative were:

Bahr, C.	Drazkowski	Howe	Newberger	Torkelson
Christensen	Erickson	Koznick	Rarick	

The motion prevailed and the amendment, as amended, was adopted.

Hansen, Sundin and Loeffler moved to amend H. F. No. 707, the second engrossment, as amended, as follows:

Page 2, line 3, before "This" insert "Notwithstanding Minnesota Statutes, section 97A.056, subdivision 24,"

Page 10, after line 30, insert:

"(h) Forest Pest Response

\$500,000 the first year is to the commissioner of agriculture to identify, prevent, and, in consultation with the Forest Resources Council, protect Minnesota forests by rapidly and effectively responding to the threat or presence of plant pests, including emerald ash borer. The commissioner of agriculture may transfer all or part of this appropriation to the commissioner of natural resources and shall award grants to local units of government or other entities."

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Hansen et al amendment and the roll was called. There were 73 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Anderson, P.	Becker-Finn	Christensen	Dehn, R.	Franke	Hausman
Anderson, S.	Bernardy	Clark	Ecklund	Freiberg	Hilstrom
Anselmo	Bly	Considine	Fenton	Haley	Hoppe
Applebaum	Carlson, A.	Cornish	Fischer	Halverson	Hornstein
Barr, R.	Carlson, L.	Davnie	Flanagan	Hansen	Hortman

Johnson, C.	Lesch	Marquart	Newberger	Rosenthal	West
Johnson, S.	Liebling	Masin	Olson	Sandstede	Wills
Jurgens	Lien	Maye Quade	Omar	Sauke	Youakim
Knoblach	Lillie	Metsa	Pelowski	Schultz	
Koegel	Loeffler	Moran	Peterson	Sundin	
Kunesh-Podein	Loon	Murphy, E.	Pinto	Thissen	
Layman	Mahoney	Murphy, M.	Poppe	Wagenius	
Lee	Mariani	Nelson	Pryor	Ward	

Those who voted in the negative were:

Albright	Drazkowski	Heintzeman	Lucero	Petersburg	Theis
Backer	Erickson	Hertaus	Lueck	Pierson	Torkelson
Bahr, C.	Fabian	Howe	McDonald	Poston	Uglen
Baker	Franson	Jessup	Miller	Pugh	Urdahl
Bennett	Garofalo	Johnson, B.	Nash	Quam	Vogel
Bliss	Green	Kiel	Neu	Rarick	Whelan
Daniels	Grossell	Koznick	Nornes	Runbeck	Zerwas
Davids	Gruenhagen	Kresha	O'Driscoll	Schomacker	Spk. Daudt
Dean, M.	Gunther	Lohmer	O'Neill	Smith	
Dettmer	Hamilton	Loonan	Peppin	Swedzinski	

The motion prevailed and the amendment was adopted.

H. F. No. 707, A bill for an act relating to state government; appropriating money from outdoor heritage fund, clean water fund, parks and trails fund, and arts and cultural heritage fund; providing for riparian protection aid; modifying requirements for expending money from legacy funds; modifying and extending prior appropriations; requiring reports; amending Minnesota Statutes 2016, sections 16A.127, subdivision 8; 85.53, by adding subdivisions; 97A.056, subdivision 3, by adding subdivisions; 114D.50, subdivision 4, by adding subdivisions; 129D.17, subdivision 4, by adding subdivisions; Laws 2012, chapter 264, article 1, section 2, subdivision 5, as amended; Laws 2015, First Special Session chapter 2, article 1, section 2, subdivision 2, as amended; Laws 2016, chapter 172, article 1, section 2, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapter 477A; repealing Minnesota Statutes 2016, section 97A.056, subdivision 8.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Bliss	Dehn, R.	Garofalo	Hilstrom	Koegel
Anderson, P.	Bly	Dettmer	Green	Hoppe	Koznick
Anderson, S.	Carlson, A.	Drazkowski	Grossell	Hornstein	Kresha
Anselmo	Carlson, L.	Ecklund	Gruenhagen	Hortman	Kunesh-Podein
Applebaum	Christensen	Erickson	Gunther	Howe	Layman
Backer	Clark	Fabian	Haley	Jessup	Lee
Bahr, C.	Considine	Fenton	Halverson	Johnson, B.	Lesch
Baker	Cornish	Fischer	Hamilton	Johnson, C.	Liebling
Barr, R.	Daniels	Flanagan	Hansen	Johnson, S.	Lien
Becker-Finn	Davids	Franke	Hausman	Jurgens	Lillie
Bennett	Davnie	Franson	Heintzeman	Kiel	Loeffler
Bernardy	Dean, M.	Freiberg	Hertaus	Knoblach	Lohmer

Loon	Metsa	O'Driscoll	Poppe	Schomacker	Vogel
Loonan	Miller	Olson	Poston	Schultz	Wagenius
Lucero	Moran	Omar	Pryor	Smith	Ward
Lueck	Murphy, E.	O'Neill	Pugh	Sundin	West
Mahoney	Murphy, M.	Pelowski	Quam	Swedzinski	Whelan
Mariani	Nash	Peppin	Rarick	Theis	Wills
Marquart	Nelson	Petersburg	Rosenthal	Thissen	Youakim
Masin	Neu	Peterson	Runbeck	Torkelson	Zerwas
Maye Quade	Newberger	Pierson	Sandstede	Uglen	Spk. Daudt
McDonald	Nornes	Pinto	Sauke	Urdahl	

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

Dehn, R., was excused for the remainder of today's session.

S. F. No. 2214 was reported to the House.

Hilstrom moved to amend S. F. No. 2214, the unofficial engrossment, as follows:

Page 48, delete section 12

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hilstrom amendment and the roll was called. There were 57 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Applebaum	Ecklund	Hortman	Lillie	Murphy, M.	Sauke
Becker-Finn	Fischer	Johnson, C.	Loeffler	Nelson	Schultz
Bernardy	Flanagan	Johnson, S.	Mahoney	Olson	Sundin
Bly	Franke	Jurgens	Mariani	Omar	Thissen
Carlson, A.	Freiberg	Koegel	Marquart	Pelowski	Wagenius
Carlson, L.	Halverson	Kunesh-Podein	Masin	Pinto	Ward
Clark	Hansen	Lee	Maye Quade	Poppe	Youakim
Considine	Hausman	Lesch	Metsa	Pryor	
Cornish	Hilstrom	Liebling	Moran	Rosenthal	
Davnie	Hornstein	Lien	Murphy, E.	Sandstede	

Those who voted in the negative were:

Albright	Backer	Bennett	Dauids	Erickson	Garofalo
Anderson, P.	Bahr, C.	Bliss	Dean, M.	Fabian	Green
Anderson, S.	Baker	Christensen	Dettmer	Fenton	Grossell
Anselmo	Barr, R.	Daniels	Drazkowski	Franson	Gruenhagen

Gunther	Kiel	Lueck	Peppin	Schomacker	Whelan
Haley	Knobloch	McDonald	Petersburg	Smith	Wills
Hamilton	Koznick	Miller	Peterson	Swedzinski	Zerwas
Heintzeman	Kresha	Nash	Pierson	Theis	Spk. Daudt
Hertaus	Layman	Neu	Poston	Torkelson	
Hoppe	Lohmer	Newberger	Pugh	Uglen	
Howe	Loon	Nornes	Quam	Urdahl	
Jessup	Loonan	O'Driscoll	Rarick	Vogel	
Johnson, B.	Lucero	O'Neill	Runbeck	West	

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

Gruenhagen moved to amend S. F. No. 2214, the unofficial engrossment, as follows:

Page 34, after line 6, insert:

"Sec. 13. **UNIVERSITY OF MINNESOTA TUITION.**

(a) For the 2018-2019 and 2019-2020 academic years, the Board of Regents of the University of Minnesota is encouraged to continue to adopt tuition schedules for the University of Minnesota Twin Cities campus that:

(1) move the nonresident undergraduate tuition rate for a full-time student toward the median nonresident undergraduate tuition rate for public Big Ten universities;

(2) move the resident undergraduate tuition rate for a full-time student toward the median of resident undergraduate tuition rates for public Big Ten universities;

(3) move the nonresident graduate tuition rate in each graduate program for a full-time student toward the median of nonresident graduate tuition rates for public Big Ten universities with a similar program; and

(4) move the resident graduate tuition rate in each graduate program for a full-time student toward the median of resident graduate tuition rates for public Big Ten universities with a similar program.

(b) For purposes of this section, "public Big Ten university" means the flagship campus for public universities that are members of the Big Ten Conference."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2214, A bill for an act relating to higher education; providing funding and policy changes for the Office of Higher Education, the Minnesota State Colleges and Universities, the University of Minnesota, and other related programs; modifying state grant program calculation parameters; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 135A.031, subdivision 7; 135A.15, subdivision 1a; 136A.101, subdivision 5a; 136A.125, subdivisions 2, 4; 136A.1275; 136A.685; 148.89, subdivision 5; Laws 2014, chapter 312, article 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 136A; 148; 298.

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

The question was taken on the passage of the bill and the roll was called. There were 77 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Albright	Davids	Gunther	Kresha	O'Driscoll	Smith
Anderson, P.	Dean, M.	Haley	Layman	Omar	Swedzinski
Anderson, S.	Dettmer	Hamilton	Lohmer	O'Neill	Theis
Anselmo	Drazkowski	Heintzeman	Loon	Peppin	Torkelson
Backer	Erickson	Hertaus	Loonan	Petersburg	Uglem
Bahr, C.	Fabian	Hoppe	Lucero	Peterson	Urdahl
Baker	Fenton	Howe	Lueck	Pierson	Vogel
Barr, R.	Franke	Jessup	McDonald	Poston	West
Bennett	Franson	Johnson, B.	Miller	Pugh	Whelan
Bliss	Garofalo	Jurgens	Nash	Quam	Wills
Christensen	Green	Kiel	Neu	Rarick	Zerwas
Cornish	Grossell	Knoblach	Newberger	Runbeck	Spk. Daudt
Daniels	Gruenhagen	Koznick	Nornes	Schomacker	

Those who voted in the negative were:

Applebaum	Ecklund	Hortman	Lillie	Murphy, E.	Sandstede
Becker-Finn	Fischer	Johnson, C.	Loeffler	Murphy, M.	Sauke
Bernardy	Flanagan	Johnson, S.	Mahoney	Nelson	Schultz
Bly	Freiberg	Koegel	Mariani	Olson	Sundin
Carlson, A.	Halverson	Kunesh-Podein	Marquart	Pelowski	Thissen
Carlson, L.	Hansen	Lee	Masin	Pinto	Wagenius
Clark	Hausman	Lesch	Maye Quade	Poppe	Ward
Considine	Hilstrom	Liebling	Metsa	Pryor	Youakim
Davnie	Hornstein	Lien	Moran	Rosenthal	

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

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Peppin from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Thursday, April 6, 2017 and established a prefilng requirement for amendments offered to the following bills:

S. F. Nos. 605 and 1937.

MOTIONS AND RESOLUTIONS

Zerwas moved that the name of Moran be added as an author on H. F. No. 660. The motion prevailed.

Layman moved that her name be stricken as an author on H. F. No. 759. The motion prevailed.

Pugh moved that the name of Layman be added as an author on H. F. No. 810. The motion prevailed.

Hamilton moved that the names of Lohmer and Whelan be added as authors on H. F. No. 1453. The motion prevailed.

Flanagan moved that her name be stricken as an author on H. F. No. 1717. The motion prevailed.

Whelan moved that the name of Lucero be added as an author on H. F. No. 2573. The motion prevailed.

Dean, M., moved that the name of Youakim be added as an author on H. F. No. 2574. The motion prevailed.

Jessup moved that the name of Theis be added as an author on H. F. No. 2575. The motion prevailed.

Franke moved that the names of Theis and Daniels be added as authors on H. F. No. 2576. The motion prevailed.

ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 10:00 a.m., Wednesday, April 5, 2017. The motion prevailed.

Peppin moved that the House adjourn. The motion prevailed, and Speaker pro tempore Albright declared the House stands adjourned until 10:00 a.m., Wednesday, April 5, 2017.

PATRICK D. MURPHY, Chief Clerk, House of Representatives