

STATE OF MINNESOTA

NINETIETH SESSION — 2017

 FIFTY-FIFTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 15, 2017

The House of Representatives convened at 12:00 noon and was called to order by Kurt Daudt, Speaker of the House.

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

A quorum was present.

Bliss, Halverson, Mariani and Theis were excused.

McDonald and O'Driscoll were excused until 12:35 p.m. Slocum was excused until 1:05 p.m. Metsa and Sundin were excused until 3:10 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.

REPORTS OF CHIEF CLERK

S. F. No. 550 and H. F. No. 1265, which had been referred to the Chief Clerk for comparison, were examined and found to be not identical.

Heintzeman moved that S. F. No. 550 be substituted for H. F. No. 1265 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 12, 2017

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

Dear Speaker Daudt:

I have vetoed and am returning H. F. No. 888, Chapter No. 42, a bill relating to state government, appropriating money for environment and natural resources.

Our environment and natural resources are central to our economy, culture, and wellbeing. House File 888 puts at risk core values that define our state's identity of practical and common sense protections supported by efficient government programs that guarantee a clean, healthy environment where all Minnesotans can thrive.

In a time of surplus, and after years of implementing improvements to our permitting and environmental review systems, this bill leaves a significant funding gap and makes unwarranted policy changes that would thwart the progress we have made together. Ultimately, this bill would lead to a significant reduction of environmental services and layoffs of public servants.

Outdoor enthusiasts are passionate constituents unwilling to see their outdoors experience diminished. My proposed budget includes reasonable operating and fees increases for the Department of Natural Resources (DNR) to ensure state programs and services are maintained. Hunting, fishing, and outdoor recreation – in a clean environment and with open public access – defines us as a people. While the conference committee proposal does include fee increases for state parks, it does not include fee increases for hunting and fishing licenses and for certain recreational vehicle registrations. Neither does it include operating adjustments. Without these funds, services and facilities will be reduced. Some state park campgrounds will be closed or their seasons shortened. Fewer lakes will be stocked with fish. DNR's ability to coordinate and collaborate with lake associations and conservation clubs will be reduced. The refusal to invest in Minnesota's outdoor heritage is an affront to all who hunt, fish, boat, use ATVs, and snowmobile.

My administration has strived to improve the efficiency of the permitting and environmental review process to ensure that our state is competitive and supportive of business. We have worked to balance this with the need to protect, manage, and restore the air, water, and land that make the quality of living so great in Minnesota.

Lack of funding for operating adjustments will mean slower decision times for businesses seeking permits from DNR and the Minnesota Pollution Control Agency (MPCA). This bill also discontinues the funding of an effort to modernize the Environmental Review program through the Environmental Quality Board (EQB). As a further attack on the EQB, it shifts all of its base funds into the MPCA's Environmental Fund, thereby funding one office exclusively through the fees collected by a separate agency. Moreover, the policies included in this bill add on layers of unneeded procedural steps and oversight, undermining the abilities of the agencies to swiftly do their work and make timely decisions.

The MPCA is the messenger of information that can be a challenge to address, and this has clearly made it a target in this bill. The agency mission to protect and restore our air, land, and water is critical for public health and natural resource management. This bill will hamstring the agency by diminishing needed flexibility to address emerging problems for emergency response or legacy pollution cleanup by making unwarranted changes to the Environmental Fund. The bill cancels more than \$5 million of the fund, sending it back to the General Fund. It caps transfers to the Remediation Fund at \$34 million, reducing resources available to cleanup Superfund and brownfield sites, and other programs. Further, the bill transfers almost \$11 million of program costs from General Fund into Environmental Fund without adding resources to pay for them, putting the fund and critical programs at risk of going into the red, and eliminates all General Fund from the agency.

In my travels across the state, I have heard a common reaction to the buffer law – locals know best how to protect and restore their lakes and rivers. Soil and Water Conservation Districts (SWCDs) are at the front lines, working with landowners to support practices that protect our water and soils. However, they do not have fee or levy-generating mechanisms to support their capacity for staff or the matching funds required for grants. That is why I am so concerned about the elimination of \$22 million for capacity building from the General Fund. While this funding appears as a two-year appropriation in the Legacy Bill, the proposed shift does not provide the stability the 2015 Legislature decided was needed when it established General Fund base support starting in FY18. Further, the shift creates a series of domino effects, cutting funding for projects approved by the citizen councils that recommend appropriations from the Lessard-Sams Outdoor Heritage Fund and the Environment and Natural Resources Trust Fund.

In addition to the shifts and cuts noted above, the bill contains the following omissions:

- Minimal funding without an operating increase for DNR enforcement will result in a zero net increase in enforcement officers.
- Lack of an operating adjustment will impact the DNR's Forestry program, resulting in reduced forest inventory, forest stand improvement and forest road management.
- No operating adjustment for the Board of Water and Soil Resources (BWSR).
- No appropriation increase for MPCA's air quality services, totaling \$453,000 for FY2018-19 biennium, is included, putting MPCA in violation of state and federal law.
- No funds to address groundwater contamination at demolition and construction landfills.
- No funds to conduct a study of the Pineland Sands area, which could better prepare the state and businesses for activities in this area.

In addition to the objectionable budget cuts and shifts, this bill is full of controversial policy provisions, despite my repeated statements in opposition to policy being included in the budget bills. This bill violates the single-subject rule as directed by the State Constitution.

My concerns with these myriad policy provisions, in no particular order, are:

- Numerous policies that effectively gut the Buffer Law and delay it.
- Restricting the Environmental Quality Board jurisdiction, and adding unreasonable criteria for all citizen applicants to participate.
- Transferring final decisions on contested case hearings from an agency Commissioner to the Office of Administrative Hearings.
- Transferring final decisions on science underlying all water-related decisions by the MPCA Commissioner to the Office of Administrative Hearings.
- Allowing contested case hearings on draft impaired waters list.
- Putting Minnesota tax payers on the hook for cleaning up the Freeway Landfill without providing a path forward to condemn the landfill or give the state access to clean up the site.
- Slowing down permitting, banning guidance and other forms of assistance to permittees, and creating new "hoops" that make the expedited permitting process more complicated and restrictive.
- Requiring legislative appropriation of the VW Settlement funds (estimated to be \$47 million for Minnesota), which may risk our state's eligibility to receive the funds.
- Preempting local government decisions on solid waste management, specifically preventing plastic bag bans.
- Removing protection of calcareous fens.
- Eroding DNR's ability to manage groundwater supplies by automatically transferring water permits.
- Allowing the importation of golden shiner minnows, presenting a serious risk of introductions of environmentally devastating invasive species.
- A lead shot rulemaking prohibition that limits the DNR's authority to provide wildlife health protections on state land.
- Delaying permitting and create significant fiscal burden by determining that guidance documents are unpromulgated rules.
- Prescribing Sand Dunes State Forest Management Plan.
- Allowing two line fishing.

With less than two weeks remaining in this legislative session, I urge you to return to work to craft a bill that demonstrates to Minnesotans a shared commitment to our outdoor heritage, natural resource management, and preserving our environment for future generations.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 12, 2017

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

Dear Speaker Daudt:

I have vetoed and returned to you H. F. No. 890, Chapter No. 43, the omnibus E-12 education appropriations bill.

In my 2017 State of the State address, I said that we should look closely at every budget expenditure decision and ask how it will help our children and grandchildren in the years ahead. Unfortunately, House File 890 falls well short in delivering the public investment in education that will ensure our children the ability to achieve their full potential.

Despite public assurances of support for an education bill including at least a 2 percent increase in the basic per pupil formula, the bill you've passed virtually ensures significant teacher and staff layoffs in school districts across the state. The 1.5 percent annual increases in the basic formula in the bill are inadequate to sustain school operations in the face of rising costs, and will result in larger class sizes, loss of programming, and higher property taxes. Securing a solid foundation upon which schools can operate is imperative and recent formula increases have not yet made up for previous low funding. Similarly, the bill contains no additional funding to address the special education cross-subsidy, which at \$643 million and rising puts tremendous pressure on district budgets and should be addressed.

My budget proposal would provide more than 17,000 4-year olds with high quality prekindergarten across our state in order to meet the known demand for the program next year, and to provide the early learning opportunities we all agree are important in closing educational gaps. Yet this bill eliminates voluntary prekindergarten as an option for families, completely disregarding the needs and interests of thousands of families across the state for this high-quality, early learning option. This is not acceptable. Parent choice is further diminished by the cap in the bill on Pathway II early learning scholarships.

The bill also disregards the educational needs of our American Indian students by not continuing the additional state aid enacted in 2015 for the Bureau of Indian Education schools. Just as the federal government lags in funding special education, so too has federal funding for the BIE schools and they consistently operate on less aid than Minnesota's school districts and charter schools. Adequately funding all of our schools is our Constitutional and moral responsibility.

Further, students who are interested in and have a talent for the arts should not be punished by closing the Perpich Center for Arts Education. Although a recent OLA report identified governance issues, the new board chair and members are diligently addressing those issues. I insist that the school remain open. A school devoted to arts education is a statewide asset. And I will not permit you to desecrate the memory and legacy of one of Minnesota's Governors.

The H. F. 890 makes unwarranted cuts to the Department of Education. The work done by state employees to support our students, teachers, schools and families is an important element of our entire education enterprise and the bill's reductions amount to a reduction of 25 percent of the department's state-funded staff, compromising the ability to assist struggling schools, make timely state aid payments, administer grants, oversee charter schools, and investigate reports of student maltreatment.

In addition, the bill contains the following omissions:

- No funding for pensions for school districts and charters.
- No funding to replace a decades old mainframe at the Minnesota Department of Education, which processes payments for billions of dollars each year for schools districts and charters.
- Less than a third of the operating increase sought by the Minnesota State Academies for the Deaf and the Blind.

Furthermore, despite my repeated clear request that we follow the constitutional practice of separating policy provisions from budget bills, you have insisted on inserting a number of troubling policy provisions, including:

- Changing unrequested leave of absence statutes.

- Delaying by six years the requirement that providers receiving early learning scholarships are three- or four-star rated through Parent Aware.
- Erecting barriers to low-income students taking the ACT or SAT.
- Interfering with the federal system of accountability by barring inclusion of important non-academic factors like chronic absenteeism.

With less than two weeks remaining in this legislative session, I urge you to return to work to craft a bill that demonstrates to Minnesotans the commitment to our children and our state's future you promised at the start of this session.

Sincerely,

MARK DAYTON
Governor

REPORTS OF STANDING COMMITTEES AND DIVISIONS

O'Driscoll from the Committee on Government Operations and Elections Policy to which was referred:

H. F. No. 565, A bill for an act relating to retirement; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, Public Employees Retirement Association, and St. Paul Teachers Retirement Fund Association; clarifying refund repayment procedures; modifying executive director credentials; clarifying service requirements; revising appeal procedures; modifying service credit purchase procedures; establishing new procedures for disability applications due to private disability insurance requirements; clarifying disability benefit payment provisions; modifying annual benefit limitations for federal tax code compliance; authorizing use of IRS correction procedures; clarifying benefit offsets for certain refund payments; clarifying police and fire plan coverage for certain Hennepin Healthcare System supervisors; modifying various economic actuarial assumptions; adopting recommendations of the Volunteer Firefighter Relief Association Working Group; increasing relief association lump-sum service pension maximums; lowering certain vesting requirements for Eden Prairie Volunteer Firefighters Relief Association; adopting definition of the Hometown Heroes Act related to public safety officer death benefits; allowing service credit purchase and Rule of 90-eligibility for certain Minnesota Department of Transportation employees; authorizing MnSCU employees to elect retroactive and prospective TRA coverage; authorizing MnSCU employee to transfer past service from IRAP to PERA; increasing maximum employer contribution to a supplemental laborers pension fund; authorizing certain additional sources of retirement plan funding; making technical and conforming changes; amending Minnesota Statutes 2016, sections 3A.03, subdivisions 2, 3; 16A.14, subdivision 2a; 352.03, subdivisions 5, 6; 352.113, subdivision 2; 352.23; 352B.11, subdivision 4; 352D.05, subdivision 4; 353.01, subdivisions 16, 43; 353.012; 353.0162; 353.32, subdivisions 1, 4; 353.34, subdivision 2; 353.64, subdivision 10; 353G.02, subdivision 6; 354.05, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.44, subdivision 9; 354.46, subdivision 6; 354.48, subdivision 1; 354.52, subdivision 4; 354A.011, subdivision 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096; 354A.35, subdivision 2; 354A.38; 356.215, subdivision 8; 356.24, subdivision 1; 356.50, subdivision 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 423A.02, subdivision 3; 424A.01, by adding subdivisions; 424A.015, by adding a subdivision; 424A.02, subdivision 3; 424B.20, subdivision 4; 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 356;

424A; repealing Minnesota Statutes 2016, sections 352.04, subdivision 11; 353.0161; 353.34, subdivision 6; 354A.12, subdivisions 2c, 3c; 354A.31, subdivision 3; 356.47, subdivision 1; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
MINNESOTA STATE RETIREMENT SYSTEM BENEFIT AND CONTRIBUTION CHANGES

Section 1. Minnesota Statutes 2016, section 3A.02, subdivision 4, is amended to read:

Subd. 4. **Deferred annuities augmentation.** ~~(a)~~ The deferred retirement allowance of any former legislator must be computed as provided in subdivision 1 on the basis of allowable service and augmented as provided herein. ~~(b) The required reserves applicable to the deferred retirement allowance, determined as of the date the benefit begins to accrue using an appropriate mortality table and an interest assumption of six percent, must be augmented by interest compounded annually from the first of the month following the termination of active service, or July 1, 1973, whichever is later, to the first day of the month in which the allowance begins to accrue effective date of retirement, at the following annually compounded rate or rates:~~

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, or from the first day of the month following the termination of active service, whichever is later, until January 1 of the year in which the former legislator attains age 55 or until January 1, 2012, whichever is earlier;

(3) five percent from the period end date under clause (2) until the effective date of retirement or until January 1, 2012, whichever is earlier; ~~and~~

(4) two percent ~~after December 31, 2011,~~ from January 1, 2012, until December 31, 2017; and

(5) after December 31, 2017, the deferred annuity must not be augmented.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. **Actuarial reduction for early retirement.** This subdivision applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced ~~so that~~ as described in clause (1) or (2), as applicable.

(1) For covered employees who retire on or after July 1, 2018, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an the applicable annual rate of three percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age. The applicable

annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(i) until June 30, 2018, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2023, zero percent.

After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this clause, shall not take into account any augmentation.

(2) For covered employees who retire before July 1, 2018, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee became an employee before July 1, 2006, and at an annual rate of 2.5 percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes became an employee after June 30, 2006.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 352.22, subdivision 2, is amended to read:

Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable to a person who ceased to be a state employee by reason of a termination of state service is an amount equal to employee accumulated contributions plus interest until the date on which the refund is paid, at the rate of following rates for the applicable period:

(a) six percent per year compounded daily from the date that the contribution was made until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and at the rate of;

(b) four percent per year compounded daily from the date that the contribution was made or from July 1, 2011, whichever is later, until the date on which the refund is paid, until June 30, 2017; and

(c) three percent per year compounded daily from the date that the contribution was made or July 1, 2017, whichever is later.

Included with the refund is any interest paid as part of repayment of a past refund, plus interest thereon from the date of repayment.

Sec. 4. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to read:

Subd. 2b. Refund repayment. Any person who has received a refund from the state employees retirement plan, and who is a member of any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund with interest to the state employees retirement plan. If a refund is repaid to the plan and more than one refund has been received from the plan, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 352.22, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of allowable service if employed before July 1, 2010, or who has at least five years of allowable service if employed after June 30, 2010, when termination occurs may elect to leave the accumulated contributions in the fund and thereby be entitled to a deferred retirement annuity. The annuity must be computed under the law in effect when state service terminated, on the basis of the allowable service credited to the person before the termination of service.

(b) An employee on layoff or on leave of absence without pay, except a leave of absence for health reasons, and who does not return to state service must have an annuity, deferred annuity, or other benefit to which the employee may become entitled computed under the law in effect on the employee's last working day.

(c) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

(d) Application for the accumulated contributions left on deposit with the fund may be made at any time following the date of the termination of service.

(e) Deferred annuities must be augmented as provided in ~~section 352.72, subdivision 2~~ subdivision 3a.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to read:

Subd. 3a. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 3, on the basis of allowable service before termination of state service and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the effective date of retirement.

(b) For a person who became a state employee before July 1, 2006, the annuity must be augmented at the following rate or rates:

(1) five percent until January 1, 1981;

(2) three percent thereafter until January 1 of the year following the year in which the former employee attains age 55 or until January 1, 2012, whichever is earlier;

(3) five percent from the January 1 next following the attainment of age 55 until December 31, 2011;

(4) two percent from January 1, 2012, until December 31, 2017; and

(5) after December 31, 2017, the deferred annuity must not be augmented.

(c) For a person who became a state employee after June 30, 2006, the annuity must be augmented at the following rate or rates:

(1) 2.5 percent until December 31, 2011;

(2) two percent from January 1, 2012, until December 31, 2017; and

(3) after December 31, 2017, the deferred annuity must not be augmented.

(d) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 352B.08, is amended by adding a subdivision to read:

Subd. 2b. **Computation of deferred annuity.** (a) Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the effective date of retirement.

(b) For a person who became an employee before July 1, 2006, the annuity must be augmented at the following rate or rates:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until December 31, 2011;

(3) two percent from January 1, 2012, until December 31, 2017; and

(4) after December 31, 2017, the deferred annuity must not be augmented.

(c) For a person who became an employee after June 30, 2006, the annuity must be augmented as follows:

(1) 2.5 percent until December 31, 2011;

(2) two percent from January 1, 2012, until December 31, 2017; and

(3) after December 31, 2017, the deferred annuity must not be augmented.

(d) The mortality table and interest assumption used to compute the annuity must be those in effect when the member files application for annuity.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 352D.085, subdivision 1, is amended to read:

Subdivision 1. **Combined service.** Except as provided in section 356.30, 356.302, or 356.303, service under the unclassified program for which the employee has been credited with employee shares may be used for the limited purpose of qualifying for benefits under sections 352.115, ~~352.72, subdivision 1,~~ 352.113, 354.44, 354.45, 354.48, and ~~354.60~~ 356.311. The service also may not be used to qualify for a disability benefit under section

352.113 or 354.48 if a participant was under the unclassified program at the time of the disability. Also, the years of service and salary paid while the participant was in the unclassified program may not be used in determining the amount of benefits.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 9. Minnesota Statutes 2016, section 490.121, subdivision 25, is amended to read:

Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (b), and governed by sections 356.415, ~~subdivisions 1 and~~ subdivision 1f; and 490.121 to 490.133, except as modified in sections 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 490.121, subdivision 26, is amended to read:

Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (c), and governed by sections 356.415, ~~subdivisions 1 and~~ subdivision 1f; 490.121 to 490.133, as modified in section 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 11. **REPEALER.**

Minnesota Statutes 2016, sections 3A.12; 352.045; 352.72; and 352B.30, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 2
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
BENEFIT AND CONTRIBUTION CHANGES

Section 1. Minnesota Statutes 2016, section 353.30, subdivision 5, is amended to read:

Subd. 5. **Actuarial reduction for early retirement.** (a) This subdivision applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b), reduced ~~so that~~ as described in paragraph (b) or (c), as applicable.

(b) For members who retire on or after July 1, 2018, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at ~~an~~ the applicable annual rate of ~~three percent~~, compounded annually, from the day the annuity begins to accrue until ~~the~~ the normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(i) until June 30, 2018, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2023, zero percent.

After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this paragraph, shall not take into account any augmentation.

(c) For members who retire before July 1, 2018, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes became an employee after June 30, 2006.

EFFECTIVE DATE. This section is effective for reduced annuities with an annuity starting date that is on or after July 1, 2018, notwithstanding the member's date of termination of public service.

Sec. 2. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who ceases to be a public employee is entitled to receive a refund in an amount equal to accumulated deductions with annual compound interest to the first day of the month in which the refund is processed.

(b) Annual compound interest on a refund under paragraph (a) shall be as follows:

(i) for a person who ceases to be a public employee before July 1, 2011, the refund interest is at the rate of six percent to June 30, 2011, at the rate of four percent after June 30, 2011, to June 30, 2017, and at the rate of ~~four~~ three percent after June 30, 2017;

(ii) for a person who ceases to be a public employee after ~~July 1~~ June 30, 2011, and before July 1, 2017, the refund interest is at the rate of four percent- to June 30, 2017, and at the rate of three percent after June 30, 2017; and

(iii) for a person who ceases to be a public employee after June 30, 2017, the refund interest is at the rate of three percent.

(c) If a person repays a refund and subsequently applies for another refund, the repayment amount, including interest, is added to the fiscal year balance in which the repayment was made.

(d) If the refund payable to a member is based on employee deductions that are determined to be invalid under section 353.27, subdivision 7, the interest payable on the invalid employee deductions is four percent.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is vested under section 353.01, subdivision 47, when termination of public service or termination of membership occurs has the option of leaving the accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.

(b) The deferred annuity must be computed under section 353.29, subdivision 3, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is earlier, and must be augmented as provided in ~~section 353.71, subdivision 2~~ paragraph (c).

(c) The deferred annuity accruing under subdivision 3, section 353.68, subdivision 4, or section 356.311, must be computed on the basis of allowable service prior to the termination of public service and augmented by interest compounded annually from the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later, to the effective date of retirement.

(d) For a person who became a public employee before July 1, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until January 1 of the year following the year in which the former member attains age 55 or until December 31, 2011, whichever is earlier;

(3) five percent from January 1 of the year following the year in which the former member attains age 55, or until December 31, 2011, whichever is earlier;

(4) one percent from January 1, 2012, until December 31, 2017; and

(5) after December 31, 2017, the deferred annuity must not be augmented.

(e) For a person who became a public employee after June 30, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates:

(1) 2.5 percent until December 31, 2011;

(2) one percent from January 1, 2012, until December 31, 2017; and

(3) after December 31, 2017, the deferred annuity must not be augmented.

(f) For a person who has a termination of public service after December 31, 2011, the deferred annuity must not be augmented.

(g) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

(h) A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. **REPEALER.**

Minnesota Statutes 2016, sections 353.27, subdivision 3b; and 353.71, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 3
TEACHERS RETIREMENT ASSOCIATION BENEFIT
AND CONTRIBUTION CHANGES

Section 1. Minnesota Statutes 2016, section 354.436, subdivision 3, is amended to read:

Subd. 3. **Aid expiration.** The aid amounts specified in this section terminate and this section expires on the October 1 next following ~~the later of the following dates: (1) when the date on which~~ the current assets of the Teachers Retirement Association fund equal or exceed the actuarial accrued liabilities of the fund as determined in the most recent actuarial valuation report for the Teachers Retirement Association fund by the actuary retained under section 356.214; ~~or (2) when the member and employer contribution rates are first determined to be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d.~~

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.2 percent per year	2.2 percent per year
Each year of service thereafter	1.7 percent per year	2.7 percent per year

For service rendered on or after July 1, 2006, by a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.4 percent per year	2.2 percent per year
Each year of service after ten years of service	1.9 percent per year	2.7 percent per year

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a basic member determines the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced ~~so that~~ as described in clause (1) or (2), as applicable. Except in regards to section 354.46 and paragraph (g), this paragraph remains in effect until June 30, 2015.

(1) For employees who retire on or after July 1, 2018, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an the applicable annual rate of three percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(i) until June 30, 2018, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2023, zero percent.

After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this clause, shall not take into account any augmentation;

(2) for members who retire before July 1, 2018, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee becomes became an employee after June 30, 2006. Except in regards to section 354.46, this paragraph remains in effect until June 30, 2015.

(f) After June 30, 2020, this paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive the normal annuity provided in paragraph (d) reduced as described in clause (1) or (2), as applicable.

~~For a person who~~ (1) If the member retires when the member is at least age 62 or older and has at least 30 years of service, the annuity must be reduced by an early reduction factor of six percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006. For a person who

The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(2) if the member retires when the member is not at least age 62 or older and does not have at least 30 years of service, the annuity ~~would~~ must be reduced by an early reduction factor ~~of~~ for each year that the member's age of retirement precedes normal retirement age. The early reduction factors are four percent per year for ages 55 through 59 and seven percent per year for ages 60 through normal retirement age. ~~of~~ The resulting annuity that would be payable to the employee must be further adjusted to take into account augmentation as if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an the applicable annual rate of three percent, compounded annually, from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(i) until June 30, 2018, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2023, zero percent.

After June 30, 2023, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(g) After June 30, 2015, and before July 1, 2020, for a person who would have a reduced retirement annuity under either paragraph (e) or (f) if they were applicable, the employee is entitled to receive a reduced annuity which must be calculated using a blended reduction factor augmented monthly by 1/60 of the difference between the reduction required under paragraph (e) and the reduction required under paragraph (f).

(h) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 354.49, subdivision 2, is amended to read:

Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, is entitled to receive a refund in an amount equal to the accumulated deductions credited to the account plus interest compounded annually using the following interest rates:

- (1) before July 1, 1957, no interest accrues;
- (2) July 1, 1957, to June 30, 2011, six percent; ~~and~~
- (3) ~~after June 30~~ July 1, 2011, to June 30, 2017, four percent; ~~and~~
- (4) after June 30, 2017, three percent.

For the purpose of this subdivision, interest must be computed on fiscal year end balances to the first day of the month in which the refund is issued.

(b) If the person has received permanent disability payments under section 354.48, the refund amount must be reduced by the amount of those payments.

Sec. 4. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement.

(b) The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and must be augmented as provided in this subdivision. ~~The required reserves for the annuity which had accrued when the member ceased to render teaching service must be augmented, as further specified in this subdivision,~~ by the applicable interest rate compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement.

(c) No augmentation is ~~not~~ creditable if the deferral period is less than three months or if deferral commenced before July 1, 1971.

(d) For persons who became covered employees before July 1, 2006, ~~with a deferral period commencing after June 30, 1971,~~ the annuity must be augmented as follows:

(1) five percent ~~interest compounded annually~~ until January 1, 1981;

(2) three percent ~~interest compounded annually~~ from January 1, 1981, until January 1 of the year following the year in which the deferred annuitant attains age 55 or until June 30, 2012, whichever is earlier;

(3) five percent ~~interest compounded annually~~ from the date established in clause (2) ~~to the effective date of retirement or~~ until June 30, 2012, ~~whichever is earlier; and~~

(4) two percent ~~interest compounded annually after June 30, 2012~~ from July 1, 2012, until June 30, 2018; and

(5) after June 30, 2018, the deferred annuity must not be augmented.

(e) For persons who become covered employees after June 30, 2006, the ~~interest rate used to augment the deferred annuity is~~ must be augmented as follows:

(1) 2.5 percent ~~interest compounded annually~~ until June 30, 2012, ~~or until the effective date of retirement, whichever is earlier, and;~~

(2) two percent ~~interest compounded annually after June 30~~ from July 1, 2012, until June 30, 2018; and

(3) after June 30, 2018, the deferred annuity must not be augmented.

(f) ~~If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented as specified in this subdivision. The sum of the augmented required reserves is the present value of the annuity. For the purposes of this subdivision, "period of uninterrupted service" means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.~~

(g) ~~If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has allowable service credit in the Teachers Retirement Association.~~

(h) ~~If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members.~~

(i) ~~The mortality table and interest rate actuarial assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect when the member retires.~~

(j) ~~(f)~~ In no case may the annuity payable under this subdivision be less than the amount of annuity payable under section 354.44, subdivision 6.

~~(k)~~ (g) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, also apply to an employee fulfilling the requirements with a combination of service as provided in section ~~354.60~~ 356.311.

~~(h)~~ (h) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

~~(i)~~ (i) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

~~(j)~~ (j) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained under section 356.214.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. **REPEALER.**

Minnesota Statutes 2016, sections 354.42, subdivisions 4a, 4b, 4c, and 4d; and 354.60, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 4
ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION BENEFIT
AND CONTRIBUTION CHANGES

Section 1. Minnesota Statutes 2016, section 354A.011, subdivision 3a, is amended to read:

Subd. 3a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the appropriate board of trustees based on the experience of that retirement fund association as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable ~~preretirement or postretirement interest rate~~ investment return assumption specified in section 356.215, subdivision 8.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 354A.29, subdivision 7, is amended to read:

Subd. 7. ~~**Eligibility for payment of Postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must determine the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 8 or 9, whichever is applicable.~~

~~(b) On January 1~~ (a) Except as set forth in paragraph (c), each person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter, whose effective date of benefit commencement occurred on or before July 1 of the calendar year immediately before the adjustment, is eligible to receive a an annual postretirement ~~increase as specified in subdivision 8 or 9.~~ adjustment, effective as of each January 1, as follows:

(1) there shall be no postretirement adjustment on January 1, 2018, and January 1, 2019; and

(2) the postretirement adjustment shall be one percent on January 1, 2020, and each January 1 thereafter.

(b) The amount determined under paragraph (a), clause (2), is the full postretirement adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred after January 1 of the calendar year immediately before the postretirement adjustment is applied, the amount determined under paragraph (a), clause (2), must be reduced by 50 percent.

(c) Each person who retires on or after January 1, 2023, is entitled to an annual postretirement adjustment, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age.

(d) Paragraph (c) does not apply to members who retire under section 354A.31, subdivision 6, paragraph (b).

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

Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable, in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity reduced as described in paragraph (b) if the person retires on or after July 1, 2018, or in paragraph (c) if the person retires before July 1, 2018, as applicable.

(b) A coordinated member who retires before the normal retirement age and on or after July 1, 2018, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), whichever applies, reduced as described in clause (1) or (2), as applicable.

(1) If the member retires when the member is younger than age 62 or with fewer than 30 years of service, the annuity must be reduced by an early reduction factor for each year that the member's age of retirement precedes normal retirement age. The early reduction factors are four percent per year for ages 55 through 59 and seven percent per year for ages 60 through normal retirement age. The resulting annuity must be further adjusted to take into account augmentation as if the employee had deferred receipt of the annuity until normal retirement age and the annuity were augmented at the applicable annual rate, compounded annually, from the day the annuity begins to accrue until normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee. The applicable annual rates are the following:

(i) until June 30, 2018, 2.5 percent;

(ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2023, zero percent.

After June 30, 2023, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(2) If the member retires when the member is at least age 62 or older and has at least 30 years of service, the member is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (c), whichever applies, multiplied by the applicable early retirement factor specified for members "Age 62 or older with 30 years of service" in the table in paragraph (c).

(c) A coordinated member who retires before the normal retirement age and before July 1, 2018, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), whichever applies, multiplied by the applicable early retirement factor specified below:

Normal retirement age:	Under age 62 or less than 30 years of service		Age 62 or older with 30 years of service	
	65	66	65	66
Age at retirement				
55	0.5376	0.4592		
56	0.5745	0.4992		
57	0.6092	0.5370		
58	0.6419	0.5726		
59	0.6726	0.6062		
60	0.7354	0.6726		
61	0.7947	0.7354		
62	0.8507	0.7947	0.8831	0.8389
63	0.9035	0.8507	0.9246	0.8831
64	0.9533	0.9035	0.9635	0.9246
65	1.0000	0.9533	1.0000	0.9635
66		1.0000		1.0000

For normal retirement ages between ages 65 and 66, the early retirement factors must be determined by linear interpolation between the early retirement factors applicable for normal retirement ages 65 and 66.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 354A.37, subdivision 2, is amended to read:

Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund under subdivision 1.

(b) The deferred retirement annuity must be computed under section 354A.31 and shall be augmented as provided in this subdivision by the applicable interest rate compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months.

(c) The deferred annuity commences upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

~~(b) The monthly annuity amount that had accrued when the member ceased to render teaching service must be augmented from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months. The rate of augmentation is~~

(d) For a person who became a covered employee before July 1, 2006, the annuity must be augmented as follows:

(1) three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, or until June 30, 2012, whichever is earlier;

(2) five percent compounded annually after that date to July 1 from the January 1, next following the attainment of age 55 or until June 30, 2012, and;

(3) two percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at from July 1, 2012, until June 30, 2018; and

(4) after June 30, 2018, the deferred annuity must not be augmented.

(e) For a person who became a covered employee after June 30, 2006, the annuity must be augmented as follows:

(1) 2.5 percent compounded annually to July 1, 2012, and until June 30, 2012;

(2) two percent compounded annually after that date to the effective date of retirement if the employee became an employee after June 30, 2006 from July 1, 2012, until June 30, 2018; and

~~— If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.~~

(3) after June 30, 2018, the deferred annuity must not be augmented.

~~(e)~~ (f) The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2.

(g) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 354A.37, subdivision 3, is amended to read:

Subd. 3. **Computation of refund amount.** A former coordinated member who qualifies for a refund under subdivision 1 is entitled to receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the ~~rate of~~ following rates for the applicable period:

(a) Six percent per annum compounded annually to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and;

(b) four percent per annum compounded annually to July 1, 2017; and

(c) three percent per annum compounded annually thereafter.

Sec. 6. **REPEALER.**

(a) Minnesota Statutes 2016, section 354A.29, subdivisions 8 and 9, are repealed.

(b) Minnesota Statutes 2016, section 354A.39, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective July 1, 2017.

ARTICLE 5
POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE PLANS
AND GENERAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

Subd. 8. ~~Interest and salary~~ **Actuarial assumptions.** (a) The actuarial valuation must use the applicable following ~~interest investment return~~ assumption:

~~(1) select and ultimate interest rate assumption~~

plan	ultimate interest rate assumption
teachers retirement plan	8.5%

~~The select preretirement interest rate assumption for the period through June 30, 2017, is eight percent.~~

~~(2) single rate interest rate assumption~~

plan	interest rate investment return assumption
general state employees retirement plan	§ <u>7.5</u> %
correctional state employees retirement plan	§ <u>7.5</u>
State Patrol retirement plan	§ <u>7.5</u>
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	§ <u>7.5</u>
general public employees retirement plan	§ <u>7.5</u>
public employees police and fire retirement plan	§ <u>7.5</u>
local government correctional service retirement plan	§ <u>7.5</u>
<u>teachers retirement plan</u>	<u>7.5</u>
St. Paul teachers retirement plan	§ <u>7.5</u>
Bloomington Fire Department Relief Association	6

local monthly benefit volunteer firefighter relief associations	5
monthly benefit retirement plans in the statewide volunteer firefighter retirement plan	6

(b) ~~(1) If funding stability has been attained, The actuarial valuation for each of the covered retirement plans listed in section 356.415, subdivision 2, must use a take into account the postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate or rates applicable to the plan as specified in section 354A.27, subdivision 7; 354A.29, subdivision 9 7; or 356.415, subdivision 1, whichever applies.~~

~~(2) If funding stability has not been attained, the valuation must use a select postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary estimates that the plan will attain the defined funding stability measure, and thereafter an ultimate postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning when funding stability is projected to be attained.~~

(c) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5%
judges retirement plan	2.75
Bloomington Fire Department Relief Association	4

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
local government correctional service retirement plan	assumption B
St. Paul teachers retirement plan	assumption A

For plans other than the St. Paul teachers retirement plan and the local government correctional service retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association.

The ultimate future salary increase assumption is:

age	A	B
16	5.9%	8.75%
17	5.9	8.75
18	5.9	8.75
19	5.9	8.75
20	5.9	8.75
21	5.9	8.5
22	5.9	8.25
23	5.85	8
24	5.8	7.75
25	5.75	7.5
26	5.7	7.25
27	5.65	7
28	5.6	6.75
29	5.55	6.5
30	5.5	6.5
31	5.45	6.25
32	5.4	6.25
33	5.35	6.25
34	5.3	6
35	5.25	6
36	5.2	5.75
37	5.15	5.75
38	5.1	5.75
39	5.05	5.5
40	5	5.5
41	4.95	5.5
42	4.9	5.25
43	4.85	5
44	4.8	5
45	4.75	4.75
46	4.7	4.75
47	4.65	4.75
48	4.6	4.75
49	4.55	4.75
50	4.5	4.75
51	4.45	4.75
52	4.4	4.75
53	4.35	4.75
54	4.3	4.75
55	4.25	4.5
56	4.2	4.5
57	4.15	4.25
58	4.1	4
59	4.05	4
60	4	4
61	4	4
62	4	4

63	4	4
64	4	4
65	4	3.75
66	4	3.75
67	4	3.75
68	4	3.75
69	4	3.75
70	4	3.75

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E
correctional state employees retirement plan of the Minnesota State Retirement System	assumption F

service length	A	B	C	D	E	F
1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
2	7.85	8.65	9	10.75	7.25	5.6
3	6.65	7.21	8	8.75	6.75	5.45
4	5.95	6.33	7.5	7.75	6.5	5.3
5	5.45	5.72	7.25	6.25	6.25	5.15
6	5.05	5.27	7	5.85	6	5
7	4.75	4.91	6.85	5.55	5.75	4.85
8	4.45	4.62	6.7	5.35	5.6	4.7
9	4.25	4.38	6.55	5.15	5.45	4.55
10	4.15	4.17	6.4	5.05	5.3	4.4
11	3.95	3.99	6.25	4.95	5.15	4.3
12	3.85	3.83	6	4.85	5	4.2
13	3.75	3.69	5.75	4.75	4.85	4.1
14	3.55	3.57	5.5	4.65	4.7	4
15	3.45	3.45	5.25	4.55	4.55	3.9
16	3.35	3.35	5	4.55	4.4	3.8
17	3.25	3.26	4.75	4.55	4.25	3.7
18	3.25	3.25	4.5	4.55	4.1	3.6
19	3.25	3.25	4.25	4.55	3.95	3.5
20	3.25	3.25	4	4.55	3.8	3.5
21	3.25	3.25	3.9	4.45	3.75	3.5
22	3.25	3.25	3.8	4.35	3.75	3.5
23	3.25	3.25	3.7	4.25	3.75	3.5
24	3.25	3.25	3.6	4.25	3.75	3.5
25	3.25	3.25	3.5	4.25	3.75	3.5
26	3.25	3.25	3.5	4.25	3.75	3.5
27	3.25	3.25	3.5	4.25	3.75	3.5
28	3.25	3.25	3.5	4.25	3.75	3.5
29	3.25	3.25	3.5	4.25	3.75	3.5
30 or more	3.25	3.25	3.5	4.25	3.75	3.5

(d) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.5%
correctional state employees retirement plan	3.5
State Patrol retirement plan	3.5
judges retirement plan	2.75
general employees retirement plan of the Public Employees Retirement Association	3.5
public employees police and fire retirement plan	3.5
local government correctional service retirement plan	3.5
teachers retirement plan	3.75
St. Paul teachers retirement plan	4

(e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 356.215, subdivision 9, is amended to read:

Subd. 9. **Other assumptions.** ~~The (a) Each plan's~~ actuarial valuation must use assumptions concerning base mortality rates, disability, retirement, withdrawal, retirement age, and any other relevant demographic or economic factor. These assumptions must be set at levels consistent with those determined in the most recent quadrennial experience study completed under subdivision 16, if required, or ~~representative of the best estimate of future experience as recommended by the plan's approved actuary~~, if a quadrennial experience study is not required.

(b) The actuarial valuation may use an assumption concerning future mortality improvement. This assumption may be set at levels consistent with those determined in the most recent mortality improvement scale published by the Society of Actuaries or as otherwise recommended by the plan's approved actuary.

(c) The actuarial valuation must contain an exhibit indicating ~~any~~ the actuarial assumptions used in preparing the valuation report.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an

exhibit for contribution determination purposes indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), but excluding the legislators retirement plan, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement plans and for the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.

(c) For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, ~~2034~~ 2047.

(e) For the Teachers Retirement Association, the established date for full funding is June 30, ~~2037~~ 2047.

(f) For the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, ~~2038~~ 2047.

(g) For the judges retirement plan, the established date for full funding is June 30, ~~2038~~ 2047.

(h) For the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, ~~2038~~ 2047.

(i) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, ~~2042~~. ~~In addition to other requirements of this chapter, the annual actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year~~ 2047.

(j) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, ~~2040~~ 2047.

(k) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the covered retirement plans ~~enumerated~~ listed in subdivision 3, a person ~~who has met the qualifications of paragraph (b)~~ may elect to receive, upon retirement, a retirement annuity from each ~~enumerated~~ covered retirement plan ~~in which the person has at least one-half year of allowable service, based on the allowable service in each plan,~~ subject to the provisions of paragraph ~~(e)~~ (b), if the person has:

(1) allowable service in any two or more of the covered plans;

(2) at least one-half year of allowable service in each covered plan, based on the allowable service in each plan;

(3) total allowable service that equals or exceeds the longest service credit vesting requirement of the applicable retirement plan; and

(4) not begun to receive an annuity from any covered plan or has made application for benefits from each applicable plan and the retirement annuity effective dates of each plan are within a one-year period.

~~(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and augmentation of a deferred annuity calculated at the appropriate rate under the laws governing each public pension plan or fund named in subdivision 3, based on the date of the person's initial entry into public employment from the date the person terminated all public service if:~~

~~(1) the person has allowable service in any two or more of the enumerated plans;~~

~~(2) the person has sufficient allowable service in total that equals or exceeds the applicable service credit vesting requirement of the retirement plan with the longest applicable service credit vesting requirement; and~~

~~(3) the person has not begun to receive an annuity from any enumerated plan or the person has made application for benefits from each applicable plan and the effective dates of the retirement annuity with each plan under which the person chooses to receive an annuity are within a one-year period.~~

~~(c) (b) If all requirements in paragraph (a) have been satisfied, the retirement annuity from each plan must be based upon the allowable service, accrual rates, and average salary in the applicable plan except as further specified or modified in the following clauses:~~

~~(1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered retirement plan with which the person earned a minimum of one-half year of allowable service credit during that employment;~~

~~(2) the "average salary" on which the annuity from each covered plan in which the employee has credit is a used to calculate the annuity for each formula plan must be based on the employee's highest five successive years of covered salary during the entire service in covered plans;~~

~~(3) the accrual rates to be used by under each plan must be those the percentages prescribed by each plan's formula as continued in effect for the respective years of allowable service from one plan to the next, recognizing all previous allowable service with the other covered plans;~~

~~(4) the allowable service in all the covered plans must be combined in determining eligibility for and the application of each plan's provisions in with respect to reduction in the annuity amount for retirement prior to normal retirement age; and~~

~~(5) the annuity amount payable for any allowable service under a nonformula plan of that is a covered plan must not be affected, but such service and covered salary must be used in the above calculation.~~

~~(c) If a person eligible for an annuity under paragraph (a) from each covered plan terminates all public service, the deferred annuity must be augmented from the date of termination until the earlier of:~~

~~(1) the effective date of retirement; or~~

~~(2) December 31, 2017, for the Minnesota State Retirement System and the Public Employees Retirement Association or June 30, 2018, for the Teachers Retirement Association and the St. Paul Teachers Retirement Association.~~

A deferred annuity must not be augmented after the applicable dates under clause (2). The appropriate rate of augmentation is the rate in effect on the date on which the person entered into public employment and subsequently adjusted according to the laws governing each covered plan, as applicable.

(d) This section does not apply to any person whose final termination from the last public service under a covered plan was before May 1, 1975.

(e) For the purpose of computing annuities under this section, ~~the accrual rates used by any covered plan, except the public employees police and fire plan, the judges retirement fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year of service for any year of service or fraction thereof. The formula percentage used by:~~

(1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service for any year of service or fraction thereof. The accrual rate used by:

(2) the public employees police and fire plan and the State Patrol retirement plan accrual rate must not exceed 3.0 percent per year of service for any year of service or fraction thereof. The accrual rate or rates used by:

(3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c); and

(4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service for any year of service or fraction thereof.

(f) Any period of time for which a person has credit in more than one of the covered plans must be used only once for the purpose of determining total allowable service.

(g) If the period of duplicated service credit is more than one-half year, or the person has credit for more than one-half year, with each of the plans, each plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. **[356.311] COVERAGE BY MORE THAN ONE PLAN.**

(a) Any person who has been a member of two or more of the retirement plans listed in paragraph (b) is entitled, when qualified, to an annuity from each fund if:

(i) the person's combined service in any two or more retirement plans equals or exceeds the vesting requirement of the fund with the longest vesting requirement; and

(ii) the person has not taken a refund from any of the retirement plans.

(b) This section applies to any defined benefit plan administered by the Minnesota State Retirement System, including the State Patrol Retirement Plan; the Public Employees Retirement Association, including the public employees police and fire plan; the Teachers Retirement Association; and the St. Paul Teachers Retirement Fund Association, except as noted in paragraph (c).

(c) This section does not apply to plans providing benefits for police officers or firefighters under sections 424A.091 to 424A.096 or the Bloomington Fire Department Relief Association.

(d) No portion of the service upon which the retirement annuity from one retirement plan is based shall be again used in the computation of a retirement annuity from another plan. The annuity from each plan must be determined under the laws applicable to that plan except that the requirement that a person meet the vesting requirement in any particular plan shall not apply, provided the combined service in any two or more plans equals or exceeds the vesting requirement of the plan with the longest vesting requirement.

(e) Any deferred annuity payable under this section shall be subject to augmentation under the laws applicable to the deferred annuity.

(f) Any person to whom an annuity is not payable under this section because the person took a refund from one of the funds shall be entitled to repay the refund in accordance with the laws governing the refund. Upon repayment, the person is entitled to annuities under this section, if the person would otherwise be entitled.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally Minnesota State Retirement System general state employees retirement plan, legislators retirement plan, and unclassified state employees retirement program.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f set forth in paragraph (c), recipients of a retirement annuity, disability benefit, or survivor benefit recipients of a covered from the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to a an annual postretirement adjustment annually on, effective as of each January 1, as follows:

(1) effective January 1, 2018, through December 31, 2022, a postretirement increase of 2.5 one percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) effective January 1, 2018, through December 31, 2022, for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 one percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit amount of the annuitant or benefit recipient;

(3) effective January 1, 2023, and thereafter, a postretirement increase of 1.5 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this ~~section~~ subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.

(c) Members who retire on or after January 1, 2023, under the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (1) or (3), as applicable, must be applied, effective on January 1, to the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for each month that the member has been receiving an annuity must be applied, effective on January 1, to the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than six months before the date of adjustment, a postretirement increase shall not be applied until the next January 1 and the amount of the adjustment shall be the amount determined under clause (2).

(d) Paragraph (c) does not apply to members who retire under section 352.116, subdivision 1, paragraph (c).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 356.415, subdivision 1a, is amended to read:

Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System plans other than State Patrol correctional state employees retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the ~~legislators retirement plan, including constitutional officers as specified in chapter 3A, the general state employees retirement plan, the~~ correctional state employees retirement plan, ~~and the unclassified state employees retirement program~~ are entitled to ~~a~~ an annual postretirement adjustment ~~annually on,~~ effective as of each January 1, as follows:

~~(1) for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan,~~ a postretirement increase of ~~two~~ 1.5 percent must be applied each year, ~~effective on January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

~~(2) for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan,~~ for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~two~~ 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit amount of each annuitant or benefit recipient.

~~(b) Increases under this subdivision for the general state employees retirement plan or the correctional state employees retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicate that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for the legislators~~

~~retirement plan established under chapter 3A, including the constitutional officers specified in that chapter, and for the unclassified state employees retirement program, terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicate that the market value of assets of the general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.~~

~~(e) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, for the general state employees retirement plan or the correctional state employees retirement plan, is again to be applied in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.~~

~~(d) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, for the legislators retirement plan, including the constitutional officers, and for the unclassified state employees retirement program, is again to be applied in a subsequent year or years if the market value of assets of the general state employees retirement plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.~~

~~(e) (b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.~~

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 356.415, subdivision 1b, is amended to read:

Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement plan and local government correctional retirement plan.** (a) Except as set forth in paragraph (c), recipients of a retirement annuity, disability benefit, or survivor benefit recipients of the general employees retirement plan of the Public Employees Retirement Association and the local government correctional service retirement plan are entitled to a an annual postretirement adjustment annually on, effective as of each January 1, as follows:

~~(1) for each successive January 1 until funding stability is restored for the applicable retirement plan, a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(2) for each successive January 1 until funding stability is restored for the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied; to the monthly annuity or benefit amount of each annuitant or benefit recipient.~~

~~(3) for each January 1 following the restoration of funding stability for the applicable retirement plan, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(4) for each January 1 following restoration of funding stability for the applicable retirement plan, for each annuity or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.~~

~~(b) Funding stability is restored when the market value of assets of the applicable retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent consecutive actuarial valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Public Employees Retirement Association under section 356.214.~~

~~(c) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, is again to be applied in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.~~

~~(b) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.~~

(c) Members who retire on or after January 1, 2023, are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (1), must be applied, effective on January 1, to the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for each month that the member has been receiving an annuity must be applied, effective on January 1 to the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than six months before the date of adjustment, a postretirement increase shall not be applied until the next January 1 and the amount of the adjustment shall be the amount determined under clause (2).

(d) Paragraph (c) does not apply to members who retire under section 353.30, subdivision 1a.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 9. Minnesota Statutes 2016, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a an annual postretirement adjustment annually on, effective as of each January 1, ~~if the definition of funding stability under paragraph (c) has not been met,~~ as follows:

~~(1) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to one percent in each year; or~~

~~(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least one full month, but less than 12 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and~~

~~(3) (1) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who will have been receiving an annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to a postretirement increase of one percent must be applied each year to the monthly annuity or benefit amount of the annuitant or benefit recipient; or~~

~~(4) (2) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who has been receiving the annuity or benefit for at least 25 full months, but less than 36 months as of the immediate preceding June 30, an amount equal to a postretirement increase of 1/12 of one percent for each full month ~~of that the person has been receiving an~~ annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective must be applied each year to the monthly annuity or benefit amount of the annuitant or benefit recipient.~~

~~(b) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on each January 1 following the restoration of funding stability as defined under paragraph (c) and during the continuation of funding stability as defined under paragraph (c), as follows:~~

~~(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to 2.5 percent; and~~

~~(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 25 full months, but less than 36 full months, as of the immediate preceding June 30, an amount equal to 1/12 of 2.5 percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.~~

~~(c) Funding stability is restored when the market value of assets of the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent consecutive actuarial valuations prepared under section 356.215 and under the standards for actuarial work of the Legislative Commission on Pensions and Retirement by the approved actuary retained by the Public Employees Retirement Association under section 356.214.~~

~~(d) After having met the definition of funding stability under paragraph (c), a full or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever applies, rather than adjustments under paragraph (b), is again applied in a subsequent year or years if the market value of assets of the public employees police and fire retirement plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.~~

~~(e) (b)~~ An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a an annual postretirement adjustment annually on, effective as of each January 1, as follows:

(1) ~~for each January 1 until funding stability is restored,~~ a postretirement increase of ~~two~~ one percent must be applied each year, ~~effective on January 1,~~ to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) ~~for each January 1 until funding stability is restored,~~ for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~two~~ one percent for each month the person has been receiving an annuity or benefit must be applied;

(3) ~~for each January 1 following the restoration of funding stability,~~ a postretirement increase of 2.5 percent must be applied each year, ~~effective January 1,~~ to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(4) ~~for each January 1 following the restoration of funding stability,~~ for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.

~~(b) Funding stability is restored when the market value of assets of the Teachers Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of the Teachers Retirement Association in the two most recent prior actuarial valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Teachers Retirement Association under section 356.214.~~

~~(c) After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied in a subsequent year or years if the market value of assets of the plan equals or is less than:~~

~~(1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive actuarial valuations; or~~

~~(2) 80 percent of the actuarial accrued liabilities of the plan for the most recent actuarial valuation.~~

~~(d) (b)~~ An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Teachers Retirement Association requesting that the increase not be made.

(e) (c) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62, 65, or normal retirement age, as selected by the member at retirement, for an annuity amount payable under section 354.35. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

(d) Members who retire on or after January 1, 2023, are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (1), must be applied, effective on January 1 to the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for each month that the member has been receiving an annuity must be applied, effective on January 1, to the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than six months before the date of adjustment, a postretirement increase shall not be applied until the next January 1 and the amount of the adjustment shall be the amount determined under clause (2).

(e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision 6, paragraph (c), item (iii).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 11. Minnesota Statutes 2016, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to ~~a~~ an annual postretirement adjustment ~~annually on,~~ effective as of each January 1 ~~if the definition of funding stability under paragraph (b) has not been met,~~ as follows:

(1) a postretirement increase of one percent must be applied each year, ~~effective on January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit of each annuitant or benefit recipient.

~~(b) Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases under paragraph (a) become effective again on the December 31 of the calendar year in which the actuarial valuation, or prior consecutive actuarial~~

valuations for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of the assets of the retirement plan equals or is less than 80 percent of the actuarial accrued liability of the retirement plan for two years, or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan for one year and increases under paragraph (c) commence after that date.

~~(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:~~

~~(1) a postretirement increase of 1.5 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied.~~

~~(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.~~

~~(e) (b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.~~

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. Minnesota Statutes 2016, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan.** ~~(a) The increases provided under this subdivision are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.~~

~~(b) (a) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a an annual postretirement adjustment annually on, effective as of each January 1; if the definition of funding stability under paragraph (b) has not been met, as follows:~~

~~(1) a postretirement increase of 1.75 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit of each annuitant or benefit recipient.~~

~~(e) (b) Increases under this subdivision paragraph (a) terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates~~

that the market value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan, ~~and increases under subdivision 1 or 1a, whichever is applicable,~~ paragraph (c) begin on the January 1 next following after that date.

(c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually, effective as of each January 1 if the definition of funding stability under paragraph (d) has not been met, as follows:

(1) a postretirement increase of two percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of two percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

(d) Increases under paragraph (c) terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under section 356.214 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicate that the market value of assets of the judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (e) begin after that date.

(e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually, effective as of each January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

~~(f)~~ (f) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 13. Minnesota Statutes 2016, section 356.415, is amended by adding a subdivision to read:

Subd. 1g. **Annual postretirement adjustments; PERA local government correctional retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees local government correctional service retirement plan are entitled to an annual postretirement adjustment, effective as of each January 1 as follows:

(1) a postretirement increase of 1.5 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, a postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 14. **STUDY.**

Before December 31, 2020, the Legislative Commission on Pensions and Retirement must conduct a study of the rates of the postretirement adjustments for the covered plans as defined in Minnesota Statutes, section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association, and make recommendations regarding whether they should be modified and whether a new methodology for determining postretirement adjustment should be adopted. The Legislative Commission on Pensions and Retirement shall make a determination based on the study during the 2021 legislative session.

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

ARTICLE 6
INTEREST RATE CONFORMING CHANGES

Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon written application to the executive director on a form prescribed by the executive director, a refund from the general fund of all contributions credited to the member's account with interest computed as provided in section 352.22, subdivision 2.

(b) The refund of contributions as provided in paragraph (a) terminates all rights of a former member of the legislature and the survivors of the former member under this chapter.

(c) If the former member of the legislature again becomes a member of the legislature after having taken a refund as provided in paragraph (a), the member is a member of the unclassified employees retirement program of the Minnesota State Retirement System.

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date on which the refund was taken to the date on which the refund is repaid.

(e) A member of the legislature who has received a refund from any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund to the respective plan under such terms and conditions consistent with the law governing the retirement plan if the law governing the plan permits the repayment of refunds. If the total amount to be repaid, including principal and interest exceeds \$2,000, repayment may be made in three equal installments over a period of 18 months, with the interest accrued during the period of the repayment added to the final installment.

(e) (f) No person may be required to apply for or to accept a refund.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 352.01, subdivision 13a, is amended to read:

Subd. 13a. **Reduced salary during period of workers' compensation.** An employee on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence, may make payment to the fund for the difference between salary received, if any, and the salary the employee would normally receive if not on leave of absence during the period. The employee shall pay an amount equal to the employee and employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential salary amount for the period of the leave of absence.

The employing department, at its option, may pay the employer amount on behalf of its employees. Payment made under this subdivision must include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or rates specified in section 356.59, subdivision 2, and must be completed within one year of the return from leave of absence.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 352.017, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this chapter may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 352.04, subdivision 8, is amended to read:

Subd. 8. **Department required to pay omitted salary deductions.** (a) If a department fails to take deductions past due for a period of 60 days or less from an employee's salary as provided in this section, those deductions must be taken on later payroll abstracts.

(b) If a department fails to take deductions past due for a period in excess of 60 days from an employee's salary as provided in this section, the department, and not the employee, must pay on later payroll abstracts the employee and employer contributions and ~~an amount equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June 30, 2015, and eight percent thereafter compound annual interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date the employee and employer contributions should have been deducted to the date payment of the total amount due is paid by the department.~~

(c) If a department fails to take deductions past due for a period of 60 days or less and the employee is no longer in state service so that the required deductions cannot be taken from the salary of the employee, the department must nevertheless pay the required employer contributions. If any department fails to take deductions past due for a period in excess of 60 days and the employee is no longer in state service, the omitted contributions must be recovered under paragraph (b).

(d) If an employee from whose salary required deductions were past due for a period of 60 days or less leaves state service before the payment of the omitted deductions and subsequently returns to state service, the unpaid amount is considered the equivalent of a refund. The employee accrues no right by reason of the unpaid amount, except that the employee may pay the amount of omitted deductions as provided in section 352.23.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

Subd. 9. **Erroneous deductions, canceled warrants.** (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, and the check is canceled or the amount of the warrant or check 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~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, 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.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

(a) When any employee accepts a refund as provided in section 352.22, all existing allowable service credits and all rights and benefits to which the employee was entitled before accepting the refund terminate.

(b) Terminated service credits and rights must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. In that event, the employee may repay all refunds previously taken from the retirement fund.

(c) Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments previously made in lieu of salary deductions as permitted under law in effect when the payment in lieu of deductions was made; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service previously credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, paragraph (a), clause (3).

(d) Payments under this section for repayment of refunds are to be paid with interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date the refund was taken until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04. Payment may be made in a lump sum up to six months after termination from service.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 352.27, is amended to read:

352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED SERVICE.

(a) An employee who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state service upon discharge from service in the uniformed service within the time frames required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service as further specified in this section, provided that the employee did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The employee may obtain credit by paying into the fund an equivalent employee contribution based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the employee would have received if the employee had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the employee's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service.

(c) The equivalent employer contribution and, if applicable, the equivalent additional employer contribution provided in this chapter must be paid by the department employing the employee from funds available to the department at the time and in the manner provided in this chapter, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent employee contribution.

(d) If the employee equivalent contributions provided in this section are not paid in full, the employee's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total employee contribution received by the total employee contribution otherwise required under this section.

(e) To receive service credit under this section, the contributions specified in this section must be transmitted to the Minnesota State Retirement System during the period which begins with the date on which the individual returns to state service and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is less than one year, the contributions required under this section to receive service credit may be made within one year of the discharge date.

(f) The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be ~~computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 352.955, subdivision 3, is amended to read:

Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee who is transferred to plan coverage and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is the amount computed under paragraph (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at the applicable monthly rate ~~of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ or rates specified in section 356.59, subdivision 2.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2.

(d) The executive director shall compute an amount using the process specified in paragraph (b), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(e) The executive director shall compute an amount using the process specified in paragraph (c), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(f) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after the one year anniversary date of the effective date of the retirement coverage transfer, or the date on which the eligible employee terminates state employment, whichever is earlier.

(g) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under paragraph (a), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is the amount computed under paragraph (d), plus the greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(h) The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent payment computed under paragraph (b), and by the amount of the employer contribution equivalent payment computed under paragraph (d).

(i) The additional equivalent employer contribution under this subdivision must be paid in a lump sum and must be paid within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the applicable department that the employee paid the additional equivalent member contribution.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 9. Minnesota Statutes 2016, section 352B.013, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in this chapter may purchase credit for allowable service in the plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in section 352B.02 at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year from the date the employee returned to work following the authorized leave, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in section 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 352B.085, is amended to read:

352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF ABSENCE.

A member on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may make payment to the fund for the difference between salary received, if any, and the salary that the member would normally receive if the member was not on leave of absence during the period. The member shall pay an amount equal to the member and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under

this subdivision must include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or rates specified in section 356.59, subdivision 2, and must be completed within one year of the member's return from the leave of absence.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 11. Minnesota Statutes 2016, section 352B.086, is amended to read:

352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.

(a) A member who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state employment in a position covered by the plan upon discharge from service in the uniformed services within the time frame required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service, provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The member may obtain credit by paying into the fund an equivalent member contribution based on the member contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the member would have received if the member had continued to provide employment services to the state rather than to provide uniformed service, or if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the purchase period.

(c) The equivalent employer contribution and, if applicable, the equivalent employer additional contribution, must be paid by the employing unit, using the employer and employer additional contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution.

(d) If the member equivalent contributions provided for in this section are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this section.

(e) To receive allowable service credit under this section, the contributions specified in this section must be transmitted to the fund during the period which begins with the date on which the individual returns to state employment covered by the plan and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is calculated to be less than one year, the contributions required under this section to receive service credit must be transmitted to the fund within one year from the discharge date.

(f) The amount of allowable service credit obtainable under this section may not exceed five years, unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

Subd. 4. **Reentry into state service; refund repayment.** (a) When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest ~~on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.

(b) A person who has received a refund from the State Patrol retirement fund who is a member of a public retirement system included in section 356.311 may repay the refund with interest to the State Patrol retirement fund as provided in paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay regular refunds taken under section 352.22, as provided in section 352.23.

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

(c) Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 14. Minnesota Statutes 2016, section 352D.11, subdivision 2, is amended to read:

Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may make the purchase by paying to the state retirement system an amount equal to the current employee contribution rate in effect for the state retirement system applied to the current or final salary rate multiplied by the months and days of prior temporary, intermittent, or contract legislative service. Payment shall be made in one lump sum unless the executive director of the state retirement system agrees to accept payment in installments over a period of not more than three years from the date of the agreement. Installment payments shall be charged interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 15. Minnesota Statutes 2016, section 352D.12, is amended to read:

352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.

(a) An employee who is a participant in the unclassified program and who has prior service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within the time limits specified in this section, elect to transfer to the unclassified program prior service contributions to one or more of those plans.

(b) For participants with prior service credit in a plan governed by chapter 352, 353, 354, 354A, or 422A, "prior service contributions" means the accumulated employee and equal employer contributions with interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, based on fiscal year balances.

(c) If a participant has taken a refund from a retirement plan listed in this section, the participant may repay the refund to that plan, notwithstanding any restrictions on repayment to that plan, ~~plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~ with interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, and have the accumulated employee and equal employer contributions transferred to the unclassified program with interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually based on fiscal year balances. If a person repays a refund and subsequently elects to have the money transferred to the unclassified program, the repayment amount, including interest, is added to the fiscal year balance in the year which the repayment was made.

(d) A participant electing to transfer prior service contributions credited to a retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this section must complete a written application for the transfer and repay any refund within one year of the commencement of the employee's participation in the unclassified program.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 16. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivisions 12 and 12a, and 353.35;

(3) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(4) a period of authorized leave of absence during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section 353.0161 or 353.0162, to the fund made in place of salary deductions;

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary, excluding overtime pay, that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus ~~8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~ at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 30 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed

at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under section 353.0162.

(b) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(c) For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 17. Minnesota Statutes 2016, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.

(a) A member may purchase additional salary credit for a period specified in this section.

(b) The applicable period is a period during which the member is receiving a reduced salary from the employer while the member is:

(1) receiving temporary workers' compensation payments related to the member's service to the public employer;

(2) on an authorized leave of absence; or

(3) on an authorized partial paid leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision.

(c) The differential salary amount is the difference between the average monthly salary received by the member during the period of reduced salary under this section and the average monthly salary of the member, excluding overtime, on which contributions to the applicable plan were made during the period of the last six months of covered employment occurring immediately before the period of reduced salary, applied to the member's normal employment period, measured in hours or otherwise, as applicable.

(d) To receive eligible salary credit, the member shall pay an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(e) The employer, by appropriate action of its governing body and documented in its official records, may pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, ~~at an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter~~ the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, prorated for applicable the number of months, if less than 12 months, from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 months of authorized leave.

(h) To purchase salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 18. 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 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, compounded annually, at the rate of 0.71 percent~~ applicable rate or rates specified in section 356.59, subdivision 3, 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.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 19. Minnesota Statutes 2016, section 353.27, subdivision 7a, is amended to read:

Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions and employer contributions under this section, section 353.50, 353.65, or 353E.03 were erroneously transmitted to the association, but should have been transmitted to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or individual account, as applicable. The time limitations specified in subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution plan account must include interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent~~ applicable rate or rates specified in section 356.59, subdivision 3, per month ~~thereafter~~, 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.

(b) A potential transfer under paragraph (a) that is reasonably determined to cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue Code, as amended, must not be made by the executive director of the association. Within 30 days after being notified by the Public Employees 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 retirement fund of the appropriate Minnesota public pension plan, or to the applicable individual account if the proper coverage is by a defined contribution plan. The association must provide the employing unit a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer. If the employing unit receives a credit under this paragraph, the employing unit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

(c) If erroneous employee deductions and employer contributions reflect a plan coverage error involving any Public Employees Retirement Association plan specified in section 356.99 and any other plan specified in that section, section 356.99 applies.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 20. Minnesota Statutes 2016, section 353.27, subdivision 12, is amended to read:

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date the contributions were first payable.

(e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 21. Minnesota Statutes 2016, section 353.27, subdivision 12a, is amended to read:

Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who was a member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee deductions could be withheld from salary, may pay the omitted employee deductions for the period on which omitted employer contributions were previously paid plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated employee may pay the omitted employee deductions plus interest within six months of an initial notification from the association of eligibility to pay those omitted deductions. If a terminated employee is reemployed in a position covered under a public pension fund under section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment must be made no later than six months after a subsequent termination of public service.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 22. Minnesota Statutes 2016, section 353.27, subdivision 12b, is amended to read:

Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted from salary adjustments or final salary of a terminated employee who was a member of the general employees retirement plan, the public employees police and fire retirement plan, or the local government correctional employees retirement plan and who is immediately eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer additional contributions plus interest on both the employer and employee amounts due at ~~an annual rate of 8.5 percent~~ the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. The employee shall pay the employee deductions within six months of an initial notification from the association of eligibility to pay omitted deductions or the employee forfeits the right to make the payment.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 23. Minnesota Statutes 2016, section 353.28, subdivision 5, is amended to read:

Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or section 353.27, subdivision 4, is payable with interest at the ~~annual compound rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date due until the date payment is received by the association, with a minimum interest charge of \$10.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 24. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund must terminate.

(b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

(c) The rights and benefits of a former member must not be restored until the person returns to active service and acquires at least six months of allowable service credit after taking the last refund and repays the refund or refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. If the person elects to restore service credit in a particular fund from which the person has taken more than one refund, the person must repay all refunds to that fund. All refunds must be repaid within six months of the last date of termination of public service.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 25. Minnesota Statutes 2016, section 354.50, subdivision 2, is amended to read:

Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall include interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from date of withdrawal to the date payment is made and shall be credited to the fund.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 26. Minnesota Statutes 2016, section 354.51, subdivision 5, is amended to read:

Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event that full required member contributions are not deducted from the salary of a teacher, payment of shortages in member deductions on salary earned are the sole obligation of the employing unit and are payable by the employing unit upon notification by the executive director of the shortage. The amount of the shortage shall be paid with interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from the end of the fiscal year in which the shortage occurred to the end of the month in which payment is made and the interest must be credited to the fund. The employing unit shall also pay the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the employing unit within 60 days of notification, and if the executive director does not use the recovery procedure in section 354.512, the executive director shall certify the amount of the shortage to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes. Payment may not be made for shortages in member deductions on salary paid or payable under paragraph (b) or for shortages in member deductions for persons employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution that exceeds the most recent 36 months.

(b) For a person who is employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution, upon the person's election under section 354B.21 of retirement coverage under this chapter, the shortage in member deductions on the salary for employment by the Minnesota State Colleges and Universities system institution of less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution for the most recent 36 months and the associated employer contributions must be paid by the Minnesota State Colleges and Universities system institution, plus ~~annual compound~~ interest at the ~~rate of 8.5 percent~~ applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from the end of the fiscal year in which the shortage occurred to the end of the month in which the Teachers Retirement Association coverage election is made. An individual electing coverage under this paragraph shall repay the amount of the shortage in member deductions, plus interest, through deduction from salary or compensation payments within the first year of employment after the election under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State Colleges and Universities system may use any means available to recover amounts which were not recovered through deductions from salary or compensation payments. No payment of the shortage in member deductions under this paragraph may be made for a period longer than the most recent 36 months.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 27. 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, ~~the amount accrues interest at an annual rate of 8.5 percent~~ employer shall pay interest on the amount due at the applicable annual rate or rates specified in section 356.59, subdivision 4, 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.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 28. Minnesota Statutes 2016, section 354.53, subdivision 5, is amended to read:

Subd. 5. **Interest requirements.** The employer shall pay interest on all equivalent employee and employer contribution amounts payable under this section. ~~Interest must be computed at a rate of 8.5 percent at the applicable annual rate or rates specified in section 356.59, subdivision 4,~~ compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 29. Minnesota Statutes 2016, section 354A.093, subdivision 6, is amended to read:

Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 30. Minnesota Statutes 2016, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus ~~annual~~ interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ per year applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 31. Minnesota Statutes 2016, section 354A.12, subdivision 1a, is amended to read:

Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions are not deducted from the salary of a teacher, payment of the shortage in such deductions is the sole obligation of the employing unit during the three-year period following the end of the fiscal year in which the shortage occurred. The shortage is payable by the employing unit upon notification of the shortage by the executive director of the applicable retirement fund association. The employing unit shall also pay any employer contributions related to the shortage. The amount of the shortage in employee contributions and associated employer contributions is payable with interest at the ~~preretirement interest assumption for the retirement fund as specified in section 356.215, subdivision 8,~~ stated

as a ~~monthly rate~~ applicable annual rate or rates specified in section 356.59, subdivision 5, from the date due until the date payment is received in the office of the association, compounded annually, with a minimum interest charge of \$10. If the shortage payment and interest is not paid by the employing unit within 60 days of notification, the executive director shall certify the amount of the shortage payment and interest to the commissioner of management and budget, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 32. Minnesota Statutes 2016, section 354A.12, subdivision 7, is amended to read:

Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers, within the time period specified in subdivision 8 following the payment of a refund or the accrual date of any retirement annuity, survivor benefit, or disability benefit, that benefit overpayment has occurred due to using invalid service or salary, or due to any erroneous calculation procedure, the executive director must recalculate the annuity or benefit payable and recover any overpayment. The executive director shall recover the overpayment by requiring direct repayment or by suspending or reducing the payment of a retirement annuity or other benefit payable under this chapter to the applicable person or the person's estate, whichever applies, until all outstanding amounts have been recovered. If a benefit overpayment or improper payment of benefits occurred caused by a failure of the person to satisfy length of separation requirements for retirement under section 354A.011, subdivision 21, the executive director shall recover the improper payments by requiring direct repayment. The repayment must include interest at the ~~rate of 0.71 percent per month~~ applicable annual rate or rates specified in section 356.59, subdivision 5, from the first of the month in which a monthly benefit amount was paid to the first of the month in which the amount is repaid, with annual compounding.

(b) In the event the executive director determines that an overpaid annuity or benefit that is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the executive director must determine the amount of the employee deductions taken in error on the invalid salary, with interest as determined under 354A.37, subdivision 3, and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

(c) If the invalid employee deductions plus interest exceed the amount of the overpaid benefits, the balance must be refunded to the person to whom the benefit or annuity is being paid.

(d) Any invalid employer contributions reported on the invalid salary must be credited against future contributions payable by the employer.

(e) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and an optional annuity or refund is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary or refund recipient.

(f) The board of trustees shall adopt policies directing the period of time and manner for the collection of any overpaid retirement or optional annuity, and survivor or disability benefit, or a refund that the executive director determines must be recovered as provided under this section.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 33. Minnesota Statutes 2016, section 354A.34, is amended to read:

354A.34 DISPOSITION OF UNPAID PERIOD CERTAIN FOR LIFE OR GUARANTEED REFUND OPTIONAL ANNUITIES.

If a retiree from a coordinated program who has elected a period certain and for life thereafter or a guaranteed refund optional annuity form dies without having a designated beneficiary who has survived the retiree, any remaining unpaid guaranteed annuity payments shall be computed at the rate of interest specified in section 356.215, subdivision 8, and paid in one lump sum to the estate of the retiree. If a retiree from a coordinated program who has elected a period certain and for life or a guaranteed refund optional annuity form dies with a designated beneficiary who has survived the retiree but the designated beneficiary dies without there existing another designated beneficiary, any remaining unpaid guaranteed annuity payments shall be computed ~~at the rate of~~ with interest at the applicable annual rate or rates specified in section ~~356.215, subdivision 8~~ 356.59, subdivision 5, and paid in one lump sum to the estate of the designated beneficiary.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 34. Minnesota Statutes 2016, section 354A.38, subdivision 3, is amended to read:

Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal to refunds the member has ~~accepted~~ been issued plus interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the date that the refund was ~~accepted~~ issued to the date that the refund is repaid.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 35. Minnesota Statutes 2016, section 356.195, subdivision 2, is amended to read:

Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a plan specified in subdivision 1 may purchase allowable service credit in the applicable plan for any period of time during which the employee was on a public employee strike without pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary deductions as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the applicable pension plan executive director within one year from the end of the strike, the payment amount is equal to the applicable employee and employer contribution rates specified in law for the applicable plan during the strike period, applied to the employee's rate of salary in effect at the conclusion of the strike for the period of the strike without pay, plus compound interest at the ~~monthly rate of 0.71 percent for any period for the Teachers Retirement Association and at the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent thereafter for any other retirement plan listed in section 356.30, subdivision 3~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, from the last day of the strike period until the date payment is received.

(c) If payment is received by the applicable pension fund director after one year and before five years from the end of the strike, the payment amount is the amount determined under section 356.551.

(d) Payments may not be made more than five years after the end of the strike.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 36. Minnesota Statutes 2016, section 356.44, is amended to read:

356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the ~~annual rate of 8.5 percent for any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015, and eight percent thereafter for any other retirement plan listed in section 356.30, subdivision 3~~ applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit must be allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 37. Minnesota Statutes 2016, section 356.50, subdivision 2, is amended to read:

Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable service credit, the eligible person under subdivision 1 shall pay the required member contribution amount. The required member contribution amount is the member contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the unpaid gross salary amounts of the back pay award including unemployment insurance, workers' compensation, or wages from other sources which reduced the back award. No contributions may be made under this clause for compensation covered by a public pension plan listed in section 356.30, subdivision 3, for employment during the removal period. The person shall pay the required member contribution amount within 60 days of the date of receipt of the back pay award or within 60 days of a billing from the retirement fund, whichever is later.

(b) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph (a). ~~Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent until June 30, 2015, and eight percent thereafter, for any other retirement plan listed in section 356.30, subdivision 3, per year, expressed monthly~~ The employer must pay compound interest on both the required member and employer contribution amounts at the applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 38. Minnesota Statutes 2016, section 356.551, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph (c) applies, the prior service credit purchase amount is an amount equal to the actuarial present value, on the date of payment, as calculated by the chief administrative officer of the pension plan and reviewed by the actuary retained under section 356.214, of the amount of the additional retirement annuity obtained by the acquisition of the additional service credit in this section.

(b) Calculation of this amount must be made using the preretirement interest rate applicable to the public pension plan specified in section 356.215, subdivision 8, and the mortality table adopted for the public pension plan. The calculation must assume continuous future service in the public pension plan until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a full-time equivalent salary, or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan specified in section 356.215, subdivision 4 ~~and~~ 8.

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

(d) Unless otherwise provided by statutes governing a specific plan, payment must be made in one lump sum within one year of the prior service credit authorization or prior to the member's effective date of retirement, whichever is earlier. Payment of the amount calculated under this section must be made by the applicable eligible person.

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the applicable annual ~~rate of 8.5 percent a year or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies,~~ compounded annually, from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 39. **[356.59] INTEREST RATES.**

Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required with respect to any payment, including refunds, remittances, shortages, contributions, or repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each public retirement plan.

Subd. 2. Minnesota State Retirement System. The interest rates for all retirement plans administered by the Minnesota State Retirement System are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
<u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Subd. 3. Public Employees Retirement Association. The interest rates for all retirement plans administered by the Public Employees Retirement Association are as follows:

<u>before July 1, 2015</u>	<u>8.5 percent</u>
<u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>
<u>after June 30, 2017</u>	<u>7.5 percent</u>

Subd. 4. Teachers Retirement Association. The interest rates for the retirement plan administered by the Teachers Retirement Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2017</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Subd. 5. St. Paul Teachers Retirement Fund Association. The interest rates for the retirement plan administered by the St. Paul Teachers Retirement Fund Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>from July 1, 2015, to June 30, 2017</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
<u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 40. Minnesota Statutes 2016, section 490.121, subdivision 4, is amended to read:

Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject to the service credit limit in subdivision 22, served as a judge at any time, during which the judge received compensation for that service from the state, municipality, or county, whichever applies, and for which the judge made any required member contribution. It also includes any month served as a referee in probate for all referees in probate who were in office before January 1, 1974.

(b) "Allowable service" also means a period of authorized leave of absence for which the judge has made a payment in lieu of contributions, not in an amount in excess of the service credit limit under subdivision 22. To obtain the service credit, the judge shall pay an amount equal to the normal cost of the judges retirement plan on the date of return from the leave of absence, as determined in the most recent actuarial report for the plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the judge's average monthly salary rate during the authorized leave of absence and multiplied by the number of months of the authorized leave of absence, plus ~~annual compound interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ interest at the

applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date of the termination of the leave to the date on which payment is made. The payment must be made within one year of the date on which the authorized leave of absence terminated. Service credit for an authorized leave of absence is in addition to a uniformed service leave under section 490.1211.

(c) "Allowable service" does not mean service as a retired judge.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 41. Minnesota Statutes 2016, section 490.1211, is amended to read:

490.1211 UNIFORMED SERVICE.

(a) A judge who is absent from employment by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), and who returns to state employment as a judge upon discharge from service in the uniformed service within the time frame required in United States Code, title 38, section 4312(e), may obtain service credit for the period of the uniformed service, provided that the judge did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(b) The judge may obtain credit by paying into the fund equivalent member contribution based on the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary during the purchase period that the judge would have received if the judge had continued to provide employment services to the state rather than to provide uniformed service, or if the determination of that rate is not reasonably certain, the annual salary rate is the judge's average salary rate during the 12-month period of judicial employment rendered immediately preceding the purchase period.

(c) The equivalent employer contribution and, if applicable, the equivalent employer additional contribution, must be paid by the employing unit, using the employer and employer additional contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution.

(d) If the member equivalent contributions provided for in this section are not paid in full, the judge's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this section.

(e) To receive allowable service credit under this section, the contributions specified in this section and section 490.121 must be transmitted to the fund during the period which begins with the date on which the individual returns to judicial employment and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is calculated to be less than one year, the contributions required under this section to receive service credit may be within one year from the discharge date.

(f) The amount of allowable service credit obtainable under this section and section 490.121 may not exceed five years, unless a longer purchase period is required under United States Code, title 38, section 4312.

(g) The state court administrator shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be ~~computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 42. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an amount that is equal to all of the member's employee contributions to the judges' retirement fund plus interest computed under section 352.22, subdivision 2.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors under this chapter.

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest ~~on the total amount previously received at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date on which the refund was received until the date on which the refund is repaid.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 7 CONTRIBUTION RATES

Section 1. Minnesota Statutes 2016, section 352.04, subdivision 2, is amended to read:

Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be equal to the following percent of salary:

from July 1, 2010, to June 30, 2014	5
from July 1, 2014, and thereafter to June 30, 2017	5.5
<u>from July 1, 2017, to June 30, 2018</u>	<u>5.75</u>
<u>after June 30, 2018</u>	<u>6</u>

(b) These contributions must be made by deduction from salary as provided in subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 352.04, subdivision 3, is amended to read:

Subd. 3. **Employer contributions.** (a) The employer contribution to the fund must be equal to the following percent of salary:

from July 1, 2010, to June 30, 2014	5
from July 1, 2014, and thereafter to June 30, 2017	5.5
<u>from July 1, 2017, to June 30, 2018</u>	<u>5.875</u>
<u>after June 30, 2018</u>	<u>6.25</u>

(b) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 352.92, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) Employee contributions of covered correctional employees must be in an amount equal to the following percent of salary:

from July 1, 2010, to June 30, 2014	8.6
from July 1, 2014, and thereafter <u>to June 30, 2017</u>	9.1
<u>after June 30, 2017</u>	<u>9.6</u>

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 352.92, subdivision 2, is amended to read:

Subd. 2. **Employer contributions.** (a) The employer shall contribute for covered correctional employees an amount equal to the following percent of salary:

from July 1, 2010, to June 30, 2014	12.1
from July 1, 2014, and thereafter <u>to June 30, 2017</u>	12.85
<u>after June 30, 2017</u>	<u>14.4</u>

(b) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 352.92, is amended by adding a subdivision to read:

Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2018, the employer shall pay a supplemental contribution. The supplemental contribution shall be 1.45 percent of salary for covered correctional employees from July 1, 2018, through June 30, 2019; 2.95 percent of salary for covered correctional employees from July 1, 2019, through June 30, 2020; and 4.45 percent of salary for covered correctional employees thereafter. The supplemental contribution rate of 4.45 percent shall remain in effect until the market value of the assets of the correctional state employees retirement plan of the Minnesota State Retirement System equals or exceeds the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the actuarial valuation upon which the expiration is based.

(b) The supplemental contribution under paragraph (a) must be paid starting the first day of the first full pay period after the effective date.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. **Member contributions.** (a) The member contribution is the following percentage of the member's salary:

(1) before the first day of the first pay period beginning after July 1, 2014	12.4 percent
(2) on or after the first day of the first pay period beginning after <u>from</u> July 1, 2014, to June 30, 2016	13.4 percent
(3) after June 30, 2016 <u>from July 1, 2016, to June 30, 2017</u> <u>from July 1, 2017, to June 30, 2019</u> <u>after June 30, 2019</u>	14.4 percent 14.9 15.4

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In addition to member contributions, department heads shall pay a sum equal to the specified percentage of the salary upon which deductions were made, which constitutes the employer contribution to the fund as follows:

(1) before the first day of the first pay period beginning after July 1, 2014	18.6 percent
(2) on or after the first day of the first pay period beginning after <u>from</u> July 1, 2014, to June 30, 2016	20.1 percent
(3) after June 30, 2016 <u>from July 1, 2016, to June 30, 2017</u> <u>from July 1, 2017, to June 30, 2018</u> <u>after June 30, 2018</u>	21.6 percent 22.35 23.1

(b) Department contributions must be paid out of money appropriated to departments for this purpose.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

(d) Effective July 1, 2017, department heads shall pay a supplemental employer contribution. The supplemental contribution shall be 1.75 percent of the salary upon which deductions are made from July 1, 2017, through June 30, 2018; three percent of the salary upon which deductions are made from July 1, 2018, through June 30, 2019; five percent of the salary which deductions are made from July 1, 2019, through June 30, 2020; and seven percent of the salary upon which deductions are made thereafter. The supplemental contribution must be paid starting the first day of the first full pay period after the effective date. The supplemental contribution rate of seven percent shall remain in effect until the market value of the assets of the State Patrol retirement plan of the Minnesota State Retirement System equals or exceeds the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the actuarial valuation upon which the expiration is based.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 352D.04, subdivision 2, is amended to read:

Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

(b) The employee contribution is an amount equal to ~~the 5.5 percent of salary specified in section 352.04, subdivision 2, or 352.045, subdivision 3a.~~ the 5.5 percent of salary specified in section 352.04, subdivision 2.

(c) The employer contribution is an amount equal to six percent of salary.

(d) For members of the legislature, the contributions under this subdivision also must be made on per diem payments received during a regular or special legislative session, but may not be made on per diem payments received outside of a regular or special legislative session, on the additional compensation attributable to a leadership position under section 3.099, subdivision 3, living expense payments under section 3.101, or special session living expense payments under section 3.103.

(e) For a judge who is a member of the unclassified plan under section 352D.02, subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of salary, and there is no employer contribution.

(f) These contributions must be made in the manner provided in section 352.04, subdivisions 4, 5, and 6.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 9. Minnesota Statutes 2016, section 353.65, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is an amount equal to the following percentage of the total salary of each member, as follows: ~~9.6 percent before calendar year 2014; 10.2 percent in calendar year 2014; and 10.8 percent in calendar year 2015 and thereafter.~~

<u>before January 1, 2018</u>	<u>10.8 percent</u>
<u>from January 1, 2018, through December 31, 2018</u>	<u>11.3 percent</u>
<u>from January 1, 2019, and thereafter</u>	<u>11.8 percent</u>

(b) For members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80 and expressed as a biweekly amount for each member. The employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Firefighters Relief Association must be deposited in the postretirement health care savings account established under section 352.98.

(c) For members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80 and expressed as a biweekly amount for each member. The employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Police Relief Association must be deposited in the postretirement health care savings account established under section 352.98.

(d) Contributions under this section must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 353.65, subdivision 3, is amended to read:

Subd. 3. **Employer contribution.** (a) With respect to members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is an amount equal to the following percentage of the total salary of each member, as follows: ~~14.4 percent before calendar year 2014; 15.3 percent in calendar year 2014; and 16.2 percent in calendar year 2015 and thereafter.~~

<u>before January 1, 2018</u>	<u>16.2 percent</u>
<u>from January 1, 2018, through December 31, 2018</u>	<u>16.95 percent</u>
<u>from January 1, 2019, and thereafter</u>	<u>17.7 percent</u>

(b) With respect to members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (b).

(c) With respect to members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (c).

(d) Contributions under this subdivision must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 11. Minnesota Statutes 2016, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the following percentage of the member's salary:

Period	Basic Program	Coordinated Program
from July 1, 2013, until June 30, 2014	10.5 percent	7 percent
after June 30, 2014 <u>from July 1, 2014, through June 30, 2017</u>	11 percent	7.5 percent
<u>from July 1, 2017, through June 30, 2018</u>	<u>11.19 percent</u>	<u>7.69 percent</u>
<u>from July 1, 2018, through June 30, 2019</u>	<u>11.38 percent</u>	<u>7.88 percent</u>
<u>from July 1, 2019, through June 30, 2020</u>	<u>11.56 percent</u>	<u>8.06 percent</u>
<u>after June 30, 2020</u>	<u>11.75 percent</u>	<u>8.25 percent</u>

(b) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(c) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted accordingly.

(d) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. Minnesota Statutes 2016, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or who is a basic member.

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
from July 1, 2013, until June 30, 2014	7 percent	11 percent
after June 30, 2014 <u>from July 1, 2014, through</u>		
<u>June 30, 2017</u>	7.5 percent	11.5 percent
<u>from July 1, 2017, through June 30, 2018</u>	<u>7.75 percent</u>	<u>11.75 percent</u>
<u>from July 1, 2018, through June 30, 2019</u>	<u>8.0 percent</u>	<u>12 percent</u>
<u>from July 1, 2019, through June 30, 2020</u>	<u>8.25 percent</u>	<u>12.25 percent</u>
<u>after June 30, 2020</u>	<u>8.5 percent</u>	<u>12.5 percent</u>

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a, 4b, and 4c, the employer contributions under paragraphs (a), (b), and (c) must be adjusted accordingly.

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

Sec. 13. Minnesota Statutes 2016, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member of the St. Paul Teachers Retirement Fund Association is the percentage of total salary specified below for the applicable association and program:

Program	Percentage of Total Salary
St. Paul Teachers Retirement Fund Association	
basic program after June 30, 2014	9 percent
basic program after June 30, 2015	9.5 percent
basic program after June 30, 2016	10 percent
<u>basic program after June 30, 2021</u>	<u>10.25 percent</u>
coordinated program after June 30, 2014	6.5 percent
coordinated program after June 30, 2015	7 percent
coordinated program after June 30, 2016	7.5 percent
<u>coordinated program after June 30, 2021</u>	<u>7.75 percent</u>

(b) Contributions must be made by deduction from salary and must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 14. Minnesota Statutes 2016, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to the teachers retirement fund association:

(1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

after June 30, 2014	5.5 percent
after June 30, 2015	6 percent
after June 30, 2016	6.25 percent
after June 30, 2017	6.5 <u>7</u> percent
<u>after June 30, 2018</u>	<u>7.75 percent</u>
<u>after June 30, 2019</u>	<u>8.25 percent</u>
<u>after June 30, 2020</u>	<u>9 percent</u>

(2) for ~~any~~ each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount according to the schedule below:

after June 30, 2014	9 percent of salary
after June 30, 2015	9.5 percent of salary
after June 30, 2016	9.75 percent of salary
after June 30, 2017	10 <u>10.5</u> percent of salary
<u>after June 30, 2018</u>	<u>11.25 percent of salary</u>
<u>after June 30, 2019</u>	<u>11.75 percent of salary</u>
<u>after June 30, 2020</u>	<u>12.5 percent of salary</u>

(3) for a each basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for a each coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.84 percent of the coordinated member's salary.

(b) The regular and additional employer contributions must be remitted directly to the St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 8 DIRECT STATE AID

Section 1. Minnesota Statutes 2016, section 353.65, is amended by adding a subdivision to read:

Subd. 3b. **Direct state aid.** The state shall pay \$4,500,000 on October 1, 2017, and October 1, 2018, to the public employees police and fire retirement plan. By October 1 of each year after 2018, the state shall pay to the public employees police and fire retirement plan \$9,000,000. The commissioner of management and budget shall pay the aid specified in this subdivision. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

Sec. 2. Minnesota Statutes 2016, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Direct state aid to first class city teachers retirement fund associations.** (a) The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

(b) In addition to other amounts specified in this subdivision, the state shall pay \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

~~(d)~~ (d) The aid under this subdivision is payable October 1 annually. The commissioner of management and budget shall pay the aid specified in this subdivision. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 9
MINNESOTA STATE RETIREMENT SYSTEM
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon written application to the executive director on a form prescribed by the executive director, a refund from the general fund of all contributions credited to the member's account with interest computed as provided in section 352.22, subdivision 2.

(b) The refund of contributions as provided in paragraph (a) terminates all rights of a former member of the legislature and the survivors of the former member under this chapter.

(c) If the former member of the legislature again becomes a member of the legislature after having taken a refund as provided in paragraph (a), the member is a member of the unclassified employees retirement program of the Minnesota State Retirement System.

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date on which the refund was taken to the date on which the refund is repaid. Repayment must be made as provided in section 352.23, paragraph (d).

(e) No person may be required to apply for or to accept a refund.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 3A.03, subdivision 3, is amended to read:

Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special retirement fund, is created within the state treasury. The legislators retirement fund must be credited with any investment proceeds on the assets of the retirement fund.

(b) The payment of annuities under section 3A.115, paragraph (b), is appropriated from the legislators retirement fund.

(c) The legislators retirement fund may receive transfers of general fund proceeds.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 16A.14, subdivision 2a, is amended to read:

Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

(1) appropriations for the courts or the legislature;

(2) payment of unemployment benefits; and

(3) transactions within the defined contribution funds administered by the Minnesota State Retirement System.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (6);
- (7) employees of the legislature who are appointed without a limit on the duration of their employment;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (9) employees of the Minnesota Safety Council;
- (10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
- (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;
- (12) judges of the Tax Court;
- (13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;
- (14) personnel who are employed as seasonal employees in the classified or unclassified service;
- (15) persons who are employed by the Department of Commerce as a peace officer in the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;
- (16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply;

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply;

(19) employees of the Minnesota Sports Facilities Authority;

(20) employees of the Minnesota Association of Professional Employees;

(21) employees of the Minnesota State Retirement System;

(22) employees of the State Agricultural Society;

(23) employees of the Gillette Children's Hospital Board who were employed in the state unclassified service at the former Gillette Children's Hospital on March 28, 1974; ~~and~~

(24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003; and

(25) employees of the Perpich Center for Arts Education who are covered by the general state employees retirement plan of the Minnesota State Retirement System as of July 1, 2016.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director, deputy director, and assistant director.** (a) ~~The board shall appoint an executive director, in this chapter called the director, of the system must be appointed by the board on the basis of fitness education, experience in the retirement field, and leadership ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The director must have had at least five years' experience on the administrative staff of a major retirement system in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.~~ (a) The board shall appoint an executive director, in this chapter called the director, on the basis of fitness education, experience in the retirement field, and leadership ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The director must have had at least five years' experience on the administrative staff of a major retirement system in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The salary of the executive director must not exceed the limit for a position listed in section 15A.0815, subdivision 2. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.

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

Sec. 6. Minnesota Statutes 2016, section 352.03, subdivision 6, is amended to read:

Subd. 6. **Duties and powers of executive director.** The management of the system is vested in the director, who is the executive and administrative head of the system. The director may appoint a deputy director and an assistant director with the approval of the board. The director shall be advisor to the board on matters pertaining to the system and shall also act as the secretary of the board. The director shall:

- (1) attend meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- ~~(4) designate an assistant director with the approval of the board;~~
- ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to carry out the provisions of this chapter;
- ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the functions of the system, and define the duties of its employees and delegate to them any powers or duties, subject to the control of the director and under conditions the director may prescribe. Appointments to exercise delegated power must be by written order and shall be filed with the secretary of state;
- ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary and fix the compensation for those services. The contracts are not subject to competitive bidding under chapter 16C. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director, and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Professional management services may not be contracted for more often than once in six years. Copies of professional management survey reports must be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems are qualified to contract with the director;
- ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the employees of the system;
- ~~(9)~~ (8) make refunds of accumulated contributions to former state employees and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased state employees or deceased former state employees, as provided in this chapter;
- ~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees covered by the system and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;
- ~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the system;
- ~~(12)~~ (11) certify funds available for investment to the State Board of Investment;
- ~~(13)~~ (12) with the advice and approval of the board request the State Board of Investment to sell securities when the director determines that funds are needed for the system;
- ~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial report covering the operation of the system, as required by section 356.20;

~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the Department of Management and Budget; and

~~(16)~~ (15) with the approval of the board, perform other duties required to administer the retirement and other provisions of this chapter and to do its business.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 352.113, subdivision 4, is amended to read:

Subd. 4. **Medical or psychological examinations; authorization for payment of benefit.** (a) Any physician, psychologist, chiropractor, ~~or physician assistant,~~ or nurse practitioner providing any service specified in this section must be licensed.

(b) An applicant shall provide a detailed report signed by a physician, and at least one additional report signed by a physician, ~~chiropractor,~~ psychologist, ~~or chiropractor,~~ physician assistant, or nurse practitioner with evidence to support an application for total and permanent disability. The reports must include an expert opinion regarding whether the employee is permanently and totally disabled within the meaning of section 352.01, subdivision 17, and that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service.

(c) If there is medical evidence that supports the expectation that at some point the person applying for the disability benefit will no longer be disabled, the decision granting the disability benefit may provide for a termination date upon which the total and permanent disability can be expected to no longer exist. When a termination date is part of the decision granting benefits, prior to the benefit termination the executive director shall review any evidence provided by the disabled employee to show that the disabling condition for which benefits were initially granted continues. If the benefits cease, the disabled employee may follow the appeal procedures described in section 356.96 or may reapply for disability benefits using the process described in this subdivision.

(d) Any claim to disability must be supported by a report from the employer indicating that there is no available work that the employee can perform with the disabling condition and that all reasonable accommodations have been considered. Upon request of the executive director, an employer shall provide evidence of the steps the employer has taken to attempt to provide reasonable accommodations and continued employment to the claimant.

(e) The director shall also obtain written certification from the employer stating whether the employment has ceased or whether the employee is on sick leave of absence because of a disability that will prevent further service to the employer and that the employee is not entitled to compensation from the employer.

(f) The medical adviser shall consider the reports of the ~~physicians, physician assistants, psychologists, and chiropractors~~ physician, psychologist, chiropractor, physician assistant, or nurse practitioner and any other evidence supplied by the employee or other interested parties. If the medical adviser finds the employee totally and permanently disabled, the adviser shall make appropriate recommendation to the director in writing together with the date from which the employee has been totally disabled. The director shall then determine if the disability occurred ~~within 18 months of filing the application,~~ while still in the employment of the state, ~~and the propriety of authorizing payment of a disability benefit as provided in this section~~ and constitutes a total and permanent disability as defined in section 352.01, subdivision 17.

(g) A terminated employee may apply for a disability benefit within 18 months of termination as long as the disability occurred while in the employment of the state. The fact that an employee is placed on leave of absence without compensation because of disability does not bar that employee from receiving a disability benefit.

(h) Upon appeal, the board of directors may extend the disability benefit application deadline in paragraph (g) by an additional 18 months if the terminated employee is determined by the board of directors to have a cognitive impairment that made it unlikely that the terminated employee understood that there was an application deadline or that the terminated employee was able to meet the application deadline.

~~(h)~~ (i) Unless the payment of a disability benefit has terminated because the employee is no longer totally disabled, or because the employee has reached normal retirement age as provided in this section, the disability benefit must cease with the last payment received by the disabled employee or which had accrued during the lifetime of the employee unless there is a spouse surviving. In that event, the surviving spouse is entitled to the disability benefit for the calendar month in which the disabled employee died.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 352.113, subdivision 14, is amended to read:

Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all earnings from reemployment and income from workers' compensation to the system annually by May 15 in a format prescribed by the executive director. The executive director may waive the earnings report requirement for any disabled employee who is not required to undergo regular medical or psychological examinations under subdivision 6. If the form is not submitted by June 15, benefits must be suspended effective July 1. If the form deemed acceptable by the executive director is received after the June 15 deadline, benefits shall be reinstated retroactive to July 1.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 9. Minnesota Statutes 2016, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

(a) When any employee accepts a refund as provided in section 352.22, all existing allowable service credits and all rights and benefits to which the employee was entitled before accepting the refund terminate.

(b) Terminated service credits and rights must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. ~~In that event, the employee may repay and repays~~ all refunds previously taken from the retirement fund with interest as provided in paragraph (d).

(c) Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments previously made in lieu of salary deductions as permitted under law in effect when the payment in lieu of deductions was made; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service previously credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, paragraph (a), clause (3).

(d) Payments under this section for repayment of refunds are to be paid with interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date the refund was taken until the date the refund is repaid. ~~They~~ Repayment may be ~~paid in a lump sum or by payroll deduction in the manner provided in section 352.04.~~ Payment may be made in partial payments consistent with section 356.44 during employment or in a lump sum up to six months after termination from service.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

Subd. 4. **Reentry into state service.** When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, ~~at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.~~ Repayment must be made as provided in section 352.23, paragraph (d).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 11. Minnesota Statutes 2016, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter ~~unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified program.~~

(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, and the attorney general;

(2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General;

(3) an employee of the State Board of Investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) an unclassified employee of the legislature or a commission or agency of the legislature who is appointed without a limit on the duration of the employment or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota State Retirement System;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the Metropolitan Council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair;

(9) the commissioner, deputy commissioner, and not to exceed nine positions of the Minnesota Office of Higher Education in the unclassified service, as designated by the Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota State Retirement System, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota, the state court administrator and judicial district administrators;

(11) the chief executive officers of correctional facilities operated by the Department of Corrections and of hospitals and nursing homes operated by the Department of Human Services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the Agricultural Utilization Research Institute;

(14) an employee of the State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3;

(15) a judge who has exceeded the service credit limit in section 490.121, subdivision 22;

(16) an employee of Enterprise Minnesota, Inc.;

(17) a person employed by the Minnesota State Colleges and Universities as faculty or in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, who was employed by the former state university or the former community college system before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

(18) a person employed by the Minnesota State Colleges and Universities who was employed in state service before July 1, 1995, who subsequently is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, and who elects coverage by the unclassified program.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. Minnesota Statutes 2016, section 352D.02, subdivision 3, is amended to read:

Subd. 3. **Transfer to general employees retirement plan.** ~~(a) If permitted under paragraph (b), an employee A person in the unclassified program and referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to (18), who is credited with shares in the unclassified program and has credit for allowable service may elect to terminate participation in the unclassified program and be covered by the general state employees retirement plan-~~ (b) An employee specified in paragraph (a) is permitted to terminate participation in the unclassified program and be covered by if the person files an election to transfer to the general state employees retirement plan if the employee with the executive director of the Minnesota State Retirement System as provided in paragraph (b) and the person's current employment or appointment:

(1) ~~was employed~~ began before July 1, 2010, and the person has at least ten years of ~~allowable service~~ covered employment; or

(2) ~~was first employed~~ began after June 30, 2010, and the person has no more than seven years of allowable service in the unclassified program.

~~The~~ (b) An election to transfer must be in writing, on a form provided by the executive director, and ~~can be made no later than one month following the termination of covered employment.~~ delivered to the executive director:

(1) for persons described in paragraph (a), clause (1), no later than one month following the termination of covered employment; or

(2) for persons described in paragraph (a), clause (2), no later than one month following the termination of employment in a position covered by the unclassified program.

For purposes of this chapter, an employee who does not file an election to transfer with the executive director is deemed to have exercised the option to participate in the unclassified program.

(c) If the transfer election is made, the executive director shall redeem the employee's total shares and credit to the employee's account in the general employees retirement plan the amount of contributions that would have been credited had the employee been covered by the general employees retirement plan during the employee's entire covered employment. The balance of money redeemed and not credited to the employee's account must be transferred to the general employees retirement plan, except that the executive director must determine:

(1) the employee contributions paid to the unclassified program; and

(2) the employee contributions that would have been paid to the general employees retirement plan for the comparable period, if the individual had been covered by that plan.

If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general employees retirement plan coverage or before the effective date of the annuity, whichever is sooner.

(d) An election under paragraph (b) to transfer coverage to the general employees retirement plan is irrevocable during any period of covered employment.

(e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who is credited with employee shares in the unclassified program is not permitted to terminate participation in the unclassified program and be covered by the general employees retirement plan.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay regular refunds taken under section 352.22, as provided in section 352.23.

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

(c) ~~Except as provided in section 356.441, the repayment of a refund under this section must be made in a lump sum~~ Repayment must be made as provided in section 352.23, paragraph (d).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 14. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an amount that is equal to all of the member's employee contributions to the judges' retirement fund plus interest computed under section 352.22, subdivision 2.

(b) A refund of contributions under paragraph (a) terminates all service credits and all rights and benefits of the judge and the judge's survivors under this chapter.

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include interest on the total amount previously received at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the date on which the refund was received until the date on which the refund is repaid. Repayment must be made as provided in section 352.23, paragraph (d).

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 10
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, or the public employees police and fire retirement plan:

(1) persons whose annual salary from one governmental subdivision never exceeds an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district employee or \$3,800 if the person is a school year employee. If annual compensation from one governmental subdivision to an employee exceeds the stipulated amount in a calendar year or a school year, whichever applies, after being stipulated in advance not to exceed the applicable amount, the stipulation is no longer valid and contributions must be made on behalf of the employee under section 353.27, subdivision 12, from the first month in which the employee received salary exceeding \$425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an ~~elective~~ elected office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that ~~elective~~ elected position;

(3) election judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

(10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(11) ~~except for employees of~~ For the first three years of employment, foreign citizens who are employed by a governmental subdivision, other than Hennepin County or employees of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision under a one or more work permit permits or under an H-1b visa initially issued or extended for a combined period of less than three years of employment but upon extension of the employment of the visa beyond the three year period, the foreign citizen must be reported for membership beginning on the first of the month following the extension if the monthly earnings threshold as provided under subdivision 2a, paragraph (a), is met work visas;

(12) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(13) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general

employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(15) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(16) electrical workers, plumbers, carpenters, and associated trades personnel who are employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who have retirement coverage under a collective bargaining agreement by the Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the pension plan applicable to Carpenters Local 322 who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(18) plumbers who are employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(19) employees who are hired after June 30, 2002, solely to fill seasonal positions under subdivision 12b which are limited in duration by the employer to 185 consecutive calendar days or less in each year of employment with the governmental subdivision;

(20) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to up to five years, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(21) independent contractors and the employees of independent contractors;

(22) reemployed annuitants of the association during the course of that reemployment;

(23) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof;

(24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan; and

(25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and who elected to be excluded under Laws 2015, chapter 68, article 11, section 5.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 353.01, subdivision 10, is amended to read:

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the wages or periodic compensation payable to a public employee by the employing governmental subdivision before:

(i) employee retirement deductions that are designated as picked-up contributions under section 356.62;

(ii) any employee-elected deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs that would have otherwise been available as a cash payment to the employee; and

(iii) employee deductions for contributions to a supplemental plan or to a governmental trust established under section 356.24, subdivision 1, clause (7), to save for postretirement health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the contributions will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages;

(3) a payment from a public employer through a grievance proceeding, settlement, or court order that is attached to a specific earnings period in which the employee's regular salary was not earned or paid to the member due to a suspension or a period of involuntary termination that is not a wrongful discharge under section 356.50; provided the amount is not less than the equivalent of the average of the hourly base salary rate in effect during the last six months of allowable service prior to the suspension or period of involuntary termination, plus any applicable increases awarded during the period that would have been paid under a collective bargaining agreement or personnel policy but for the suspension or involuntary termination, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the suspension or period of involuntary termination, but not to exceed the compensation that the public employee would have earned if regularly employed during the applicable period;

(4) ~~for a member who is absent from employment due to~~ compensation paid during an authorized leave of absence, other than an authorized medical leave of absence, as long as the compensation paid during ~~the leave if equivalent to a pay period is not less than the lesser of:~~

~~(i) the product of the average~~ hourly base salary rate in effect during the six months of allowable service, ~~or portions thereof, prior to immediately preceding~~ the leave, multiplied by the average number of regular hours for which the employee was compensated each pay period during the six months of allowable service ~~prior to immediately preceding the applicable~~ leave of absence; or

(ii) compensation equal to the value of the employee's total available accrued leave hours;

(5) ~~for a member who is absent from employment by reason of~~ compensation paid during an authorized medical leave of absence, other than a workers' compensation leave, as long as the compensation paid during ~~the leave if specified in advance to be at least a pay period is not less than the lesser of:~~

~~(i) the product of one-half of, but no more than equal to, the earnings the member received, on which contributions were reported and allowable service credited~~ the average hourly base salary rate in effect during the six months of allowable service immediately preceding the ~~medical~~ leave of absence; ~~and or~~

(ii) compensation equal to the value of the employee's total available accrued leave hours;

(6) for a public employee who receives performance or merit bonus payment under a written compensation plan, policy, or collective bargaining agreement in addition to regular salary or in lieu of regular salary increases, the compensation paid to the employee for attaining or exceeding performance goals, duties, or measures during a specified period of employment.

(b) Salary does not mean:

(1) fees paid to district court reporters;

(2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or periodic payments;

(3) for the donor, payment to another person of the value of hours donated under a benevolent vacation, personal, or sick leave donation program;

(4) any form of severance or retirement incentive payments;

(5) an allowance payment or per diem payments for or reimbursement of expenses;

(6) lump-sum settlements not attached to a specific earnings period;

(7) workers' compensation payments or disability insurance payments, including payments from employer self-insurance arrangements;

(8) employer-paid amounts used by an employee toward the cost of insurance coverage, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(9) employer-paid fringe benefits, including, but not limited to:

- (i) employer-paid premiums or supplemental contributions for employees for all types of insurance;
 - (ii) membership dues or fees for the use of fitness or recreational facilities;
 - (iii) incentive payments or cash awards relating to a wellness program;
 - (iv) the value of any nonmonetary benefits;
 - (v) any form of payment made in lieu of an employer-paid fringe benefit;
 - (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity program; and
 - (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not available to the employee as cash;
- (10) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:
- (i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;
 - (ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and
 - (iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages;
- (11) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision 35 or 36;
- (12) the amount of compensation that exceeds the limitation provided in section 356.611;
- (13) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant; and
- (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).
- (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an employee by the employer through a grievance proceeding, a court order, or a legal settlement are salary only if the settlement or court order is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 353.01, subdivision 47, is amended to read:

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the Public Employees Retirement Association by having credit for sufficient allowable service under paragraph (b), (c), or (d), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the Public Employees Retirement Association:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service ~~as defined under subdivision 16 in the general employees retirement plan;~~ and

(2) a public employee who first becomes a member of the association after June 30, 2010, is 100 percent vested when the person has accrued credit for not less than five years of allowable service ~~as defined under subdivision 16 in the general employees retirement plan.~~

(c) For purposes of qualifying for an annuity or benefit as a member of the local government correctional employees service retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service ~~as defined under subdivision 16 in the local government correctional service retirement plan;~~ and

(2) a public employee who first becomes a member of the association after June 30, 2010, is vested at the following percentages when the person has accrued ~~credited~~ credit for allowable service ~~as defined under subdivision 16, as follows~~ in the local government correctional service retirement plan, as follows:

(i) 50 percent after five years;

(ii) 60 percent after six years;

(iii) 70 percent after seven years;

(iv) 80 percent after eight years;

(v) 90 percent after nine years; and

(vi) 100 percent after ten years.

(d) For purposes of qualifying for an annuity or benefit as a member of the public employees police and fire retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service ~~as defined under subdivision 16 in the public employees police and fire retirement plan;~~

(2) a public employee who first becomes a member of the association after June 30, 2010, and before July 1, 2014, is vested at the following percentages when the person has accrued credited allowable service ~~as defined under subdivision 16 in the public employees police and fire retirement plan,~~ as follows:

- (i) 50 percent after five years;
- (ii) 60 percent after six years;
- (iii) 70 percent after seven years;
- (iv) 80 percent after eight years;
- (v) 90 percent after nine years; and
- (vi) 100 percent after ten years; and

(3) a public employee who first becomes a member of the association after June 30, 2014, is vested at the following percentages when the person has accrued ~~credited credit for~~ allowable service ~~as defined under subdivision 16 in the public employees police and fire retirement plan~~, as follows:

- (i) 50 percent after ten years;
- (ii) 55 percent after 11 years;
- (iii) 60 percent after 12 years;
- (iv) 65 percent after 13 years;
- (v) 70 percent after 14 years;
- (vi) 75 percent after 15 years;
- (vii) 80 percent after 16 years;
- (viii) 85 percent after 17 years;
- (ix) 90 percent after 18 years;
- (x) 95 percent after 19 years; and
- (xi) 100 percent after 20 or more years.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 353.0162, is amended to read:

353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE FOR PERIODS OF REDUCED SALARY.

(a) A member may purchase ~~additional~~ differential salary credit, as described in paragraph (c), for a period specified in ~~this section~~ paragraph (b).

(b) The applicable period is a period during which the member is receiving a no or reduced salary from the employer while the member is:

- (1) receiving ~~temporary~~ workers' compensation payments related to the member's service to the public employer;
- (2) on an authorized leave of absence, except that if the authorized leave of absence exceeds 12 months, the period of leave for which differential salary credit may be purchased is limited to 12 months; or
- (3) on an authorized ~~partial-paid~~ leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision, if certified to the executive director by the governmental subdivision.

(c) ~~The Differential salary amount credit is the difference between the average monthly salary received by the member during the a period of reduced salary under this section specified in paragraph (b) and the average monthly salary of the member, excluding overtime, on which contributions to the applicable plan were would have been made during the period of the last six months of covered employment occurring immediately before the period of reduced salary, applied to~~ based on the member's normal employment period, measured in hours or otherwise, as applicable, and rate of pay.

(d) To receive eligible differential salary credit, the member shall pay the plan, by delivering payment to the executive director, an amount equal to:

- (1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;
- (2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;
- (3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(e) The employer, by appropriate action of its governing body and documented in its official records, may pay the employer equivalent contributions and, as applicable, the equivalent employer additional contributions on behalf of the member.

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter, prorated for applicable months from the date on which the period of reduced salary specified ~~under this section~~ in paragraph (b) terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed ~~within~~ by the earlier earliest of:

- (1) 30 days ~~from~~ after termination of public service by the employee under section 353.01, subdivision 11a, ~~or~~;
- (2) one year after the termination of the period specified in paragraph (b), ~~as further restricted under this section;~~ or
- (3) 30 days after the commencement of a disability benefit.

~~(g) The period for which additional allowable salary credit may be purchased is limited to the period during which the person receives temporary workers' compensation payments or for those business years in which the governmental subdivision offers or mandates a budget or salary savings program, as certified to the executive director by a resolution of the governing body of the governmental subdivision. For an authorized leave of absence, the period for which allowable salary credit may be purchased may not exceed 12 months of authorized leave.~~

~~(h) To purchase~~ (g) If the member has purchased 12 months of differential salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service to purchase differential salary credit for a subsequent leave of absence.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 353.03, subdivision 3, is amended to read:

Subd. 3. **Duties and powers.** (a) The board shall:

- (1) elect a president and vice-president;
- (2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund;
- (3) adopt bylaws for its own government and for the management of the fund consistent with the laws of the state and may modify them at pleasure;
- (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and the terms of the applicable benefit plans for the administration and management of the fund, for the payment and collection of payments from members and for the payment of withdrawals and benefits, and that are necessary in order to comply with the applicable federal Internal Revenue Service and Department of Labor requirements;
- (5) pass upon and allow or disallow all applications for membership in the fund and allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;
- ~~(6) authorize procedures for use of electronic signatures as defined in section 325L.02, paragraph (h), on applications and forms required by the association;~~
- ~~(7)~~ (6) adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary and approved under section 356.215, subdivision 18, with interest set at the rate specified in section 356.215, subdivision 8;
- ~~(8)~~ (7) provide for the payment out of the fund of the cost of administering this chapter, of all necessary expenses for the administration of the fund and of all claims for withdrawals, pensions, or benefits allowed;
- ~~(9)~~ (8) approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a; and
- ~~(10)~~ (9) approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

(b) In passing upon all applications and claims, the board may summon, swear, hear, and examine witnesses and, in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of the fund, as a condition precedent to the passing on the claim, and, in the case of all applications and claims, may conduct investigations necessary to determine their validity and merit.

(c) The board may continue to authorize the sale of life insurance to members under the insurance program in effect on January 1, 1985, but must not change that program without the approval of the commissioner of management and budget. The association shall not receive any financial benefit from the life insurance program

beyond the amount necessary to reimburse the association for costs incurred in administering the program. The association shall not engage directly or indirectly in any other activity involving the sale or promotion of goods or services, or both, whether to members or nonmembers.

(d) The board shall establish procedures governing reimbursement of expenses to board members. These procedures must define the types of activities and expenses that qualify for reimbursement, must provide that all out-of-state travel be authorized by the board, and must provide for the independent verification of claims for expense reimbursement. The procedures must comply with the applicable rules and policies of the Department of Management and Budget and the Department of Administration.

(e) The board may purchase fiduciary liability insurance and official bonds for the officers and members of the board of trustees and employees of the association and may purchase property insurance or may establish a self-insurance risk reserve including, but not limited to, data processing insurance and "extra-expense" coverage.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 353.29, subdivision 4, is amended to read:

Subd. 4. **Application for annuity.** Application for a retirement annuity or optional annuity may be made by a member or by a person ~~authorized to act~~ acting on behalf of the member, upon proof of authority satisfactory to the executive director. Every application ~~for retirement~~ must be made ~~in writing~~ on a form or in a format prescribed by the executive director and must be substantiated by ~~written~~ proof of the member's age and identity. The notarized signature of a member's spouse on a retirement annuity application acknowledging the member's annuity selection meets the notice requirement to the spouse under section 356.46, subdivision 3. An application for a retirement annuity is not complete until all necessary supporting documents are received by the executive director.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 353.29, subdivision 7, is amended to read:

Subd. 7. ~~Annuities; accrual~~ **Annuity starting date.** (a) Except as ~~to elected public officials specified in paragraph (b),~~ a retirement annuity granted under this chapter begins ~~with on~~ on the first day of the first calendar month after the date of termination of public service or up to six months before the first of the month in which a complete application is received by the executive director under subdivision 4, whichever is later. The annuity must be paid in equal monthly installments ~~and does not accrue, unless suspended or reduced under section 353.37. Annuity payments shall not be paid~~ beyond the end of the month in which entitlement to the annuity has terminated.

(b) An annuity granted to an ~~elective~~ elected public official ~~accrues~~ may begin on the day following the expiration of the public office or expiration of the right to hold that office that qualified the elected official for membership under section 353.01, subdivision 2a or 2d, if a complete application is received by the executive director under subdivision 4 within six months of the date of termination of public service. The annuity for the month during which the expiration occurred is prorated accordingly.

(c) An annuity, once granted, must not be increased, decreased, or revoked except under this chapter.

~~(d) An annuity payment may be made retroactive for up to one year prior to that month in which a complete application is received by the executive director under subdivision 4.~~

~~(e)~~ (d) If an annuitant dies before negotiating the check for the month in which death occurs, payment must first be made to the surviving spouse, or if none, then to the designated beneficiary, or if none, lastly to the estate.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 353.30, subdivision 3c, is amended to read:

Subd. 3c. **Effective date of bounce-back annuity.** In the event of the death of the designated optional annuity beneficiary before the retired employee or disabilitant, the restoration of the normal single life annuity under subdivision 3a or 3b will take effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year six months before ~~the date on which a certified copy satisfactory verification of the death record is received in the office of the public employees retirement association established by the executive director,~~ whichever date is later.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 9. Minnesota Statutes 2016, section 353.32, subdivision 1, is amended to read:

Subdivision 1. **Before retirement.** If a member or former member ~~who terminated public service~~ dies before ~~retirement or before~~ receiving any retirement annuity and no other payment of any kind is or may become payable to any person, a refund is payable to the designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal representative of the decedent's estate. The refund must be in an amount equal to accumulated deductions, less the sum of any disability or survivor benefits that have been paid by the fund, plus annual compound interest thereon at the rate specified in section 353.34, subdivision 2, ~~and less the sum of any disability or survivor benefits, if any, that may have been paid by the fund;~~ provided that a survivor who has a right to benefits under section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 18 years may only be waived under an order of the district court.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who ceases to be a public employee is entitled to receive a refund in an amount equal to accumulated deductions ~~with,~~ less the sum of any disability benefits that have been paid by the fund, plus annual compound interest to the first day of the month in which the refund is processed.

(b) For a person who ceases to be a public employee before July 1, 2011, the refund interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the refund interest is at the rate of four percent.

(c) If a person repays a refund and subsequently applies for another refund, the repayment amount, including interest, is added to the fiscal year balance in which the repayment was made.

(d) If the refund payable to a member is based on employee deductions that are determined to be invalid under section 353.27, subdivision 7, the interest payable on the invalid employee deductions is four percent.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 11. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund ~~must~~ terminate.

(b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

(c) ~~The If a person forfeits service credits, rights, and benefits under paragraph (a), the person's service credits, rights, and benefits of a former member must not shall be restored until if the person returns to active service and acquires employment covered by the association for at least six months of allowable service credit after taking the last refund and repays the refund or refunds taken and interest all amounts previously received under section 353.34, subdivisions 1 and subdivision 2, plus interest at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the date each amount was received to the date the amount is repaid. If the person elects to restore service credit in a particular fund from which the person has taken more than one refund, the person must repay all refunds to that fund. All refunds The repayment must be repaid made within six months of the last date of termination day of public service employment. A person may have service credits, rights, and benefits restored under this paragraph once.~~

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. Minnesota Statutes 2016, section 353.37, subdivision 1, is amended to read:

Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible for an annuity from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, or the local government correctional employees retirement plan must be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, ~~if upon the person reenters public service as a nonelective person's employment as a nonelected employee of a governmental subdivision in a position not required by law to be a member of a plan administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association,~~ or returns to work as an employee of a labor organization that represents public employees who are association members under this chapter, and salary for the reemployment service exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal Old Age, Survivors and Disability Insurance Program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the person has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary for the person is equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The provisions of paragraph (a) do not apply to the members of the general employees plan of the Public Employees Retirement Association who were former members of MERF.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 13. Minnesota Statutes 2016, section 353.64, subdivision 10, is amended to read:

Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. is a member of the public employees police and fire retirement plan under sections 353.63 to 353.68 if the person is:

- (1) certified as a paramedic or emergency medical technician by the state under section 144E.28, subdivision 4;
- (2) employed full time by Hennepin Healthcare System Inc., as:
 - (i) a paramedic ~~or;~~
 - (ii) an emergency medical technician by Hennepin County; or
 - (iii) a supervisor or manager of paramedics or emergency medical technicians; and

(3) not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics and emergency medical technicians because the person's position is excluded after that date from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07.

Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary of each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 2, shall make the employer contribution for each full-time paramedic and emergency medical technician it employs as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 14. Minnesota Statutes 2016, section 353F.02, subdivision 5a, is amended to read:

Subd. 5a. **Privatized former public employer.** "Privatized former public employer" means a medical facility that was ~~formerly~~ included in the definition of governmental subdivision under section 353.01, subdivision 6, on the day before the effective date of privatization, that is privatized and whose employees are certified for participation under this chapter.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 15. Minnesota Statutes 2016, section 353F.025, subdivision 2, is amended to read:

Subd. 2. **Reporting privatizations.** (a) If the actuarial calculations under subdivision 1, paragraph (c), indicate privatization can be approved because a net gain to the general employees retirement plan of the Public Employees Retirement Association is expected, or if paragraph (b) applies, the executive director shall, following acceptance of the actuarial calculations by the board of trustees, forward notice and supporting documentation, including a copy of the actuary's report and findings, to the chair and the executive director of the Legislative Commission on Pensions and Retirement and the chairs and the ranking minority members of the committees with jurisdiction over governmental operations in the house of representatives and senate.

(b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive director shall recommend to the board of trustees that the privatization be approved if the chief clerical officer of the applicable governmental subdivision submits a resolution from the governing body specifying that a lump sum payment will be made to the Public Employees Retirement Association equal to the net loss, plus interest. The interest must be computed using the applicable ultimate preretirement interest rate assumption under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation from which the actuarial accrued liability data was used to determine the net loss in the actuarial study under subdivision 1, to the date of payment, with annual compounding. Payment must be made on or after the effective date of privatization.

(c) The Public Employees Retirement Association must maintain a list that includes the names of all privatized former public employers in the association's comprehensive annual financial report and on the association's Web site. ~~Annually by March 1, the association must submit to the executive director of the Legislative Commission on Pensions and Retirement the names of any privatized former public employers approved since the publication of the previous fiscal year's comprehensive annual financial report.~~

Sec. 16. Minnesota Statutes 2016, section 353F.04, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do not apply to a privatized former public employee:

(1) beginning the first of the month in which the privatized former public employee becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3, if the employee accrues at least six months of credited service in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

(2) beginning the first of the month in which the privatized former public employee becomes covered again by the general employees retirement plan of the Public Employees Retirement Association;

(3) beginning the first of the month after a privatized former public employee terminates service with the ~~successor entity~~ privatized former public employer; or

(4) if the person begins receipt of a retirement annuity while employed by the employer which assumed operations of or purchased the privatized former public employer.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 17. Minnesota Statutes 2016, section 353F.05, is amended to read:

353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR EARLY RETIREMENT PURPOSES.

(a) For the purpose of determining eligibility for early retirement benefits provided under section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, and notwithstanding any provision of chapter 353, to the contrary, the years of allowable service for a privatized former public employee who transfers employment on the effective date of privatization and does not apply for a refund of contributions under section 353.34, subdivision 1, of the edition of Minnesota Statutes published in the year before the year in which the privatization occurred, or any similar provision, includes service with the ~~successor employer to the~~ privatized former public employer following the effective date. The ~~successor~~ privatized former public employer shall provide any reports that the executive director of the Public Employees Retirement Association may reasonably request to permit calculation of benefits.

(b) To be eligible for early retirement benefits under this section, the individual must separate from service with the ~~successor to the~~ privatized former public employer. The privatized former public employee, or an individual authorized to act on behalf of that employee, may apply for an annuity following application procedures under section 353.29, subdivision 4.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 18. Minnesota Statutes 2016, section 353F.057, is amended to read:

353F.057 TERMINATION FROM SERVICE REQUIREMENT.

Upon termination of service from the privatized former public employer ~~or any successor entity~~ after the effective date of privatization, a privatized former public employee must separate from any employment relationship with the privatized former public employer ~~or any successor entity~~ for at least 30 days to qualify to receive a retirement annuity under this chapter.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 19. Minnesota Statutes 2016, section 353F.06, is amended to read:

353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.

If a privatized former public employee satisfies the separation from service requirement in section 353F.057 and thereafter resumes employment with the privatized former public employer or ~~any successor entity~~ or a governmental subdivision under section 353.01, subdivision 6, the reemployed annuitant earnings limitations of section 353.37 apply.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 20. Minnesota Statutes 2016, section 353F.07, is amended to read:

353F.07 EFFECT ON REFUND.

Notwithstanding any provision of chapter 353 to the contrary, privatized former public employees may receive a refund of employee accumulated contributions plus interest as provided in section 353.34, subdivision 2, at any time after the transfer of employment to the ~~successor employer~~ of the privatized former public employer. If a privatized former public employee has received a refund from a pension plan listed in section 356.30, subdivision 3, the person may not repay that refund unless the person again becomes a member of one of those listed plans and complies with section 356.30, subdivision 2.

EFFECTIVE DATE. This section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017.

Sec. 21. **[353F.09] APPLICATION TO SALES OF PRIVATIZED FORMER PUBLIC EMPLOYERS.**

A medical facility or other employing unit shall cease to be a privatized former public employer and its employees shall cease to be considered privatized former public employees under this chapter upon the sale of the operations of the medical facility or employing unit to another employer or the sale of the medical facility or employing unit to another employer. The privatized former public employees shall be entitled to benefits accrued under this chapter to the date of the sale, but shall not accrue additional benefits after the date of the sale.

EFFECTIVE DATE. The section is effective for privatizations with an effective date of privatization under section 353F.02, subdivision 3, after June 30, 2017, and for sales of privatized former public employers after June 30, 2017.

Sec. 22. **REPEALER.**

Minnesota Statutes 2016, section 353.0161, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 11
TEACHERS RETIREMENT ASSOCIATION
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 354.05, subdivision 2, is amended to read:

Subd. 2. **Teacher.** (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in:

(i) a public school of the state other than in Independent School District No. 625 or in Independent School District No. 709, or in any;

(ii) a charter school, irrespective of the location of the school, or in any;

(iii) a charitable, penal, or correctional institutions institution of a governmental subdivision; or

(iv) the Perpich Center for Arts Education, except that any employee of the Perpich Center for Arts Education who was covered by the Minnesota State Retirement System general state employees retirement plan as of July 1, 2016, shall continue to be covered by that plan and not by the Teachers Retirement Association;

(2) a person who is engaged in educational administration in connection with the state public school system, whether the position be a public office or ~~an~~ as employment;

(3) a person who renders service as a charter school director or chief administrative officer; provided, however, that if the charter school director or chief administrative officer is covered by the Public Employees Retirement Association general employees retirement plan on July 1, 2017, the charter school director or chief administrative officer shall continue to be covered by that plan and not by the Teachers Retirement Association;

~~(2)~~ (4) an employee of the Teachers Retirement Association;

~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit where the teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit or, if less than 50 percent of the combined employment salary, the executive director determines all of the combined service is covered by the association; or

~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D, 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges and Universities system in an unclassified position as:

(i) a president, vice-president, or dean;

(ii) a manager or a professional in an academic or an academic support program other than specified in item (i);

(iii) an administrative or a service support faculty position; or

(iv) a teacher or a research assistant.

(b) "Teacher" does not mean:

(1) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

~~(2) a person who renders part time teaching service or who is a customized trainer as defined by the Minnesota State Colleges and Universities system if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually in advance that the part time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part time teaching service or customized training service actually does not exceed 300 hours in a fiscal year;~~

~~(3) a person exempt from licensure under section 122A.30;~~

~~(4)~~ (2) annuitants of the teachers retirement plan who are employed after retirement by an employing unit that participates in the teachers retirement plan during the course of that reemployment;

~~(5)~~ (3) a person who is employed by the University of Minnesota;

~~(6)~~ (4) a member or an officer of any general governing or managing board or body of an employing unit that participates in the teachers retirement plan; or

~~(7)~~ (5) a person employed by Independent School District No. 625 ~~or Independent School District No. 709~~ as a teacher as defined in section 354A.011, subdivision 27.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 354.05, is amended by adding a subdivision to read:

Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a spouse of a member due to dissolution of the marriage, legal separation, or annulment.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 354.06, subdivision 2, is amended to read:

Subd. 2. **President; executive director.** The board shall annually elect one of its members as president. It shall elect an executive director. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The salary of the executive director must not exceed the limit for a position listed in section 15A.0815, subdivision 2. ~~The salary of the assistant executive director who shall be in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3.~~ The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the association. The cost and expense of administering the provisions of this chapter shall be paid by the association. ~~The board shall appoint an executive director shall be appointed by the board~~ on the basis of fitness education, experience in the retirement field and leadership, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 354.06, subdivision 2a, is amended to read:

Subd. 2a. **Duties of executive director.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as advisor to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

- (1) attend all meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate, as necessary, a deputy executive director and an assistant executive director in the unclassified service, as defined in section 43A.08, whose salaries shall be set in accordance with section 43A.18, subdivision 3, and two assistant executive directors in the classified service, as defined in section 43A.07, with the approval of the board, and appoint such employees, both permanent and temporary, as are necessary to carry out the provisions of this chapter;
- (5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the director's control and under such conditions as the director may prescribe;
- (6) with the approval of the board, contract and set the compensation for the services of an approved actuary, professional management services, and any other consulting services. These contracts are not subject to the competitive bidding procedure prescribed by chapter 16C. An approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Copies of professional management survey reports must be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems are qualified to contract with the executive director;
- (7) with the approval of the board, provide in-service training for the employees of the association;
- (8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased members or deceased former members, under this chapter;
- (9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, under this chapter;
- (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;
- (11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;
- (12) certify funds available for investment to the State Board of Investment;

(13) with the advice and approval of the board, request the State Board of Investment to sell securities on determining that funds are needed for the purposes of the association;

(14) prepare and submit biennial and annual budgets to the board and with the approval of the board submit those budgets to the Department of Management and Budget; and

(15) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business. The executive director may:

(i) reduce all or part of the accrued interest and fines payable by an employing unit for reporting requirements under ~~section 354.52~~ chapter 354, based on an evaluation of any extenuating circumstances of the employing unit;

(ii) assign association employees to conduct field audits of an employing unit to ensure compliance with the provisions of this chapter; and

(iii) recover overpayments, if not repaid to the association, by suspending or reducing the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional annuity under this chapter until the overpayment, plus interest, has been recovered.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 354.095, is amended to read:

354.095 MEDICAL LEAVE.

(a) Upon granting a medical leave, an employing unit must certify the leave to the association on a form specified by the executive director. A member of the association who is on an authorized medical leave of absence is entitled to receive allowable service credit, not to exceed ~~one year~~ five years, for the period of leave, upon making the prescribed payment to the fund under section 354.72. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354.48 and receive allowable service credit under this section for the same period of time.

(b) The executive director shall reject an application for disability benefits under section 354.48 if the member is applying only because an employer-sponsored provider of private disability insurance benefits requires such an application and the member would not have applied for disability benefits in the absence of such requirement. The member shall submit a copy of the disability insurance policy that requires an application for disability benefits from the plan if the member wishes to assert that the application is only being submitted because of the disability insurance policy requirement.

(c) Notwithstanding the provisions of any agreement to the contrary, employee and employer contributions may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement both during and at the end of the medical leave.

EFFECTIVE DATE. Paragraphs (a) and (c) are effective July 1, 2018. Paragraph (b) is effective retroactively from July 1, 2016.

Sec. 6. Minnesota Statutes 2016, section 354.44, subdivision 3, is amended to read:

Subd. 3. **Application for retirement.** A member or a person authorized to act on behalf of the member may make application for retirement provided the age and service requirements under subdivision 1 are satisfied on or before the member's retirement annuity accrual date under subdivision 4. The application may be made no earlier

than ~~420~~ 180 days before the termination of teaching service. The application must be made on a form prescribed by the executive director and is not complete until all necessary supporting documents are received by the executive director.

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

Sec. 7. Minnesota Statutes 2016, section 354.44, subdivision 9, is amended to read:

Subd. 9. **Determining applicable law.** A former teacher who returns to covered service following a termination and who is not receiving a retirement annuity under this section must have earned at least ~~85 days~~ one-half year of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to that termination.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 354.45, is amended by adding a subdivision to read:

Subd. 3. **Payment upon death of former spouse.** Upon the death of the former spouse to whom payments are to be made before the end of the specified payment period, payments shall be made according to the terms of a beneficiary form completed by the former spouse or, if no beneficiary form, to the estate of the former spouse or as otherwise ordered by a court of competent jurisdiction.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 9. Minnesota Statutes 2016, section 354.46, subdivision 6, is amended to read:

Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits under this section must be in writing on a form prescribed by the executive director.

(b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable under this section.

(c) Unless otherwise specified, the annuity must be computed under section 354.44, subdivision 2 or 6, whichever is applicable.

(d) Each designated beneficiary eligible for a lifetime benefit under this subdivision may apply for an annuity any time after the member's death. The benefit may not begin to accrue more than six months before the date the application is filed with the executive director and may not accrue before the member's death.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 354.48, subdivision 1, is amended to read:

Subdivision 1. **Age, service and salary requirements.** A member who is totally and permanently disabled, who has not reached the normal retirement age as defined in section 354.05, subdivision 38, and who has at least three years of credited allowable service at the time that the total and permanent disability begins is entitled to a disability benefit based on this allowable service in an amount provided in subdivision 3. If the disabled member's teaching service has terminated at any time, at least two of the required three years of allowable service must have been rendered after last becoming a member. ~~Any member whose average salary is less than \$75 per month is not entitled to disability benefits.~~

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 11. Minnesota Statutes 2016, section 354.512, is amended to read:

354.512 RECOVERY OF DEFICIENCIES.

In addition to any other remedies permitted under law, if an employing unit or other entity required by law to make any form of payment to the Teachers Retirement Association fails to make full payment ~~within 60 days of notification~~, the executive director is authorized to certify the amount of deficiency to the commissioner of management and budget, who shall deduct the amount from any state aid or appropriation applicable to the employing unit or entity, and transmit the withheld aid or appropriation to the executive director for deposit in the fund.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 12. 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, 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~~ may 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.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 13. Minnesota Statutes 2016, section 354.52, subdivision 4d, is amended to read:

Subd. 4d. **Annual base salary reporting.** An employing unit must provide ~~the following~~ annual base salary data, as defined in section 354.05, subdivision 41, to the association on or before June 30 of each fiscal year: ~~(1) annual base salary, as defined in section 354.05, subdivision 41; and,~~

~~(2) beginning and ending dates for the regular school work year.~~

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

Sec. 14. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement.

(b) The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and augmented as provided in this subdivision. The required reserves for the annuity which had accrued when the member ceased to render teaching service must be augmented, as further specified in this subdivision, by the applicable interest rate compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement.

(c) No augmentation is not creditable if the deferral period is less than three months or if deferral commenced before July 1, 1971.

(d) For persons who became covered employees before July 1, 2006, with a deferral period commencing after June 30, 1971, the annuity must be augmented as follows:

(1) five percent interest compounded annually until January 1, 1981;

(2) three percent interest compounded annually from January 1, 1981, until January 1 of the year following the year in which the deferred annuitant attains age 55;

(3) five percent interest compounded annually from the date established in clause (2) to the effective date of retirement or until June 30, 2012, whichever is earlier; and

(4) two percent interest compounded annually after June 30, 2012.

(e) For persons who become covered employees after June 30, 2006, the interest rate used to augment the deferred annuity is 2.5 percent interest compounded annually until June 30, 2012, or until the effective date of retirement, whichever is earlier, and two percent interest compounded annually after June 30, 2012.

~~(f) If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented as specified in this subdivision. The sum of the augmented required reserves is the present value of the annuity. For the purposes of this subdivision, "period of uninterrupted service" means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.~~

~~(g)~~ (f) If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has allowable service credit in the Teachers Retirement Association.

~~(h)~~ (g) If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members.

~~(i)~~ (h) The mortality table and interest rate actuarial assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect when the member retires.

~~(j)~~ (i) In no case may the annuity payable under this subdivision be less than the amount of annuity payable under section 354.44, subdivision 6.

~~(k)~~ (j) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

~~(l)~~ (k) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

~~(m)~~ (l) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

~~(n)~~ (m) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial

assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained under section 356.214.

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

Sec. 15. Minnesota Statutes 2016, section 354.66, subdivision 2, is amended to read:

Subd. 2. **Qualified part-time teacher program participation requirements.** (a) A teacher in a Minnesota public elementary school, a Minnesota secondary school, or the Minnesota State Colleges and Universities system who has three years or more of allowable service in the association or three years or more of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, or the Minnesota State Colleges and Universities system, by agreement with the board of the employing district or with the authorized representative of the board, may be assigned to teaching service in a part-time teaching position under subdivision 3. The agreement must be executed before October 1 of the school year for which the teacher ~~requests to make retirement contributions under subdivision 4~~ has been assigned to teaching service in a part-time teaching position under this section. A copy of the executed agreement must be filed with the executive director of the association. If the copy of the executed agreement is filed with the association after October 1 of the school year for which the teacher ~~requests to make retirement contributions under subdivision 4~~ has been assigned to teaching service in a part-time teaching position, the employing unit shall pay the fine specified in section 354.52, subdivision 6, for each calendar day that elapsed since the October 1 due date, unless the association waives the fine. The association may not accept an executed agreement that is received by the association more than 15 months late. ~~The association may not waive the fine required by this section.~~

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the association by March 1.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 16. Minnesota Statutes 2016, section 354.72, subdivision 1, is amended to read:

Subdivision 1. **Application.** This section applies to any strike period under section 354.05, subdivision 13, clause (6), and to any period of authorized leave of absence ~~without pay~~ under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains credit for allowable service by making payment as specified in this section to the Teachers Retirement Association fund. Each year of an extended leave of absence under section 354.094 is considered to be a separate leave for purposes of this section.

Sec. 17. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 60 percent of the amounts derived under this paragraph to the Teachers Retirement Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement

Fund Association ~~or the Duluth Teachers Retirement Fund Association~~ becomes fully funded, the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision 1 that is not distributed for any reason to a municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 12
ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 354A.093, subdivision 4, is amended to read:

Subd. 4. **Eligible payment period.** (a) To receive service credit under this section, the contributions specified in this section must be transmitted to the ~~applicable first class city~~ St. Paul Teachers Retirement Fund Association during the period which begins with the date the individual returns to teaching service and which has a duration of three times the length of the uniformed service period, but not to exceed five years.

(b) Notwithstanding paragraph (a), if the payment period determined under paragraph (a) is less than one year, the contributions required under this section to receive service credit may be made within one year from the discharge date.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 354A.38, is amended to read:

354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.

Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated member or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant to section 354A.37, all allowable service which was credited to the member or former member shall be terminated.

Subd. 2. **Repayment of refund.** A coordinated member with at least two years of allowable service credited subsequent to the member's last application for and ~~acceptance~~ payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The amount of the refund repayment shall be calculated pursuant to subdivision 3. If the member has ~~previously applied for and accepted~~ taken more than one refund, ~~and the previous refund or all refunds have not been~~ must be repaid, ~~then the member shall be entitled only to repay all outstanding refunds and shall not be entitled to repay only the most recent refund~~ pro rata.

Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal to the refunds the member has ~~accepted~~ been issued plus interest ~~at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually from the date that the refund was ~~accepted~~ issued to the date that the refund is repaid at a rate of 8.5 percent for any period, or portion thereof, through June 30, 2015, and eight percent thereafter.

EFFECTIVE DATE. This section is effective July 1, 2017.

ARTICLE 13
RETIREMENT SYSTEMS, GENERALLY
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 356.32, subdivision 2, is amended to read:

Subd. 2. **Covered retirement plans.** The provisions of this section apply to the following retirement plans:

(1) the general state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(2) the correctional state employees retirement plan of the Minnesota State Retirement System, established under chapter 352;

(3) the State Patrol retirement plan, established under chapter 352B;

(4) the general employees retirement plan of the Public Employees Retirement Association, established under chapter 353;

(5) the public employees police and fire plan of the Public Employees Retirement Association, established under chapter 353;

(6) the local government correctional service retirement plan of the Public Employees Retirement Association, established under chapter 353E;

(7) the Teachers Retirement Association, established under chapter 354; and

~~(7)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter 354A.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 356.47, subdivision 3, is amended to read:

Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period ends relating to the reemployment that gave rise to the limitation, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus annual compound interest. For the general state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the

St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June 30, 2011.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

(d) If the amount under subdivision 2 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5, the applicable retirement plan shall provide notice and an election:

(1) to the member regarding the member's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of the a direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.; or

(2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee as defined in section 356.635, subdivision 7, to the distributee regarding the distributee's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of a direct payment.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 9a. **Definitions.** (a) The following definitions apply for purposes of this subdivision and subdivisions 10 to 12.

(b) "Annual addition" means the sum for the limitation year of all pretax and after-tax contributions made by the member or the member's employer and credited to an account in the name of the member in any defined contribution plan maintained by the employer.

(c) "Compensation" means the compensation actually paid or made available to a member for any limitation year, including all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in section 356.611, subdivision 2.

(d) "Limitation year" means the calendar year or fiscal year, whichever is applicable to the particular pension plan.

(e) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending after December 31, 2001, payable in the form of a single life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit amount shall be further adjusted as follows:

(1) if the member has less than ten years of participation, the maximum permissible benefit shall be multiplied by a fraction, the numerator of which is the number of years (or part thereof, but not less than one year) of participation in the plan, and the denominator of which is ten;

(2) if the annual benefit begins before the member has attained age 62, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 62; and

(3) if the annual benefit begins after the member has attained age 65, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 65.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 356.635, subdivision 10, is amended to read:

Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit payable to a member shall not exceed the maximum permissible benefit. If the benefit the member would otherwise receive for a limitation year would result in the payment of an annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced to the extent necessary so the benefit does not exceed the maximum permissible benefit.

(b) For purposes of applying the limits of section 415(b) of the Internal Revenue Code, a retirement limitation in paragraph (a), an annual benefit that is payable in any form other than a single life annuity and that is subject to section 417(e)(3) of the Internal Revenue Code must shall be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the single life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's member's form of benefit, using whichever of the following produces the greatest annual amount:

(1) the interest rate and the mortality table or other tabular factor specified in the plan for adjusting benefits in the same form;

(2) a 5.5 percent interest rate assumption and the applicable mortality table; or

(3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and the applicable mortality table, divided by 1.05.

(c) If a member participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately to satisfy the limitation in paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 11. **Annual addition limitation; defined contribution plans.** The annual additions by or on behalf of a member to a defined contribution plan for any limitation year shall not exceed the lesser of (1) 100 percent of the member's compensation for the limitation year or (2) the dollar limit in effect for the limitation year under section 415(c)(1)(A) of the Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d)(1)(C) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c) of the Internal Revenue Code and related regulations and agency guidance not addressed by subdivisions 10 and 11 shall be considered incorporated by reference, including provisions applicable to qualified police and firefighters and to survivor and disability benefits. Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the requirements of section 415(b) and (c) of the Internal Revenue Code and the related regulations.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 13. **Correction of errors.** The executive director of each plan may correct an operational, demographic, employer eligibility, or plan document error as the executive director deems necessary or appropriate to preserve and protect the plan's tax qualification under section 401(a) of the Internal Revenue Code, including as provided in the Internal Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any successor thereto. To the extent deemed necessary by the executive director to implement correction, the executive director may:

(1) make distributions;

(2) transfer assets; or

(3) recover an overpayment by reducing future benefit payments or designating appropriate revenue or source of funding that will restore to the plan the amount of the overpayment.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 8. Minnesota Statutes 2016, section 356.96, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a different meaning is intended, for the purpose of this section, the terms in ~~paragraphs (b) to (e)~~ this subdivision have the meanings given them.

(b) ~~"Chief administrative officer"~~ "Executive director" means the executive director of a covered pension plan or the executive director's designee or representative.

(c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2, clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation plan administered under sections 352.965 and 352.97 or to the postretirement health care savings plan administered under section 352.98.

(d) "Governing board" means the Board of Trustees of the Public Employees Retirement Association, the Board of Trustees of the Teachers Retirement Association, or the Board of Directors of the Minnesota State Retirement System.

(e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive participant in a covered pension plan or a beneficiary of a participant, or an individual who has applied to be a participant or who is or may be a survivor of a participant, or the representative of a state agency or other governmental unit that employs active participants in a covered pension plan.

(f) "Petitioner" means a person who has filed a petition for review of an executive director's determination under this section.

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

Sec. 9. Minnesota Statutes 2016, section 356.96, subdivision 2, is amended to read:

Subd. 2. **Right to review appeal to executive director; determination.** ~~A determination made by the chief administrative officer~~ person may appeal a decision by the staff of a covered pension plan regarding a the person's eligibility, benefits, or other rights under the plan with which the person does not agree to the executive director of the plan. The appeal must be in writing and be delivered to the executive director. The executive director may overturn, modify, or affirm the staff's decision. The executive director's determination is subject to review under this section.

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

Sec. 10. Minnesota Statutes 2016, section 356.96, subdivision 3, is amended to read:

Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer denies an application or a written request, modifies a benefit, or terminates a benefit of a person claiming a right or potential rights under a covered pension plan, the chief administrative officer shall notify that person through a written notice containing:~~ The executive director shall issue a written notice of determination to the person who files an appeal under subdivision 2. The notice of determination must be delivered by certified mail to the address to which the most recent benefit payment was sent or, if that address is that of a financial institution, to the last known address of the person. The notice of determination shall include the following:

(1) a statement of the reasons for the determination;

(2) a ~~notice~~ statement that the person may petition the governing board of the covered pension plan for a review of the determination and that a person's petition for review must be filed in the administrative office of the covered pension plan ~~within~~ no later than 60 days ~~of the receipt~~ after the date of the written notice of ~~the~~ determination;

(3) a statement indicating that a failure to petition for review within 60 days precludes the person from ~~contesting in any other further administrative or judicial review or court procedure the issues determined by the chief administrative officer~~ of the executive director's determination;

(4) a statement indicating that all relevant materials, documents, affidavits, and other records that the person wishes to be reviewed in support of the petition and a list of any witnesses who will testify before the governing board, along with a summary of their testimony, must be filed with and received in the administrative office of the covered pension plan at least 15 days before the date of the hearing under subdivision 10 or as directed by the administrative law judge who conducts a fact-finding conference under subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph (b); and

(5) a summary of this section, including all filing requirements and deadlines; and

(6) the statement required under subdivision 4, paragraph (a), if applicable.

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

Sec. 11. Minnesota Statutes 2016, section 356.96, subdivision 4, is amended to read:

Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to the executive director's determination will~~ terminate a benefit that is being paid to a person, ~~before terminating the benefit, the chief administrative officer must, in addition to the other procedures prescribed in this section, provide the individual with written notice of the pending benefit termination by certified mail. The notice must explain the reason for the~~

~~pending benefit termination. The person must be given an~~ the notice of determination must also state that the person has the opportunity to explain, in writing, in person, by telephone, or by e-mail, the reasons that the benefit should not be terminated.

~~(b) If the chief administrative officer is unable to contact the person and~~ notice of determination is returned as undeliverable, and the person cannot be reached by any other reasonable means of communication, and the executive director determines that a failure to terminate the benefit will result in unauthorized payment by a covered pension plan, the chief administrative officer executive director may terminate the benefit immediately upon mailing a written notice containing the information required by subdivision 3 to the address to which the most recent benefit payment was sent and, if that address is that of a financial institution, to the last known address of the person.

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

Sec. 12. Minnesota Statutes 2016, section 356.96, subdivision 5, is amended to read:

Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination required in subdivision 3, a person ~~who claims a right under subdivision 2~~ may petition the governing board of the covered pension plan for a review of that decision by the governing board of the covered pension plan the executive director's determination.

~~(b) A petition under this section must be sent to the chief administrative officer by mail and must be postmarked. The petitioner must file the petition for review with the administrative office of the covered pension plan no later than 60 days after the person received date of the notice of determination required by subdivision 3. Filing of the petition is effective upon mailing or personal delivery. The petition must include the person's petitioner's statement of the reason or reasons that the person believes the decision of the chief administrative officer determination of the executive director should be reversed or modified. The petition may include all documentation and written materials that the petitioner deems to be relevant. In developing a record for review by the board when a decision is appealed, the chief administrative officer may direct that the applicant participate in a fact finding session conducted by an administrative law judge assigned by the Office of Administrative Hearings and, as applicable, participate in a vocational assessment conducted by a qualified rehabilitation counselor on contract with the applicable retirement system.~~

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

Sec. 13. Minnesota Statutes 2016, section 356.96, subdivision 6, is amended to read:

Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is not filed with the ~~chief administrative officer,~~ office of the covered pension plan's plan, the ~~executive director's~~ determination is final and is not subject to further administrative or judicial review.

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

Sec. 14. Minnesota Statutes 2016, section 356.96, subdivision 7, is amended to read:

Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a) After receiving a petition, the ~~chief administrative officer~~ executive director must schedule a timely hearing to review of the petition before the governing board of the covered pension plan or the executive director may defer the scheduling of a hearing until after a fact-finding conference under paragraph (b). ~~The review must be scheduled to take into consideration any necessary accommodations to allow the petitioner to participate in the governing board's review.~~

(b) The executive director may direct the petitioner to participate in a fact-finding conference conducted by an administrative law judge assigned by the Office of Administrative Hearings. The fact-finding conference is an informal proceeding not subject to the provisions of Minnesota Rules, chapter 1400, except that part 1400.7300 shall govern the admissibility of evidence and part 1400.8603 shall govern how the fact-finding conference is conducted. The administrative law judge must issue a report and a recommendation to the governing board.

(c) If the petitioner's claim relates to disability benefits, the executive director may direct the petitioner to participate in a vocational assessment conducted by a qualified rehabilitation counselor under contract with the covered pension plan. The counselor must issue a report regarding the assessment to the governing board.

~~(b) (d) Not less than 30 calendar days before the date scheduled for the hearing date before the governing board, the chief administrative officer executive director must provide by mail to notify the petitioner an acknowledgment of the receipt of the person's petition and a follow up notice of the time and place of the meeting at which the governing board is scheduled to consider the petition and conduct the hearing. If there has been no fact-finding conference under paragraph (b), not less than 15 days before the date scheduled for the hearing, the petitioner and the executive director must provide a copy to the governing board and the other party copies of all relevant documents, documentary evidence, summaries, and recommendations assembled by or on behalf of the plan administration to be considered by the governing board that will be presented and a list of witnesses who will testify, along with a summary of their testimony.~~

~~(c) All documents and materials that the petitioner wishes to be part of the record for review must be filed with the chief administrative officer and must be received in the offices of the covered pension plan at least 15 days before the date of the meeting at which the petition is scheduled to be heard.~~

~~(d) A (e) The petitioner may request a continuance postponement of a the date scheduled for the hearing if the request is received by the chief administrative officer within before the governing board within a reasonable time, but no later than ten calendar days of before the scheduled hearing date of the applicable board meeting. The chief administrative officer must reschedule the review within a reasonable time. Only one continuance may be granted to any petitioner. A petitioner shall be granted only one postponement unless the applicable covered pension plan agrees to additional postponements.~~

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

Sec. 15. Minnesota Statutes 2016, section 356.96, subdivision 8, is amended to read:

Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and affidavits in the possession of the covered pension plan of which the covered pension plan desires to avail itself and be considered by the governing board, and all evidence which the petitioner wishes to present to the governing board, including any evidence which would otherwise be classified by law as "private," must be made part of the hearing record.

(b) ~~The chief administrative officer executive director~~ must provide a copy of the record to each member of the governing board at least ~~seven~~ five days before the scheduled hearing date.

(c) ~~Any additional document, affidavit, or other relevant information that the petitioner requests be part of the record may be admitted with the consent of the governing board. If a fact-finding conference under subdivision 7, paragraph (b), is not conducted, the record is limited to those materials provided to the petitioner in accordance with subdivision 7, paragraph (d), those filed by the petitioner with the covered pension plan in a timely manner in accordance with subdivision 7, paragraph (e), any vocational assessment report under subdivision 7, paragraph (c), and any testimony at the hearing before the governing board. Any additional evidence may be placed in the record pursuant to subdivision 10, paragraph (b).~~

(d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph (b), is conducted, the record before the governing board must be limited to the following:

(1) the record from the Office of Administrative Hearings;

(2) seven-page submissions by the petitioner and a representative of the covered pension plan commenting on the administrative law judge's recommendation; and

(3) any vocational assessment report under subdivision 7, paragraph (c).

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

Sec. 16. Minnesota Statutes 2016, section 356.96, subdivision 9, is amended to read:

Subd. 9. **Amended determination.** At any time before the hearing before the governing board, for good cause shown and made part of the records of the plan, the ~~chief administrative officer~~ executive director may reverse, alter, amend, or modify the prior decision which is subject to review under this section by issuing an amended ~~decision determination to the petitioner~~. Upon doing so, the ~~chief administrative officer~~ executive director may cancel the governing board's scheduled review of the person's petition and ~~shall so~~ notify the petitioner.

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

Sec. 17. Minnesota Statutes 2016, section 356.96, subdivision 10, is amended to read:

Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing on a petition for review as part of a regularly scheduled board meeting, or as part of a special meeting if so scheduled. All governing board members who participate in the decision-making process must be familiar with the record. The governing board shall make its decision on a petition solely on the record as submitted and on the proceedings of the hearing.

(b) At the hearing, the petitioner, the petitioner's attorney, and the chief administrative officer representative, if any, the executive director and a representative of the covered pension plan who does not also serve as the governing board's legal advisor during the board's decision-making process, may state and discuss with the governing board their positions with respect to the petition. If no fact-finding conference under subdivision 7, paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was conducted, additional evidence may be received in the form of testimony from previously disclosed witnesses. The governing board may allow further documentation to be placed in the record at the board meeting only with the agreement of both the ~~chief administrative officer~~ executive director and the petitioner. The ~~chief administrative officer~~ executive director may not otherwise participate in the board's decision-making process.

~~(b) When a petition presents a contested issue of law, an assistant attorney general may participate and may argue on behalf of the legal position taken by the chief administrative officer if that assistant attorney general does not also serve as the governing board's legal advisor during the board's decision-making process.~~

~~(c) A motion by a board member, supported by a summary of the relevant facts, conclusions and reasons, as properly amended and approved by a majority of the governing board, constitutes the board's final decision. A verbatim statement of the board's final decision must be served upon the petitioner. If the decision is contrary to the petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set forth in subdivision 13.~~

~~(d)~~ (c) If a petitioner who received timely notice of a scheduled hearing fails to appear, the governing board may nevertheless hear the petition and issue a decision.

(d) The governing board's decision shall be made upon a motion by a board member and approval by a majority of the governing board. The governing board must issue its decision as a written order containing findings of fact, conclusions of law, and the board's decision no later than 30 days after the hearing. If the decision is contrary to the petitioner's desired outcome, the notice must inform the petitioner of the appeal rights set forth in subdivision 13.

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

Sec. 18. Minnesota Statutes 2016, section 356.96, subdivision 11, is amended to read:

Subd. 11. **Disability medical issues.** ~~(a) If a person petitions the governing board~~ the petitioner seeks to reverse or modify a determination which found by the executive director that there exists no ~~was insufficient~~ medical data supporting to support an application for disability benefits, the governing board may reverse that determination only if there is ~~in fact~~ medical evidence supporting the application. The governing board has the discretion to resubmit a disability benefit application at any time to a medical advisor for reconsideration, and the resubmission may include an instruction that further medical examinations be obtained.

~~(b) The governing board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical evidence contrary to the opinion of the medical advisor in the record and the medical advisor attests that the decision was made in accordance with the applicable disability standard, the board must follow the decision of the medical advisor regarding the cause of the disability.~~

~~(c) The obligation of the governing board to follow the decision of the medical advisor under paragraph (b) does not apply to instances when the governing board makes a determination different from the recommendation of the medical advisor on issues that do not involve medical issues.~~

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

Sec. 19. Minnesota Statutes 2016, section 356.96, subdivision 12, is amended to read:

Subd. 12. **Referral for administrative hearing.** ~~(a) Notwithstanding any provision of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination of the chief administrative officer of a covered pension plan~~ A fact-finding conference under subdivision 7, paragraph (b), must be conducted exclusively under the procedures set forth in this section and is not as a contested case under chapter 14.

~~(b) Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole discretion, may refer a petition brought under this section to the Office of Administrative Hearings for a contested case hearing under sections 14.57 to 14.69.

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

Sec. 20. Minnesota Statutes 2016, section 356.96, subdivision 13, is amended to read:

Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No later than 60 days of after the date of the mailing of the notice of the governing board's decision, the petitioner may appeal the decision by filing a writ of certiorari with the Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the 60-day period precludes the person from later raising, in any subsequent administrative hearing or court proceeding, those substantive and procedural issues that reasonably should have been raised upon a timely appeal.

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

Sec. 21. **REPEALER.**(a) Minnesota Statutes 2016, section 356.611, subdivisions 3, 3a, 4, and 5, are repealed.(b) Minnesota Statutes 2016, section 356.96, subdivisions 14 and 15, are repealed.**EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective the day following final enactment.ARTICLE 14
ACTUARIAL ASSUMPTION CHANGES

Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following interest assumption:~~(1) select and ultimate interest rate assumption~~

plan	ultimate interest rate assumption
teachers retirement plan	8.5%

~~The select preretirement interest rate assumption for the period through June 30, 2017, is eight percent.~~~~(2) single rate interest rate assumption~~

plan	interest rate assumption
general state employees retirement plan	8%
correctional state employees retirement plan	8
State Patrol retirement plan	8
legislators retirement plan, and for the constitutional officers calculation of total plan liabilities	0
judges retirement plan	8
general public employees retirement plan	8
public employees police and fire retirement plan	8
local government correctional service retirement plan	8
St. Paul teachers retirement plan	8
Bloomington Fire Department Relief Association	6
local monthly benefit volunteer firefighter relief associations	5
monthly benefit retirement plans in the statewide volunteer firefighter retirement plan	6

(b)(1) If funding stability has been attained, the valuation must use a postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section ~~354A.27, subdivision 7;~~ 354A.29, subdivision 9 $\frac{1}{2}$ or 356.415, subdivision 1, whichever applies.(2) If funding stability has not been attained, the valuation must use a select postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate specified in section ~~354A.27, subdivision 6a;~~ 354A.29, subdivision 8 $\frac{1}{2}$ or 356.415, subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending

when the approved actuary estimates that the plan will attain the defined funding stability measure, and thereafter an ultimate postretirement adjustment rate actuarial assumption equal to the postretirement adjustment rate under section ~~354A.27, subdivision 7~~; 354A.29, subdivision 9~~;~~ or 356.415, subdivision 1, for the applicable period or periods beginning when funding stability is projected to be attained.

(c) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5%
judges retirement plan	2.75
Bloomington Fire Department Relief Association	4

(2) ~~age-related future salary increase assumption~~ ~~age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption~~

plan	future salary increase assumption
local government correctional service retirement plan	assumption B
St. Paul teachers retirement plan	assumption A

~~For plans other than the St. Paul Teachers Retirement plan and the local government correctional service retirement plan, the select calculation is: Fund Association, during the a designated select period of 15 years, in addition to the age-based rates shown below, a designated percentage rate of 0.2 percent is multiplied by the result of the designated integer 15 minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is 0.2 percent for the St. Paul Teachers Retirement Fund Association.~~

The ultimate future salary increase assumption is:

age	A	B
16	5.9%	8.75%
17	5.9	8.75
18	5.9	8.75
19	5.9	8.75
20	5.9	8.75
21	5.9	8.5
22	5.9	8.25
23	5.85	8

24	5.8	7.75
25	5.75	7.5
26	5.7	7.25
27	5.65	7
28	5.6	6.75
29	5.55	6.5
30	5.5	6.5
31	5.45	6.25
32	5.4	6.25
33	5.35	6.25
34	5.3	6
35	5.25	6
36	5.2	5.75
37	5.15	5.75
38	5.1	5.75
39	5.05	5.5
40	5	5.5
41	4.95	5.5
42	4.9	5.25
43	4.85	5
44	4.8	5
45	4.75	4.75
46	4.7	4.75
47	4.65	4.75
48	4.6	4.75
49	4.55	4.75
50	4.5	4.75
51	4.45	4.75
52	4.4	4.75
53	4.35	4.75
54	4.3	4.75
55	4.25	4.5
56	4.2	4.5
57	4.15	4.25
58	4.1	4
59	4.05	4
60	4	4
61	4	4
62	4	4
63	4	4
64	4	4
65	4	3.75
66	4	3.75
67	4	3.75
68	4	3.75
69	4	3.75
70	4	3.75

(3) service-related ~~ultimate~~ future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E
correctional state employees retirement plan of the Minnesota State Retirement System	assumption F

service length	A	B	C	D	E	F
1	10.25 <u>14</u> %	11.78 <u>11.5</u> %	12 <u>9.5</u> %	12.75%	7.75%	5.75%
2	7.85 <u>11.5</u>	8.65 <u>8.5</u>	9 <u>9.5</u>	10.75	7.25	5.6
3	6.65 <u>6.25</u>	7.21 <u>7</u>	8 <u>7.75</u>	8.75	6.75	5.45
4	5.95 <u>5.5</u>	6.33 <u>6</u>	7.5 <u>7.25</u>	7.75	6.5	5.3
5	5.45 <u>5.25</u>	5.72 <u>5.5</u>	7.25 <u>7</u>	6.25	6.25	5.15
6	5.05 <u>5.15</u>	5.27 <u>5.2</u>	7	5.85	6	5
7	4.75 <u>5</u>	4.91 <u>4.9</u>	6.85	5.55	5.75	4.85
8	4.45 <u>4.75</u>	4.62 <u>4.8</u>	6.7	5.35	5.6	4.7
9	4.25 <u>4.5</u>	4.38 <u>4.7</u>	6.55	5.15	5.45	4.55
10	4.15 <u>4.25</u>	4.17 <u>4.5</u>	6.4	5.05	5.3	4.4
11	3.95 <u>4.2</u>	3.99 <u>4.25</u>	6.25	4.95	5.15	4.3
12	3.85 <u>4.15</u>	3.83 <u>4.1</u>	6	4.85	5	4.2
13	3.75 <u>4.1</u>	3.69 <u>4</u>	5.75	4.75	4.85	4.1
14	3.55 <u>4.05</u>	3.57 <u>3.9</u>	5.5	4.65	4.7	4
15	3.45 <u>4</u>	3.45 <u>3.9</u>	5.25	4.55	4.55	3.9
16	3.35 <u>3.95</u>	3.35 <u>3.85</u>	5	4.55	4.4	3.8
17	3.25 <u>3.9</u>	3.26 <u>3.8</u>	4.75	4.55	4.25	3.7
18	3.25 <u>3.85</u>	3.25 <u>3.75</u>	4.5	4.55	4.1	3.6
19	3.25 <u>3.8</u>	3.25 <u>3.75</u>	4.25 <u>4.3</u>	4.55	3.95	3.5
20	3.25 <u>3.75</u>	3.25 <u>3.75</u>	4 <u>4.2</u>	4.55	3.8	3.5
21	3.25 <u>3.7</u>	3.25 <u>3.75</u>	3.9 <u>4.1</u>	4.45	3.75	3.5
22	3.25 <u>3.65</u>	3.25 <u>3.7</u>	3.8 <u>4</u>	4.35	3.75	3.5
23	3.25 <u>3.6</u>	3.25 <u>3.6</u>	3.7 <u>3.9</u>	4.25	3.75	3.5
24	3.25 <u>3.55</u>	3.25 <u>3.6</u>	3.6 <u>3.8</u>	4.25	3.75	3.5
25	3.25 <u>3.5</u>	3.25 <u>3.6</u>	3.5 <u>3.7</u>	4.25	3.75	3.5
26	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5 <u>3.6</u>	4.25	3.75	3.5
27	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
28	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
29	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5
30 or more	3.25 <u>3.5</u>	3.25 <u>3.5</u>	3.5	4.25	3.75	3.5

(d) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.5%
correctional state employees retirement plan	3.5
State Patrol retirement plan	3.5
judges retirement plan	2.75

general employees retirement plan of the Public Employees Retirement Association	3.5
public employees police and fire retirement plan	3.5
local government correctional service retirement plan	3.5
teachers retirement plan	3.75 3.5
St. Paul teachers retirement plan	4

(e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

EFFECTIVE DATE. This section is effective July 1, 2017, and applies to actuarial valuations prepared on or after that date.

ARTICLE 15 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS

Section 1. Minnesota Statutes 2016, section 356A.06, subdivision 7, is amended to read:

Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets as specified in this subdivision. The governing board of an expanded list plan may select and appoint investment agencies to act for or on its behalf.

(b) **Securities generally; investment forms.** An expanded list plan is authorized to purchase, sell, lend, and exchange the investment securities authorized under this subdivision, including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations specified in this subdivision.

(c) **Government obligations.** An expanded list plan is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; and

(4) a United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

(d) **Investment-grade corporate obligations.** An expanded list plan is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:

- (1) the principal and interest are payable in United States dollars; and
- (2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized to invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories by a nationally recognized rating agency if:

(1) the aggregate value of these obligations does not exceed five percent of the covered pension plan's market value;

(2) the covered pension plan's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the covered pension plan's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

(f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

(i) bankers acceptances and deposit notes if issued by a United States bank that is rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit if issued by a United States bank or savings institution rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies, or if issued by a credit union in an amount within the limit of the insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage securities and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;

(v) repurchase agreements and reverse repurchase agreements if collateralized with letters of credit or securities authorized in this section;

(vi) guaranteed investment contracts if issued by an insurance company or a bank that is rated in the top four quality categories by a nationally recognized rating agency or alternative guaranteed investment contracts if the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts if fully insured by a federal agency; and

(viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), an expanded list plan is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or convertible issues of any corporation organized under the laws of the United States or any of its states, any corporation organized under the laws of the Dominion of Canada or any of its provinces, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government.

An investment in any corporation must not exceed five percent of the total outstanding shares of that corporation, except that an expanded list plan may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed mutual fund. Purchase of shares of exchange-traded or mutual funds shall be consistent with paragraph (b).

(h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to invest funds in:

(i) equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts, through investment in limited partnerships, bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

(iii) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and

(iv) international securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii), may not exceed 35 percent of the market value of the fund for which the expanded list plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the expanded list plan for investments made under clause (1), item (i), (ii), or (iii);

(iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

(iv) the expanded list plan's participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The expanded list plan may not engage in any activity as a limited partner which creates general liability;

(v) the aggregate value of all unrated obligations and obligations that are not rated among the top four quality categories by a nationally recognized rating agency authorized by paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's market value; and

(vi) for volunteer firefighter relief associations, emerging market equity and international debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the association's special fund market value.

(i) **Supplemental plan investments.** The governing body of an expanded list plan may certify assets to the State Board of Investment for investment under section 11A.17.

(j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the form in which these investments are held, must not exceed 85 percent of the covered plan's market value.

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

Sec. 2. Minnesota Statutes 2016, section 424A.001, subdivision 2, is amended to read:

Subd. 2. **Fire department.** "Fire department" includes a municipal fire department ~~or~~ an independent nonprofit firefighting corporation, and a fire department established as or operated by a joint powers entity under section 471.59.

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

Sec. 3. Minnesota Statutes 2016, section 424A.001, is amended by adding a subdivision to read:

Subd. 2a. **Municipal.** "Municipal" means of a city or township.

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

Sec. 4. Minnesota Statutes 2016, section 424A.001, subdivision 3, is amended to read:

Subd. 3. **Municipality.** "Municipality" means a ~~municipality~~ city or township which has established a fire department with which the relief association is directly associated, ~~or the municipalities~~ a city or township which ~~have~~ has entered into a contract with the independent nonprofit firefighting corporation of which the relief association is ~~a subsidiary~~ directly associated, or a city or township that has entered into a contract with a joint powers entity established under section 471.59 of which the relief association is directly associated.

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

Sec. 5. Minnesota Statutes 2016, section 424A.001, subdivision 10, is amended to read:

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member of the applicable fire department or the independent nonprofit firefighting corporation and is eligible for membership in the applicable relief association and:

(i) is engaged in providing emergency response services or delivering fire education or prevention services as a member of a ~~municipal fire department, a joint powers entity fire department, or an independent nonprofit firefighting corporation;~~

(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and

(iii) meets any other minimum firefighter and service standards established by the fire department ~~or the independent nonprofit firefighting corporation~~ or specified in the articles of incorporation or bylaws of the relief association.

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

Sec. 6. Minnesota Statutes 2016, section 424A.002, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** A ~~municipal fire department or an independent nonprofit firefighting corporation,~~ with approval by the applicable municipality or municipalities, may establish a new volunteer firefighter relief association or may retain an existing volunteer firefighter relief association. A ~~municipal fire department or an independent nonprofit firefighting corporation~~ may be associated with only one volunteer firefighter relief association at one time.

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

Sec. 7. **[424A.003] CERTIFICATION OF SERVICE CREDIT.**

(a) When a municipal fire department, a joint powers fire department, or an independent nonprofit firefighting corporation is directly associated with the volunteer firefighters relief association, the fire chief shall certify annually by March 31 the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The certification shall be made to an officer of the relief association's board of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in population served by the associated fire department.

(c) The fire chief shall notify each volunteer firefighter rendering active service with the fire department of the amount of service credit rendered by the firefighter for the previous calendar year. The service credit notification and a description of the process and deadlines for the firefighter to challenge the fire chief's determination of service credit must be provided to the firefighter 60 days prior to its certification to the relief association and municipality. If the service credit amount is challenged, the fire chief shall accept and consider any additional pertinent information and shall make a final determination of service credit.

(d) The service credit certification must be expressed as the number of completed months of the previous year during which an active volunteer firefighter rendered at least the minimum level of duties as specified and required by the fire department under the rules, regulations, and policies applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a volunteer firefighter who is a member of the relief association leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the firefighter must be certified as providing service credit for the period of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the volunteer firefighter does not return from the military service in compliance with the federal

Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and canceled at the end of the calendar year in which the time limit set by federal law occurs.

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

Sec. 8. Minnesota Statutes 2016, section 424A.01, subdivision 1, is amended to read:

Subdivision 1. **Minors.** No volunteer firefighters relief association associated with a municipality, a joint powers entity, or an independent nonprofit firefighting corporation may include as a relief association member a minor serving as a volunteer firefighter.

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

Sec. 9. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to read:

Subd. 4a. **Prohibition on receipt of concurrent service credit.** No firefighter may be credited with service credit in a volunteer firefighters relief association for the same hours of service for which coverage is already provided in a fund operated pursuant to chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2018, and applies to service rendered on or after that date.

Sec. 10. Minnesota Statutes 2016, section 424A.01, subdivision 5, is amended to read:

Subd. 5. **Fire prevention personnel.** (a) ~~If the fire department is a municipal department and the applicable municipality approves, or if the fire department is an independent nonprofit firefighting corporation and the contracting municipality or municipalities approve,~~ the fire department may employ or otherwise utilize the services of persons as volunteer firefighters to perform fire prevention duties and to supervise fire prevention activities.

(b) Personnel serving in fire prevention positions are eligible to be members of the applicable volunteer firefighter relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform fire suppression duties.

(c) Personnel serving in fire prevention positions also are eligible to receive any other benefits under the applicable law or practice for services on the same basis as personnel who are employed to perform fire suppression duties.

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

Sec. 11. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to read:

Subd. 5a. **Volunteer emergency medical personnel.** Volunteer emergency medical personnel are eligible to be members of the applicable volunteer firefighters relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform or supervise fire suppression or fire prevention duties, if:

(1) the fire department employs or otherwise uses the services of persons solely as volunteer emergency medical personnel to perform emergency medical response duties or supervise emergency medical response activities;

(2) the bylaws of the relief association authorize the eligibility; and

(3) the eligibility is approved by:

(i) the municipality, if the fire department is a municipal department;

(ii) the joint powers board, if the fire department is a joint powers entity; or

(iii) the contracting municipality or municipalities, if the fire department is an independent nonprofit firefighting corporation.

EFFECTIVE DATE. This section is effective January 1, 2018, and applies to service rendered on or after that date.

Sec. 12. Minnesota Statutes 2016, section 424A.01, subdivision 6, is amended to read:

Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision governs the service pension calculation requirements of a firefighter who returns to active service after a break in service and applies to all breaks in service, except that the resumption service requirements of this subdivision do not apply to leaves of absence made available by federal statute, such as the Family Medical Leave Act, United States Code, title 29, section 2691, and the Uniformed Services Employment and Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply to leaves of absence made available by state statute, such as the Parental Leave Act, section 181.941; the Leave for Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section 593.50.

(b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

(2) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from the minimum period of resumption service requirement of this section.

(3) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence and who has not received a service pension or disability benefit may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

(c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for the same period of service.

(d) If a former firefighter who has not received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service periods if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption years of service credit.

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service.

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, based on the resumption

years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the original and resumption periods of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.

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

Sec. 13. Minnesota Statutes 2016, section 424A.015, subdivision 1, is amended to read:

Subdivision 1. **Separation from active service; exception.** (a) No service pension is payable to a person while the person remains an active member of the respective fire department, and a person who is receiving a service pension is not entitled to receive any other benefits from the special fund of the relief association.

(b) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person discontinues volunteer firefighter duties with the ~~municipality or the independent nonprofit firefighting corporation, whichever applies,~~ fire department and performs duties within the ~~municipal~~ fire department ~~or corporation~~ on a full-time basis;

(2) the governing body of the municipality ~~or~~ of the independent nonprofit firefighting corporation, or of the joint powers entity has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.

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

Sec. 14. Minnesota Statutes 2016, section 424A.015, is amended by adding a subdivision to read:

Subd. 7. Combined service pensions. (a) A volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled to a prorated service pension from each relief association if:

(1) the articles of incorporation or bylaws of the relief associations provide;

(2) the applicable requirements of paragraphs (b) and (c) are met; and

(3) the volunteer firefighter otherwise qualifies.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total combined amount of service credit from the two or more relief associations of ten years or more, unless the bylaws of every affected relief association specify less than a ten-year service vesting requirement, in which case, the total amount of required service credit is the longest service vesting requirement of the relief associations. The member must have one year or more of service credit in each relief association. The prorated service pension must be based on:

(1) for defined benefit relief associations, the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate; and

(2) for defined contribution relief associations, the member's individual account balance on the date on which active volunteer firefighting services covered by that relief association terminate.

(c) To receive a prorated service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The second or subsequent relief association secretary must certify the notice.

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

Sec. 15. Minnesota Statutes 2016, section 424A.016, subdivision 2, is amended to read:

Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined contribution service pension to each of its members who:

(1) separates from active service with the fire department;

(2) reaches age 50;

(3) completes at least five years of active service as an active member of the ~~municipal~~ fire department to which the relief association is associated;

(4) completes at least five years of active membership with the relief association before separation from active service; and

(5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution towards a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a volunteer under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

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

Sec. 16. Minnesota Statutes 2016, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the ~~municipal~~ fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a volunteer firefighter under this chapter and the articles of incorporation and bylaws of the volunteer firefighters relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality ~~or independent nonprofit firefighting corporation, or joint powers entity~~ may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

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

Sec. 17. Minnesota Statutes 2016, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing includes any amounts of fire state aid and police and firefighter retirement supplemental state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

(b) The maximum service pension which the defined benefit relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a defined benefit relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00
365	4.50
405	5.00
486	6.00
567	7.00
648	8.00
729	9.00
810	10.00
891	11.00
972	12.00
1053	13.00
1134	14.00
1215	15.00
1296	16.00
1377	17.00
1458	18.00
1539	19.00
1620	20.00
1701	21.00
1782	22.00
1823	22.50
1863	23.00
1944	24.00
2025	25.00
2106	26.00
2187	27.00
2268	28.00
2349	29.00
2430	30.00
2511	31.00
2592	32.00
2673	33.00
2754	34.00

2834	35.00
2916	36.00
2997	37.00
3078	38.00
3159	39.00
3240	40.00
3321	41.00
3402	42.00
3483	43.00
3564	44.00
3645	45.00
3726	46.00
3807	47.00
3888	48.00
3969	49.00
4050	50.00
4131	51.00
4212	52.00
4293	53.00
4374	54.00
4455	55.00
4536	56.00
4617	57.00
4698	58.00
4779	59.00
4860	60.00
4941	61.00
5022	62.00
5103	63.00
5184	64.00
5265	65.00
5346	66.00
5427	67.00
5508	68.00
5589	69.00
5670	70.00
5751	71.00
5832	72.00
5913	73.00
5994	74.00
6075	75.00
6156	76.00
6237	77.00
6318	78.00
6399	79.00
6480	80.00
6561	81.00
6642	82.00
6723	83.00
6804	84.00
6885	85.00

6966	86.00
7047	87.00
7128	88.00
7209	89.00
7290	90.00
7371	91.00
7452	92.00
7533	93.00
7614	94.00
7695	95.00
7776	96.00
7857	97.00
7938	98.00
8019	99.00
8100	100.00
any amount in excess of 8100	100.00

(d) For a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension to a retiring member, the maximum lump-sum service pension amount for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
\$...	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600

347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100

2805	5200
2859	5300
2913	5400
2967	5500
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
3831	7100
3885	7200
3939	7300
3993	7400
4047	7500
4101	7600
4155	7700
4209	7800
4263	7900
4317	8000
4371	8100
4425	8200
4479	8300
4533	8400
4587	8500
4641	8600
4695	8700
4749	8800
4803	8900
4857	9000
4911	9100
4965	9200
5019	9300
5073	9400
5127	9500
5181	9600
5235	9700
5289	9800
5343	9900
5397	10,000
any amount in excess of <u>5451</u>	<u>10,100</u>
5397 <u>5505</u>	10,000 <u>10,200</u>

<u>5559</u>	<u>10,300</u>
<u>5613</u>	<u>10,400</u>
<u>5667</u>	<u>10,500</u>
<u>5721</u>	<u>10,600</u>
<u>5775</u>	<u>10,700</u>
<u>5829</u>	<u>10,800</u>
<u>5883</u>	<u>10,900</u>
<u>5937</u>	<u>11,000</u>
<u>5991</u>	<u>11,100</u>
<u>6045</u>	<u>11,200</u>
<u>6099</u>	<u>11,300</u>
<u>6153</u>	<u>11,400</u>
<u>6207</u>	<u>11,500</u>
<u>6261</u>	<u>11,600</u>
<u>6315</u>	<u>11,700</u>
<u>6369</u>	<u>11,800</u>
<u>6423</u>	<u>11,900</u>
<u>6477</u>	<u>12,000</u>
<u>6531</u>	<u>12,100</u>
<u>6585</u>	<u>12,200</u>
<u>6639</u>	<u>12,300</u>
<u>6693</u>	<u>12,400</u>
<u>6747</u>	<u>12,500</u>
<u>6801</u>	<u>12,600</u>
<u>6855</u>	<u>12,700</u>
<u>6909</u>	<u>12,800</u>
<u>6963</u>	<u>12,900</u>
<u>7017</u>	<u>13,000</u>
<u>7071</u>	<u>13,100</u>
<u>7125</u>	<u>13,200</u>
<u>7179</u>	<u>13,300</u>
<u>7233</u>	<u>13,400</u>
<u>7287</u>	<u>13,500</u>
<u>7341</u>	<u>13,600</u>
<u>7395</u>	<u>13,700</u>
<u>7449</u>	<u>13,800</u>
<u>7503</u>	<u>13,900</u>
<u>7557</u>	<u>14,000</u>
<u>7611</u>	<u>14,100</u>
<u>7665</u>	<u>14,200</u>
<u>7719</u>	<u>14,300</u>
<u>7773</u>	<u>14,400</u>
<u>7827</u>	<u>14,500</u>
<u>7881</u>	<u>14,600</u>
<u>7935</u>	<u>14,700</u>
<u>7989</u>	<u>14,800</u>
<u>8043</u>	<u>14,900</u>
<u>8097</u>	<u>15,000</u>
<u>any amount in excess of 8097</u>	<u>15,000</u>

(e) For a defined benefit relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump-sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a defined benefit relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

(g) No defined benefit relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.

(h) The method of calculating service pensions must be applied uniformly for all years of active service. Credit must be given for all years of active service except for caps on service credit if so provided in the bylaws of the relief association.

EFFECTIVE DATE; LOCAL APPROVAL. (a) For relief associations other than the Eden Prairie volunteer firefighters relief association, this section is effective January 1, 2018.

(b) For the Eden Prairie volunteer firefighters relief association, this section is effective the day after the city council of Eden Prairie and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, or January 1, 2018, whichever is earlier.

Sec. 18. Minnesota Statutes 2016, section 424A.02, subdivision 3a, is amended to read:

Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a defined benefit relief association pays a service pension greater than the maximum service pension associated with the applicable average amount of available financing per active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum service pension amount specified in subdivision 3, paragraph (g), whichever is less, the state auditor shall:

(1) disqualify the municipality or the independent nonprofit firefighting corporation associated with the relief association from receiving fire state aid by making the appropriate notification to the municipality and the commissioner of revenue, with the disqualification applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under sections 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or independent nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

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

Sec. 19. Minnesota Statutes 2016, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member separates from active service and membership and has completed the minimum service and membership requirements in subdivision 1. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined benefit relief association that provides a lump-sum service pension governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid in one of the following manners:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at an interest rate of up to five percent, compounded annually, as set by the board of trustees.

(d) Any change in the interest rate set by the board of trustees under paragraph (c), clause (3), must be ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(e) Interest under paragraph (c), clause (3), is payable beginning on the January 1 next following the date on which the deferred service pension interest rate as set by the board of trustees was ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(f) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the first day of the month next following the date on which the member separates from active service and membership and ending on the last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(g) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighters relief association that pays a lump-sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

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

Sec. 20. Minnesota Statutes 2016, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) A relief association that is directly associated with a municipal fire department must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association and three trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association which provides a monthly benefit service pension may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three municipal trustees must be one elected municipal official and one elected or appointed municipal official who are designated as municipal representatives by the municipal governing board annually and the chief of the municipal fire department.

(b) A relief association that is a subsidiary of an independent nonprofit firefighting corporation must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association, two trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee must be the fire chief serving with the independent nonprofit firefighting corporation. The bylaws of a relief association may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The two municipal trustees must be elected or appointed municipal officials, selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the municipal trustees must be two officials of the contracting municipality who are designated annually by the governing body of the municipality; or

(2) if two or more municipalities contract with the independent nonprofit corporation, the municipal trustees must be one official from each of the two largest municipalities in population who are designated annually by the governing bodies of the applicable municipalities.

(c) The municipal trustees for a relief association that is directly associated with a fire department operated as or by a joint powers entity must be the fire chief of the fire department and two trustees designated annually by the joint powers board. The municipal trustees for a relief association that is directly associated with a fire department service area township must be the fire chief of the fire department and two trustees designated by the township board.

(d) If a relief association lacks the municipal board members provided for in paragraph (a), (b), or (c) because the fire department is not located in or associated with ~~an organized~~ a municipality, ~~or~~ joint powers entity, ~~or township~~, the municipal board members must be the fire chief of the fire department and two board members appointed from the fire department service area by the board of commissioners of the applicable county.

(e) The term of the appointed municipal board members is one year or until the person's successor is qualified, whichever is later.

(f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights and duties accorded to any other trustee, except the right to be an officer of the relief association board of trustees.

(g) A board must have at least three officers, who are a president, a secretary and a treasurer. These officers must be elected from among the elected trustees by either the full board of trustees or by the relief association membership, as specified in the bylaws. In no event may any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board must be specified in the bylaws of the relief association, but may not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership must be staggered on as equal a basis as is practicable.

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

Sec. 21. Minnesota Statutes 2016, section 424A.07, is amended to read:

424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT OF RELIEF ASSOCIATIONS.

Before paying any service pensions or retirement benefits under section 424A.02 or before becoming entitled to receive any amounts of fire state aid upon transmittal from a contracting municipality under section 69.031, subdivision 5, a an independent nonprofit firefighting corporation shall establish a volunteer firefighters relief association governed by this chapter.

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

Sec. 22. Minnesota Statutes 2016, section 424A.091, subdivision 3, is amended to read:

Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which there exists a firefighters relief association as specified in subdivision 1 which does not comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions of any applicable special law relating to the funding or financing of the association does not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason for the disqualification specified by the state auditor is remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(b) The state auditor shall determine if a municipality to which a firefighters' relief association is directly associated or a firefighters relief association fails to comply with the provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any applicable special law based upon the information contained in the annual financial report of the firefighters relief association required under section 69.051, the actuarial valuation of the relief association, if applicable, the relief association officers' financial requirements of the relief association and minimum municipal obligation determination documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable municipal or independent nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and any other relevant documents or reports obtained by the state auditor.

(c) The municipality or independent nonprofit firefighting corporation and the associated relief association are not eligible to receive or to retain fire state aid if:

- (1) the relief association fails to prepare or to file the financial report or financial statement under section 69.051;
- (2) the relief association treasurer is not bonded in the manner and in the amount required by section 69.051, subdivision 2;
- (3) the relief association officers fail to determine or improperly determine the accrued liability and the annual accruing liability of the relief association under section 424A.092, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;
- (4) if applicable, the relief association officers fail to obtain and file a required actuarial valuation or the officers file an actuarial valuation that does not contain the special fund actuarial liability calculated under the entry age normal actuarial cost method, the special fund current assets, the special fund unfunded actuarial accrued liability, the special fund normal cost under the entry age normal actuarial cost method, the amortization requirement for the special fund unfunded actuarial accrued liability by the applicable target date, a summary of the applicable benefit plan, a summary of the membership of the relief association, a summary of the actuarial assumptions used in preparing the valuation, and a signed statement by the actuary attesting to its results and certifying to the qualifications of the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);
- (5) the municipality failed to provide a municipal contribution, or the independent nonprofit firefighting corporation failed to provide a corporate contribution, in the amount equal to the minimum municipal obligation if the relief association is governed under section 424A.092, or the amount necessary, when added to the fire state aid actually received in the plan year in question, to at least equal in total the calculated annual financial requirements of the special fund of the relief association if the relief association is governed under section 424A.093, and, if the municipal or corporate contribution is deficient, the municipality failed to include the minimum municipal obligation certified under section 424A.092, subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent nonprofit firefighting corporation failed to include the minimum corporate obligation certified under section 424A.094, subdivision 2, in the corporate budget;
- (6) the defined benefit relief association did not receive municipal ratification for the most recent plan amendment when municipal ratification was required under section 424A.02, subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;
- (7) the relief association invested special fund assets in an investment security that is not authorized under section 424A.095;
- (8) the relief association had an administrative expense that is not authorized under section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that is not authorized under section 424A.08;

(9) the relief association officers fail to provide a complete and accurate public pension plan investment portfolio and performance disclosure under section 356.219;

(10) the relief association fails to obtain the acknowledgment from a broker of the statement of investment restrictions under section 356A.06, subdivision 8b;

(11) the relief association officers permitted to occur a prohibited transaction under section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction of a prohibited transaction that did occur; or

(12) the relief association pays a defined benefit service pension in an amount that is in excess of the applicable service pension maximum under section 424A.02, subdivision 3.

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

Sec. 23. Minnesota Statutes 2016, section 424A.094, subdivision 3, is amended to read:

Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of the special fund of the subsidiary relief association of the independent nonprofit firefighting corporation shall be governed by the provisions of section 424A.05.

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

Sec. 24. Minnesota Statutes 2016, section 424A.10, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section:

(1) "qualified recipient" means ~~an individual~~ a volunteer firefighter who receives a lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan ~~for service that the individual has performed as a volunteer firefighter;~~

(2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child or children of a deceased active or deferred volunteer firefighter;

(3) "active volunteer firefighter" means a person who:

(i) regularly renders fire suppression service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities for a ~~municipal~~ fire department ~~or an independent nonprofit firefighting corporation, who;~~

(ii) has met the statutory and other requirements for relief association membership; ~~and who~~

(iii) is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one month; ~~and~~

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

(i) terminated active firefighting service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities; and

(ii) has sufficient service credit from the applicable relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension; and

(5) "volunteer firefighter" includes an individual whose services were utilized to perform or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and individuals whose services were used to perform emergency medical response duties or supervise emergency medical response activities if authorized under section 424A.01, subdivision 5a.

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

Sec. 25. Minnesota Statutes 2016, section 424B.20, subdivision 4, is amended to read:

Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighters relief association under subdivision 3, the board of the relief association shall transfer the remaining assets of the special fund, as securities or in cash, as applicable, to the chief financial official of the municipality in which the associated fire department was located if the fire department was a municipal fire department or to the chief financial official of the municipality with the largest population served by the fire department if the fire department was an independent nonprofit firefighting corporation. If the fire department was a joint powers entity, the remaining assets of the special fund shall be transferred to the chief financial official of the municipality designated as the fiscal agent in the joint powers agreement or, if the agreement does not designate a municipality as the fiscal agent, the remaining assets of the special fund shall be transferred to the chief financial official of the municipality with the largest population served by the joint powers fire department. The board shall also compile a schedule of the relief association members to whom a service pension is or will be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or benefit payable based on the applicable bylaws and state law and the service rendered to the date of the dissolution, and the date on which the pension or benefit would first be payable under the bylaws of the relief association and state law.

(b) The municipality in which is located receiving the remaining assets of the special fund of a volunteer firefighters relief association that is dissolving under this section shall establish a separate account in the municipal treasury which must function as a trust fund for members of the volunteer firefighters relief association and their beneficiaries to whom the volunteer firefighters relief association owes a service pension or other benefit under the bylaws of the relief association and state law. Upon proper application, on or after the initial date on which the service pension or benefit is payable, the municipal treasurer shall pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the other records of the dissolved relief association. The trust fund under this section must be invested and managed consistent with chapter 356A and section 424A.095. Upon payment of the last service pension or benefit due and owing, any remaining assets in the trust fund cancel to the general fund of the municipality; or, if the fire department was a joint powers entity, any remaining assets in the trust fund cancel to the general fund of each municipality that was a contracting party to the joint powers agreement as specified in the joint powers agreement. If the joint powers agreement does not specify how the remaining assets are to be distributed among the contracting parties, each of the contracting parties shall receive a pro rata share of the remaining assets based on the proportion of total operating contributions each contracting municipality made to the joint powers entity over the most recent ten calendar years. If the special fund of the volunteer firefighters relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability. If the fire department was a joint powers entity, the contracting municipalities are liable for their share of the unfunded actuarial accrued liability as specified in the joint powers agreement. If the joint powers agreement does not specify liability for any unfunded actuarial accrued liability, the contracting municipalities are liable for their pro rata share of the unfunded actuarial accrued liability based on the proportion of total operating contributions each contracting municipality made to the joint powers entity over the most recent ten calendar years.

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

Sec. 26. **EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION SERVICE PENSIONS; RETURN TO ACTIVE SERVICE.**

(a) Notwithstanding any provision of Minnesota Statutes, section 424A.01, subdivision 6, section 424A.02, subdivision 2, or any other provision of law to the contrary, if the bylaws of the Eden Prairie volunteer firefighters relief association so provide, a former firefighter who has received a lump-sum service pension or is receiving a monthly benefit service pension and returns to active relief association membership under Minnesota Statutes, section 424A.01, subdivision 6, paragraph (b), is entitled to receive an unreduced lump-sum service pension for the resumption service period if the firefighter completes at least three years of active service as an active member of the fire department during the resumption service period and completes at least three years of active membership with the relief association during the resumption service period.

(b) A lump-sum service pension must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service. No firefighter may be paid a service pension more than once for the same period of service. Payment of a lump-sum service pension shall have no effect on the firefighter's previous service pension.

EFFECTIVE DATE. This section is effective the day after the Eden Prairie City Council and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR FIREFIGHTERS.**

(a) Notwithstanding any law to the contrary, the city of Austin must annually:

(1) determine the amount of state aid required under the bylaws of the Austin Parttime Firefighters Relief Association to fund the volunteer firefighters' service pensions;

(2) transmit to the Austin Parttime Firefighters Relief Association any supplemental state aid received under Minnesota Statutes, section 423A.022;

(3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between the amount determined under clause (1) and the amount transmitted under clause (2); and

(4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters covered by the public employees police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

(b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin has no liability to the relief association related to payments it made or will make to the public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015, 2016, and 2017.

(c) This section expires July 1, 2018.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3, and applies retroactively from January 1, 2013.

Sec. 28. **FIRE STATE AID WORK GROUP.**

(a) The executive director of the Public Employees Retirement Association shall convene a Fire State Aid Work Group to study and make recommendations to the Legislative Commission on Pensions and Retirement on:

(1) the current requirement that all fire state aid provided to municipalities with firefighters as defined in Minnesota Statutes, section 424A.001, subdivision 10, or 353G.01, subdivision 15, must be used to fund service pensions governed by Minnesota Statutes, chapter 424A or 353G; and

(2) modifying the requirement to allow municipalities to allocate a portion of fire state aid to pay employer contributions on behalf of firefighters covered by the public employees police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

(b) In making recommendations with information provided by Public Employees Retirement Association and Legislative Commission on Pensions and Retirement staff, the work group shall consider:

(1) the history and purpose of fire state aid;

(2) the history, purpose, and utilization of Minnesota Statutes 2012, section 353A.10, subdivision 6, which allowed certain municipalities to allocate a portion of fire state aid to pay public employees police and fire employer contributions;

(3) the impact on current volunteer firefighters, volunteer firefighter recruitment and retention, and municipalities if fire state aid is allocated between service pensions and public employees police and fire employer contributions; and

(4) a presentation by a city of Austin official and a representative from the Austin Part-Time Firefighters Relief Association on the city of Austin's current allocation of fire state aid.

(c) Members of the work group shall include:

(1) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(2) two representatives of Minnesota fire chiefs, who are fire chiefs from fire departments with both volunteer firefighters covered by either a volunteer firefighter relief association governed by Minnesota Statutes, chapter 424A, or the voluntary statewide volunteer firefighter retirement plan governed by Minnesota Statutes, chapter 353G, and firefighters covered by the public employees police and fire retirement plan governed by Minnesota Statutes, section 353.64, appointed by the Minnesota State Fire Chiefs Association;

(3) two representatives of Minnesota volunteer firefighters, who are active volunteer firefighters, appointed by the Minnesota State Fire Departments Association;

(4) one representative of the Office of the State Auditor, designated by the state auditor; and

(5) one representative of the Department of Revenue, designated by the commissioner of revenue.

(d) The work group shall elect a chair from among its members.

(e) The work group shall submit a report by December 31, 2017, that contains the work group's recommendations to the chair, vice-chair, and executive director of the Legislative Commission on Pensions and Retirement. The report shall include recommendations regarding:

(1) municipalities allocating a portion of fire state aid to pay employer contributions to the public employees police and fire retirement plan;

(2) implementation of policies if fire state aid is divided, including the determination of:

(i) the entities that will decide how the fire state aid is allocated;

(ii) how the allocation will be documented;

(iii) how the allocation may be amended, if at all;

(iv) what entity allocates the fire state aid; and

(v) whether a government agency must monitor and enforce the allocation;

(3) the scope of allowable allocations of fire state aid; and

(4) other issues the work group determines are relevant.

(e) The work group expires the day following the last day of the 2018 legislative session.

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

Sec. 29. **REPEALER.**

Minnesota Statutes 2016, section 424A.02, subdivision 13, is repealed.

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

ARTICLE 16 MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2016, section 352.113, subdivision 2, is amended to read:

Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total and permanent disability benefit, or someone acting on behalf of the employee upon proof of authority satisfactory to the director, shall file a written application for benefits in the office of the system on or before the deadline specified in subdivision 4, paragraph (g).

(b) The application must be in a form and manner prescribed by the executive director.

(c) The benefit shall begin to accrue the day following the start of disability or the day following the last day paid, whichever is later, but not earlier than 180 days before the date the application is filed with the director.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 352.91, subdivision 3f, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) in the state-operated forensic services program or the Minnesota sex offender program if at least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) behavior analyst 3;
- (3) certified occupational therapy assistant 1;
- (4) certified occupational therapy assistant 2;
- (5) chemical dependency counselor senior;
- (6) client advocate;
- (7) clinical program therapist 2;
- (8) clinical program therapist 3;
- (9) clinical program therapist 4;
- (10) customer services specialist principal;
- (11) dental assistant registered;
- (12) group supervisor;
- (13) group supervisor assistant;
- (14) human services support specialist;
- (15) licensed alcohol and drug counselor;
- (16) licensed practical nurse;
- (17) management analyst 3;
- (18) occupational therapist;
- (19) occupational therapist, senior;
- (20) physical therapist;
- ~~(20)~~ (21) psychologist 1;
- ~~(21)~~ (22) psychologist 2;
- ~~(22)~~ (23) psychologist 3;
- ~~(23)~~ (24) recreation program assistant;
- ~~(24)~~ (25) recreation therapist lead;

- ~~(25)~~ (26) recreation therapist senior;
- ~~(26)~~ (27) rehabilitation counselor senior;
- ~~(27)~~ (28) security supervisor;
- ~~(28)~~ (29) skills development specialist;
- ~~(29)~~ (30) social worker senior;
- ~~(30)~~ (31) social worker specialist;
- ~~(31)~~ (32) social worker specialist, senior;
- ~~(32)~~ (33) special education program assistant;
- ~~(33)~~ (34) speech pathology clinician;
- ~~(34)~~ (35) work therapy assistant; and
- ~~(35)~~ (36) work therapy program coordinator.

EFFECTIVE DATE. This section is effective on the first day of the first payroll period occurring after the date of enactment and applies to prospective service only.

Sec. 3. Minnesota Statutes 2016, section 352.91, subdivision 3g, is amended to read:

Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) if at least 75 percent of the employee's working time is spent in direct contact with inmates and the determination of this direct contact is certified to the executive director by the commissioner of corrections.

(b) The qualifying employment positions are:

- (1) corrections discipline unit supervisor;
- (2) dental assistant registered;
- (3) dental hygienist;
- (4) food service supervisor;
- (5) medical assistant, certified;
- (6) psychologist 2; and
- ~~(5)~~ (7) sentencing to service crew leader involved with the inmate community work crew program.

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

Sec. 4. Minnesota Statutes 2016, section 352.91, is amended by adding a subdivision to read:

Subd. 4c. **Department of Human Services; procedure for coverage change considerations.** (a) The commissioner of human services shall appoint a standing review committee to review and determine classifications or positions that may be included in legislative requests for correctional state employees retirement plan coverage under subdivision 4a.

(b) The department's human resources director shall convene a meeting of the review committee only at the request of a labor organization or a member of the department's management team.

(c) The review committee must review all requests and the supporting documentation for coverage by the correctional state employees retirement plan and must make a recommendation to the commissioner regarding which classifications or positions meet the statutory requirements for coverage. The review committee must also make a recommendation to the commissioner regarding classifications or positions that no longer meet the statutory requirement for coverage by the correctional state employees retirement plan and removal of the classification or position from the applicable statute.

(d) The department's human resources director must provide a notice of each determination and of the employee's right to appeal the determination. Appeals must be filed with the department's human resources director within 30 days of the date of the notice of determination.

(e) The commissioner of human services shall review appeals of determinations for coverage. The commissioner's determinations are final.

(f) All classifications or positions recommended by the review committee for inclusion in or exclusion from the correctional state employees retirement plan must be forwarded to the commissioner of human services for the preparation of legislation to implement the coverage change and submission. If the commissioner determines that the employment position is appropriate for inclusion in or exclusion from the correctional state employees retirement plan, the commissioner shall submit a written recommendation documenting classifications or positions that should or should not be covered by the correctional state employees retirement plan. The department's human resources director must retain the documentation of each request and the final determination.

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

Sec. 5. Minnesota Statutes 2016, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. **Annuity; reserves.** When a participant attains at least age 55, terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares must be transferred to the general state employees retirement fund and ~~must~~ be used to provide an annuity for the ~~retired employee participant~~ based upon the participant's age when the benefit begins to accrue ~~according to the reserve basis used by the general state employees retirement plan in determining pensions and reserves.~~

(a) Except for participants described in paragraph (b), the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215 on the accrual date.

(b) For any participant who retires on or after July 1, 2017, and before July 1, 2020, when the participant is at least age 63 or has had at least 26 years of covered service, the monthly amount of the annuity must be determined using the actuarial assumptions in effect for the general state employees retirement plan under section 356.215 on June 30, 2016.

Subd. 1a. Postretirement adjustments. The annuity under ~~this~~ subdivision 1 is eligible for postretirement adjustments under section 356.415.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 6. Minnesota Statutes 2016, section 352F.04, subdivision 1, is amended to read:

Subdivision 1. **Enhanced augmentation rates.** ~~(a)~~ The deferred annuity of a terminated hospital employee ~~who attained that status before June 2, 2006,~~ is subject to augmentation under Minnesota Statutes 1994, section 352.72, subdivision 2, except that the rate of augmentation is ~~5.5 percent compounded annually until~~ to be applied each January 1 ~~is the following the year in which the person attains age 55.:~~

<u>January 1, 2018</u>	<u>4.5 percent</u>
<u>January 1, 2019</u>	<u>3.75 percent</u>
<u>January 1, 2020</u>	<u>3.0 percent</u>
<u>January 1, 2021</u>	<u>2.25 percent</u>
<u>January 1, 2022</u>	<u>1.5 percent</u>
<u>January 1, 2023</u>	<u>0.75 percent</u>
<u>After December 31, 2023, the deferred annuity must not be augmented.</u>	

Augmentation for each year is effective as of January 1 of that year.

~~From that date to the effective date of retirement, the augmentation rate is 7.5 percent compounded annually.~~

~~(b) If a terminated hospital employee attained that status on or after June 2, 2006, the augmentation rate is four percent compounded annually until January 1, following the year in which the person attains age 55. From that date to the effective date of retirement, the augmentation rate is six percent compounded annually.~~

Sec. 7. Minnesota Statutes 2016, section 352F.04, subdivision 2, is amended to read:

Subd. 2. **~~Exceptions~~ Exception.** The ~~increased~~ enhanced augmentation rates specified in subdivision 1 do not apply if the terminated hospital employee:

~~(1) becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3; or~~

~~(2) begins receipt of a retirement annuity under chapter 352 before age 62 while employed by the employer which assumed operations of the medical facility or other public employing unit or purchased the medical facility or other public employing unit.~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2015.

Sec. 8. Minnesota Statutes 2016, section 352F.04, is amended by adding a subdivision to read:

Subd. 3. **Return to covered employment.** (a) If a terminated hospital employee becomes covered by a retirement plan enumerated in section 356.30, subdivision 3, the employee shall be entitled to whichever of the following annuities produces the highest monthly payment:

(1) the deferred annuity and augmentation to which the employee would have been entitled under subdivision 1 reduced by the dollar amount of any annuity earned under any enumerated retirement plan after the effective date defined in section 352F.02, subdivision 3;

(2) a combined service annuity calculated under section 356.30; or

(3) an annuity calculated under section 352.72 for coverage by more than one retirement system using the augmentation rates set forth in section 352.72, subdivision 2, paragraph (a).

(b) This subdivision applies to any terminated hospital employee who begins to receive a retirement annuity under chapter 352 on or after July 1, 2015.

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

Sec. 9. **ANNUITY ADJUSTMENT.**

Under Minnesota Statutes, section 352F.04, subdivision 3, if any terminated hospital employee began to receive a retirement annuity under Minnesota Statutes, chapter 352, as adjusted under Minnesota Statutes, chapter 352F, on or after July 1, 2015, but prior to the effective date of this section, the terminated hospital employee's annuity must be recalculated under Minnesota Statutes, section 352F.04, subdivision 3, and, if the monthly amount as recalculated exceeds the monthly amount being received by the terminated hospital employee, the Minnesota State Retirement System shall:

(1) begin paying the recalculated monthly amount as of the first payment date after the effective date of this section; and

(2) pay the sum of the difference between the amount the terminated hospital employee received each month since commencement of the annuity and the amount the terminated hospital employee would have received under Minnesota Statutes, section 352F.04, subdivision 3, for that month. The sum of the difference each month shall be paid in a lump sum to the terminated hospital employee along with the first payment of the recalculated amount under clause (1).

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

Sec. 10. **COVERAGE TRANSFER DATES.**

(a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3g, paragraph (b), clause (4), also covers employment in that position on or after April 18, 2016, for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

(b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3g, paragraph (b), clause (5), is prospective only.

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

ARTICLE 17

PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 2016, section 353.01, subdivision 43, is amended to read:

Subd. 43. **Line of duty death.** "Line of duty death" means:

(1) a death that occurs while performing or as a direct result of performing normal or less frequent duties which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire plan; or

(2) a death that is determined by the commissioner of public safety to meet the requirements of section 299A.41, subdivision 3.

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

Sec. 2. Minnesota Statutes 2016, section 353G.01, subdivision 9, is amended to read:

Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5); a city or township that has entered into a contract with an independent nonprofit firefighting corporation, or a city or township that has entered into a contract with a joint powers entity established under section 471.59.

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

Sec. 3. Minnesota Statutes 2016, section 353G.01, is amended by adding a subdivision to read:

Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief association established under chapter 424A to which records, assets, and liabilities related to lump-sum or monthly benefits for active and former firefighters will be transferred from the retirement fund upon satisfaction of the requirements of section 353G.17.

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

Sec. 4. Minnesota Statutes 2016, section 353G.02, subdivision 6, is amended to read:

Subd. 6. **Initial administrative expenses of the monthly benefit retirement division; allocation of reimbursement.** (a) The administration expenses incurred by the Public Employees Retirement Association in the establishment of the monthly benefit retirement division of the voluntary statewide volunteer firefighter retirement plan, including any computer programming expenses and any actuarial consultant expenses, are payable from the assets of the initial monthly benefit volunteer firefighter relief association that elects to transfer its administration to the voluntary statewide volunteer firefighter retirement plan, following the transfer of assets.

~~(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that transfer plan administration to the voluntary statewide volunteer firefighter retirement plan. The reimbursement charge for each of the nine is three tenths of one percent of the market value of assets of the volunteer firefighter relief association as of December 31, 2012. The reimbursement amounts, up to the amount of administrative expenses actually incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the fire department associated with the former monthly benefit volunteer firefighter relief association that first transferred plan administration to the volunteer firefighter retirement plan.~~

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

Sec. 5. Minnesota Statutes 2016, section 353G.03, subdivision 3, is amended to read:

Subd. 3. **Composition.** (a) The advisory board consists of ~~eight~~ ten members.

(b) The advisory board members are:

(1) one representative of Minnesota townships, appointed by the Minnesota Association of Townships;

(2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the Minnesota State Fire Chiefs Association;

(4) two representatives of Minnesota volunteer firefighters, all who are active volunteer firefighters, one of whom is covered by the lump-sum retirement division and one of whom is covered by the monthly benefit retirement division, appointed by the Minnesota State Fire Chiefs Association;

(5) ~~one representative~~ three representatives of Minnesota volunteer firefighters who ~~is~~ are covered by the lump-sum retirement division, appointed by the Minnesota State Fire Departments Association; and

(6) one representative of the Office of the State Auditor, designated by the state auditor.

Sec. 6. Minnesota Statutes 2016, section 353G.08, subdivision 3, is amended to read:

Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement account or of a monthly benefit retirement account of the retirement fund may only be disbursed for:

- (1) the administrative expenses of the retirement plan;
- (2) the investment expenses of the retirement fund;
- (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;
- (4) the survivor benefits payable under section 353G.12; ~~and~~
- (5) the disability benefit coverage insurance premiums under section 353G.115; and
- (6) a transfer of assets under section 353G.17.

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

Sec. 7. Minnesota Statutes 2016, section 353G.11, subdivision 1, is amended to read:

Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides the following levels of service pension amounts per full year of good time service credit to be selected at the election of coverage:

- (1) a minimum service pension level of \$500 per year;
- (2) a maximum service pension level ~~of \$7,500 per year~~ equal to the largest amount permitted under section 424A.02, subdivision 3, paragraph (d), as a maximum lump-sum service pension amount payable for each year of service; and
- (3) ~~69~~ service pension levels between the minimum level and the maximum level in \$100 increments.

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

Sec. 8. **[353G.17] TRANSFER AUTHORIZED.**

Subdivision 1. **Entity to initiate transfer.** (a) An entity operating a fire department with firefighters who are covered by the retirement plan may initiate the transfer of records, assets, and liabilities related to the firefighters' lump-sum or monthly benefits under the retirement plan to a relief association that, at the time of the transfer, will be associated with the entity. The entity may be a municipality, an independent nonprofit firefighting corporation, or a joint powers entity.

(b) A transfer is initiated by filing with the executive director the following:

(1) a notice of intent to initiate a transfer;

(2) a copy of the resolutions of the entity approving the transfer of records, assets, and liabilities from the retirement plan to a relief association; and

(3) for each firefighter, the firefighter's name, address, telephone number, and e-mail address, if any.

(c) The notice shall inform the executive director of the following:

(1) the transfer effective date, which shall comply with paragraph (d);

(2) the name of the relief association and the municipality, independent nonprofit firefighting corporation, or joint powers entity with which the relief association is associated; and

(3) a summary of the type and level of pension or retirement benefits, including any ancillary benefits, provided by the relief association or, in the case of a new relief association, to be provided, and related terms and conditions.

(d) If the notice of intent to transfer is filed with the executive director before September 1, the transfer takes effect on the next January 1. If the notice of intent to transfer is filed after August 31, the transfer takes effect on the January 1 following the one-year anniversary of the filing of the notice.

Subd. 2. Approval by the relief association. (a) Before a transfer of records, assets, and liabilities from the retirement plan to a relief association may occur, the board of trustees of the relief association shall adopt resolutions as follows:

(1) approving and accepting the transfer of records, assets, and liabilities from the retirement plan; and

(2) amending the bylaws of the relief association as necessary to add the firefighters whose benefits are being transferred from the retirement plan and to provide that each benefit being transferred retains vesting, distribution, and other rights to which the firefighter, for whom the benefit is being transferred, is entitled under the terms of the retirement plan to the date of the transfer.

The board of trustees shall file a copy of the resolutions with the executive director.

(b) The board of trustees of the relief association shall file with the state auditor the following:

(1) a copy of the resolutions required under paragraph (a);

(2) a copy of the bylaws of the relief association and any bylaw amendments;

(3) a copy of the relief association's investment policy;

(4) a statement that a board of trustees has been duly elected and each trustee's name, address, telephone number, and e-mail address, if any;

(5) a copy of the most recent annual financial, investment, and plan administration report filed under section 69.051, unless the due date for the first such report has not yet occurred; and

(6) a copy of the documentation indicating that a special fund has been established with a financial institution to receive a transfer of assets from the retirement plan.

(c) Upon receipt of the information and documents required under paragraph (b), the state auditor shall issue to the relief association and the executive director written confirmation of receipt of all required information and documents.

Subd. 3. Approval by the firefighters. (a) A transfer under subdivision 1 shall not occur unless the active firefighters whose benefits are to be transferred from the retirement plan to a relief association approve the transfer by a vote of the firefighters conducted by the executive director.

(b) The approval of the firefighters shall be determined by a vote of all active firefighters whose benefits are to be transferred. An affirmative vote of a majority of the firefighters voting shall constitute approval.

(c) The executive director shall provide a voting ballot and the following to each active firefighter:

(1) a summary of the benefits currently provided to the firefighters under the retirement plan;

(2) a copy of the resolutions of the municipality approving the transfer;

(3) a copy of the resolutions of the board of trustees approving the transfer;

(4) a copy of the notice of intent to transfer required under subdivision 1;

(5) a copy of the state auditor's confirmation required under subdivision 2, paragraph (c); and

(6) the instructions and time frame for voting. Firefighters shall be given no less than 30 days in which to vote.

(d) The vote of any firefighter, including whether or not the firefighter voted, shall not be disclosed to any officer or member of the staff of the municipality or to any officer, trustee, or member of the staff of the relief association.

(e) The executive director shall tally the votes and report the results to the relief association and the municipality.

Subd. 4. Transfer process. (a) Upon completion of the actions required under subdivisions 1 to 3, the retirement plan shall transfer to the relief association as of the effective date identified in the notice under subdivision 1, the records, assets, and liabilities related to the former and current firefighters with benefits under the retirement plan, along with any assets in excess of liabilities credited to the lump-sum account or the monthly benefit retirement account attributable to the firefighters and the municipality.

(b) The executive director:

(1) shall transfer the assets in cash;

(2) shall transfer any accounts receivable associated with the lump-sum account or monthly benefit retirement account;

(3) shall settle any accounts payable from the account before the transfer; and

(4) may deduct from the assets to be transferred reasonable costs incurred by the retirement plan to conduct the voting process and complete the transfer.

Subd. 5. **Relief association obligations and rights upon transfer from the retirement plan.** (a) Upon transfer of the assets of the lump-sum account or monthly benefit retirement account, the pension liabilities attributable to the benefits for the former and current firefighters shall become the obligation of the special fund of the relief association.

(b) Upon the transfer of the assets of the lump-sum account or monthly benefit retirement account, the board of trustees of the relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the account.

(c) The relief association is the successor in interest with respect to all claims against the retirement plan relating to the transferred lump-sum account or monthly benefit retirement account, except for claims alleging any act or acts by the retirement plan or its fiduciaries that were not done in good faith or that constituted a breach of fiduciary responsibility under chapter 356A.

(d) The value of each volunteer firefighter's benefit in the retirement plan on the day before the asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day after the asset transfer. The relief association shall give credit, with respect to each firefighter whose benefit is being transferred, for all past service, including service credit with the retirement plan and with any predecessor relief association, to the extent credit is given for such service in the records of the retirement plan for that firefighter.

(e) Upon completion of the transfer of records, assets, and liabilities, the executive director shall provide written notice to the state auditor, the commissioner of revenue, and the secretary of state that the transfer is complete.

Subd. 6. **Failure to obtain approval, certification, or verification.** If the municipality, board of trustees, or firefighters fail to approve the transfer under subdivision 1, 2, or 3 or the requirements of subdivision 2, paragraph (b), are not met, the transfer of records, assets, and liabilities from the retirement plan to the relief association shall not occur.

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

Sec. 9. **BROOK PARK; LOWERING SERVICE PENSION LEVEL.**

(a) Notwithstanding any law to the contrary, the Public Employees Retirement Association must lower the annual service pension level for the Brook Park lump-sum account benefits payable to its volunteer firefighters under Minnesota Statutes, section 353G.11, subdivision 2, from \$1,200 to \$600, retroactively from January 1, 2016.

(b) The city of Brook Park must annually review the service pension level to determine if the level is appropriate, taking into account the city's need to recruit and retain volunteer firefighters.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective the day after the governing body of the city of Brook Park and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 18
GENERALLY APPLICABLE RETIREMENT CHANGES

Section 1. Minnesota Statutes 2016, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and covered under the Higher Education Supplemental Retirement Plan under chapter 354C, but including city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a), or by the defined contribution plan of the Public Employees Retirement Association under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit or in the individual employment contract between a city and a city manager, and if for each available investment all fees and historic rates of return for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily comprehended document not to exceed two pages, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of one-half of the available elective deferral permitted per year per employee, under the Internal Revenue Code:

(i) to the state of Minnesota deferred compensation plan under section 352.965;

(ii) in payment of the applicable portion of the contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(iii) any other deferred compensation plan offered by the employer under section 457 of the Internal Revenue Code;

(6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;

(7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;

(8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;

(9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(11) to a supplemental plan organized and operated under the federal Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

(12) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(13) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a;

(14) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5; or

(15) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment.

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

Sec. 2. **[356.631] ADDITIONAL SOURCES OF FUNDING.**

Notwithstanding any other provision of law to the contrary, in addition to all sources of funding described in Minnesota Statutes, section 356.63, paragraphs (a) and (b), any public retirement plan described in Minnesota Statutes, section 356.63, paragraph (b), is authorized to accept, at its discretion, for deposit in its fund the following:

(1) gifts;

(2) donations;

(3) bequests; and

(4) life insurance death benefits.

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

Sec. 3. **REPEALER.**

Minnesota Statutes 2016, sections 352.04, subdivision 11; and 353.34, subdivision 6, are repealed.

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

ARTICLE 19
SMALL GROUP RETIREMENT CHANGES

Section 1. MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION; SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is entitled to purchase prior uncredited service credit under paragraph (c) and, if the service credit purchase is made, to have an effective start date for active retirement plan membership of June 1, 1989, and to retire under Minnesota Statutes, section 352.116, subdivision 1.

(b) An eligible person is a person who:

(1) was born on the dates as follows:

<u>employee</u>	<u>birth date</u>
<u>A</u>	<u>October 2, 1968</u>
<u>B</u>	<u>June 12, 1965</u>
<u>C</u>	<u>August 10, 1958</u>
<u>D</u>	<u>April 29, 1963</u>
<u>E</u>	<u>April 11, 1955</u>
<u>F</u>	<u>August 13, 1966</u>
<u>G</u>	<u>April 22, 1961</u>
<u>H</u>	<u>December 31, 1958</u>
<u>I</u>	<u>October 10, 1966</u>
<u>J</u>	<u>February 4, 1961</u>
<u>K</u>	<u>August 21, 1963</u>
<u>L</u>	<u>January 23, 1960</u>
<u>M</u>	<u>September 19, 1966</u>
<u>N</u>	<u>November 3, 1961</u>
<u>O</u>	<u>June 13, 1958</u>
<u>P</u>	<u>June 23, 1954</u>
<u>Q</u>	<u>October 20, 1956</u>
<u>R</u>	<u>July 28, 1955</u>
<u>S</u>	<u>May 6, 1960</u>
<u>T</u>	<u>March 19, 1966</u>
<u>U</u>	<u>August 19, 1966</u>
<u>V</u>	<u>March 14, 1959</u>

(2) became an employee of the Minnesota Department of Transportation prior to July 1, 1989, in a position which was not covered by the general state employees retirement plan of the Minnesota State Retirement System;

(3) was eventually employed as a permanent employee after June 30, 1989, and covered by the general state employees retirement plan of the Minnesota State Retirement System on the dates as follows:

<u>employee</u>	<u>membership record date</u>
<u>A</u>	<u>September 27, 1989</u>
<u>B</u>	<u>September 27, 1989</u>
<u>C</u>	<u>September 26, 1989</u>

<u>D</u>	<u>September 27, 1989</u>
<u>E</u>	<u>September 26, 1989</u>
<u>F</u>	<u>September 13, 1989</u>
<u>G</u>	<u>September 1, 1989</u>
<u>H</u>	<u>September 27, 1989</u>
<u>I</u>	<u>September 27, 1989</u>
<u>J</u>	<u>September 13, 1989</u>
<u>K</u>	<u>September 13, 1989</u>
<u>L</u>	<u>September 26, 1989</u>
<u>M</u>	<u>August 30, 1989</u>
<u>N</u>	<u>September 26, 1989</u>
<u>O</u>	<u>September 13, 1989</u>
<u>P</u>	<u>September 27, 1989</u>
<u>Q</u>	<u>September 27, 1989</u>
<u>R</u>	<u>September 27, 1989</u>
<u>S</u>	<u>September 13, 1989</u>
<u>T</u>	<u>September 13, 1989</u>
<u>U</u>	<u>September 27, 1989</u>
<u>V</u>	<u>September 26, 1989</u>

(4) was sent annual statements by the Minnesota State Retirement System between July 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under Minnesota Statutes, section 352.116, subdivision 1; and

(5) was sent notification from the Minnesota State Retirement System revising the start date for general state employees retirement plan membership from a date before July 1, 1989, to a date after June 30, 1989, and indicating consequent inapplicability of Minnesota Statutes, section 352.116, subdivision 1.

(c) An eligible person may purchase allowable service credit in the general state employees retirement plan of the Minnesota State Retirement System by paying an amount equal to the employer contributions and employee contributions that would have been paid from June 1, 1989, to the end of the month prior to the date the employee entered covered service plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually on the combined employer and employee contribution amount from the date the contributions would have been paid to the date the Minnesota State Retirement System receives payment for this service credit purchase. The payment must be made in a lump sum.

(d) An eligible person who purchases allowable service credit under paragraph (c) has a June 1, 1989, start date for the purpose of allowable service credited by the general state employees retirement plan of the Minnesota State Retirement System and is eligible for a retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

(e) Authority to purchase prior uncredited service credit under this section expires one year from the effective date of this section.

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

Sec. 2. PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST. CLOUD STATE UNIVERSITY EMPLOYEE.

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is entitled to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of service described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on September 1, 1960;

(2) was an employee of St. Cloud State University on March 14, 2016;

(3) was a member of the general employees retirement plan of the Public Employees Retirement Association on March 14, 2016;

(4) was employed by St. Cloud Technical College on April 1, 1993, and was a member of the general employees retirement plan of the Public Employees Retirement Association; and

(5) changed employment within St. Cloud State University on February 22, 2006, and was erroneously placed into the higher education individual retirement account plan from February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and Universities system.

(c) The period of uncredited service authorized for purchase is the period of February 22, 2006, until May 10, 2011, during which time the eligible person was erroneously placed into and contributed to the higher education individual retirement account plan.

(d) The eligible person's member contributions to the higher education individual retirement account plan must be transferred to the Public Employees Retirement Association with any earned investment returns on those contributions. The eligible person must pay the member contributions that the eligible person would have made to the Public Employees Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period of service described in paragraph (c) as if the person had been covered by the Public Employees Retirement Association during the period, plus annual compound interest on that amount at the rate of 8.5 percent from February 22, 2006, until June 30, 2015, and eight percent from July 1, 2015, until the date on which payment is made to the Public Employees Retirement Association, less the transferred member contributions and investment earnings.

(e) Upon transfer of the equivalent member contribution amount and any additional payments under paragraph (d), the balance of the eligible person's higher education individual retirement account plan account must be transferred to the Public Employees Retirement Association within 60 days following the receipt of the eligible person's payment under paragraph (d).

(f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota State Colleges and Universities system shall pay the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, less any amounts received under paragraphs (d) and (e), within 60 days following the receipt of the eligible person's payment under paragraph (d).

(g) Upon the transfers and payments under paragraph (f), the eligible person must be credited by the Public Employees Retirement Association with allowable service credit for Minnesota State Colleges and Universities System employment from February 22, 2006, until May 10, 2011.

(h) Authority to make a service credit purchase under this section expires one year from the effective date of this section.

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

Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B, to the contrary, an eligible person described in paragraph (b) is eligible to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactively from July 1, 2001, upon repaying a member contribution refund taken from the general employees retirement plan of the Public Employees Retirement Association under paragraph (c), upon making an election under paragraph (e), and upon making all required payments under paragraphs (f) and (g).

(b) An eligible person is a person who:

(1) was born April 4, 1956;

(2) was employed by a governmental subdivision in 1995, with retirement coverage in the general employees retirement plan of the Public Employees Retirement Association, for which a refund of member contributions and interest was taken before 2001;

(3) was employed by St. Cloud State University in the late 1990s, with retirement coverage in the general state employees retirement plan of the Minnesota State Retirement System;

(4) was hired as an academic advisor by St. Cloud State University on July 1, 2001, with retirement coverage in the higher education individual retirement account plan; and

(5) was not informed of the option to elect Teachers Retirement Association coverage in the coverage election authorized by Minnesota Statutes 2001, section 354B.21, so remained in the higher education individual retirement account plan.

(c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35, subdivision 1, paragraph (c).

(d) Authority to repay a refund under this section expires one year from the effective date of this section.

(e) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all documentation of the applicability of this section and any other relevant information that the executive director may require. Teachers Retirement Association plan membership commences after the date of the retirement coverage election under this section and past salary and service credit is granted for past Minnesota State Colleges and Universities system employment from July 1, 2001, until the executive director receives the written application specified in this paragraph and receipts of the payments specified in paragraphs (c), (f), and (g). Coverage by the Teachers Retirement Association is in lieu of coverage by the individual retirement account plan.

(f) If the eligible person makes the retirement coverage election under paragraph (e), the eligible person's member contributions to the higher education individual retirement account plan must be transferred to the Teachers Retirement Association with any earned investment returns on those contributions. If the transferred member contributions and investment earnings are less than the calculated amount of the member contributions that the eligible person would have made to the Teachers Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period from July 1, 2001, to the date of the retirement

coverage election if the person had been covered by the Teachers Retirement Association during the period, plus annual compound interest at the rate of 8.5 percent, then the eligible person shall pay the balance of that calculated member contribution obligation within 30 days of the retirement coverage election.

(g) Upon the transfer of the equivalent member contribution amount and any additional payment under paragraph (f), the balance of the eligible person's higher education individual retirement account plan account must be transferred to the Teachers Retirement Association. If the amounts under paragraph (f) and the individual retirement account plan balance under this paragraph are less than the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities system shall pay the difference within 60 days of the retirement election date.

(h) The authority to make a retirement coverage election under this section expires one year from the effective date of this section.

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

Sec. 4. **TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY AND TECHNICAL COLLEGE FACULTY MEMBERS.**

(a) Notwithstanding any provision of law to the contrary, an eligible person described in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactive from July 19, 2000, or September 15, 2000, whichever is applicable, upon making an election under paragraph (c) and upon making all required payments under paragraphs (d) and (e).

(b) An eligible person is a person who:

(1) either:

(i) was born on September 25, 1964, and has been employed at Mesabi Range Community and Technical College and a contributing member of the higher education individual retirement account plan since July 19, 2000; or

(ii) was born on October 15, 1963, and has been employed at Mesabi Range Community and Technical College and a contributing member of the higher education individual retirement account plan since September 15, 2000;

(2) was classified in the unlimited full-time category on August 21, 2012;

(3) became eligible for an election of Teachers Retirement Association coverage under Laws 2009, chapter 169, article 6, section 1; and

(4) was not offered an election of Teachers Retirement Association coverage by the Minnesota State Colleges and Universities system.

(c) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all documentation of the applicability of this section and any other relevant information that the executive director may require. Teachers Retirement Association plan membership commences after the date of the retirement coverage election under this section and past salary and service credit is granted for past Minnesota State Colleges and Universities system employment from July 19, 2000,

or September 15, 2000, whichever is applicable, until the executive director receives the written application specified in this paragraph and receipts of the payments specified in paragraphs (d) and (e). Coverage by the Teachers Retirement Association is in lieu of coverage by the individual retirement account plan.

(d) If the eligible person makes the retirement coverage election under paragraph (c), the eligible person shall make a contribution to the Teachers Retirement Association equal to the excess, if any, of the employee contributions that the eligible person would have made if the Teachers Retirement Association had provided coverage from July 19, 2000, or September 15, 2000, whichever is applicable, rather than the individual retirement account plan. These additional contribution amounts shall include 8.5 percent annual compound interest computed from the date the contribution would have been made if deducted from salary until paid. The total amount to be paid under this paragraph shall be determined by the executive director of the Teachers Retirement Association and written notification of the amount required under this paragraph must be transmitted to the eligible person.

(e) If payment is made under paragraph (d), the value of the applicable eligible person's higher education individual retirement account plan account shall be transferred to the Teachers Retirement Association.

(f) The Teachers Retirement Association shall determine the required purchase payment amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers Retirement Association under this section due to the salary and service credit purchase.

(g) From the total amount computed under paragraph (f), the executive director of the Teachers Retirement Association shall subtract the amounts received under paragraphs (d) and (e). The Minnesota State Colleges and Universities system must transmit the remaining amount, if any, to the executive director of the Teachers Retirement Association within 60 days following the receipt of the payments under paragraphs (d) and (e).

(h) The authority to make a retirement coverage election under this section expires one year from the effective date of this section.

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

Sec. 5. TEACHERS RETIREMENT ASSOCIATION COVERAGE ELECTION AND MINNESOTA STATE RETIREMENT SYSTEM REFUND REPAYMENT AUTHORITY FOR CERTAIN WINONA STATE UNIVERSITY EMPLOYEE.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 352 or 354B, to the contrary, an eligible person described in paragraph (b) is eligible to become a coordinated member of the Teachers Retirement Association and to purchase service and salary credit in the Teachers Retirement Association coordinated plan retroactively from January 1, 1995, upon repaying a member contribution refund taken from the general employees retirement plan of the Minnesota State Retirement System under paragraph (c), upon making an election under paragraph (e), and upon making all required payments under paragraphs (f), (g), and (h).

(b) An eligible person is a person who:

(1) was born November 11, 1957;

(2) began state employment in 1981, with retirement coverage in the general employees retirement plan of the Minnesota State Retirement System for which a refund of member contributions and interest was taken;

(3) was employed by Winona State University on September 11, 1989, with retirement coverage in the higher education individual retirement account plan; and

(4) was not informed of the option to elect Teachers Retirement Association coverage in the coverage election authorized under Laws 1994, chapter 508, article 1, section 10, so remained in the higher education individual retirement account plan.

(c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision 1, paragraph (c), must be calculated under Minnesota Statutes, section 352.23.

(d) Authority to repay a refund under this section expires one year from the effective date of this section.

(e) To be eligible for coverage by the Teachers Retirement Association, an eligible person must submit a written application to the executive director of the Teachers Retirement Association on a form provided by the Teachers Retirement Association. The application must include all relevant documentation and information that the executive director may require. Teachers Retirement Association plan membership commences after the date of the retirement coverage election under this section and past salary and service credit is granted for past Minnesota State Colleges and Universities system employment from January 1, 1995, until the executive director receives the written application specified in this paragraph and receipts of the payments specified in paragraphs (c), (f), (g), and (h). Coverage by the Teachers Retirement Association is in lieu of coverage by the individual retirement account plan.

(f) If the eligible person makes the retirement coverage election under paragraph (e), the eligible person's member contributions to the higher education individual retirement account plan account from January 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers Retirement Association, with any earned investment returns on those contributions. If the transferred member contributions and investment earnings are less than the calculated amount of the member contributions that the eligible person would have made to the Teachers Retirement Association on the eligible person's compensation from the Minnesota State Colleges and Universities system for the period from January 1, 1995, to the date of the retirement coverage election, if the person had been covered by the Teachers Retirement Association during the period, plus annual compound interest at the rate of 8.5 percent, then the eligible person shall pay the balance of that calculated member contribution obligation within 30 days of the retirement coverage election.

(g) Upon the transfer of the equivalent member contribution amount and any additional payment under paragraph (f), the employer contributions made on behalf of the eligible member to the higher education individual retirement account plan account from January 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers Retirement Association, with any earned investment returns on those contributions.

(h) If the amounts under paragraphs (f) and (g) are less than the prior service credit purchase payment amount under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities system shall pay the difference within 60 days following receipt of the amounts transmitted under paragraphs (f) and (g).

(i) The authority to make a retirement coverage election under this section expires one year from the effective date of this section.

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

Sec. 6. PERA COVERAGE ELECTION AND SERVICE CREDIT PURCHASE; DULUTH TOWNSHIP CLERK.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 353D, to the contrary, an eligible person described in paragraph (b) is eligible to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit under section 353.01, subdivision 16, for the period of service described in paragraph (c).

(b) An eligible person is a person who:

(1) was born on July 19, 1953;

(2) became a member of the public employees defined contribution plan of the Public Employees Retirement Association on January 7, 1997, as the elected clerk for Duluth township;

(3) should have become a member of the public employees general plan of the Public Employees Retirement Association on April 12, 2001, when the elected clerk position became an appointed position;

(4) erroneously remained in the public employees defined contribution plan until February 2017; and

(5) retroactively joined the public employees general plan to January 1, 2014, pursuant to section 353.27, subdivision 12.

(c) The period of uncredited service authorized for purchase is the period of April 12, 2001, until December 31, 2013.

(d) Any member contributions made to the public employees defined contribution plan, plus any earned investments returns on those contributions, remaining after the transfer associated with the cost of omitted salary deductions pursuant to section 353.27, subdivision 12, may be transferred to the public employees general plan of the Public Employees Retirement Association upon request from the eligible person. The transfer must occur within 60 days of the request. Authority to request a transfer under this section expires December 31, 2017.

(e) Any employer contributions made to the public employees defined contribution plan, plus any earned investment returns on those contributions, remaining after the transfer associated with the cost of omitted salary deductions pursuant to section 353.27, subdivision 12, must be transferred to the public employees general plan of the Public Employees Retirement Association at the same time as the transfer that occurs under paragraph (d).

(f) If the eligible person requests a transfer under paragraph (d), the eligible person must pay the member contributions that the eligible person would have made to the Public Employees Retirement Association on the eligible person's compensation from the Duluth township for the period of service described in paragraph (c) as if the person had been covered by the public employees general plan, plus annual compound interest on that amount at the rate of 8.5 percent from April 12, 2001, until June 30, 2015, and eight percent from July 1, 2015, until the date payment is made to the Public Employees Retirement Association, less the transferred member contributions and investment earnings.

(g) Upon the transfer of the amounts under paragraphs (d), (e), and (f), Duluth township shall pay the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551, less any amounts received under paragraphs (d), (e), and (f), within 60 days following the receipt of the eligible person's payment under paragraph (f).

(h) Upon the transfer and payment under paragraph (g), the eligible person must be credited by the Public Employees Retirement Association with allowable service credit for Duluth township employment from April 12, 2001, until December 31, 2013.

(h) Authority to make a service credit purchase under this section expires one year from the effective date of this section.

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

ARTICLE 20
TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, or 353E.03;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivisions 12 and 12a, and 353.35;

(3) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(4) a period of authorized leave of absence during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section ~~353.0161~~ or 353.0162, to the fund made in place of salary deductions;

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary, excluding overtime pay, that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 30 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average

annual salary during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under section 353.0162.

(b) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(c) For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

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

Sec. 2. Minnesota Statutes 2016, section 353.012, is amended to read:

353.012 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE AND SALARY CREDIT.

A furloughed employee of the University of Minnesota who is a member of the public employees police and fire plan may obtain allowable service and salary credit for the furlough period. The allowable service and salary credit authorization is a leave of absence authorization for purposes of section ~~353.0161 and the purchase payment procedure of section 353.0161, subdivision 2,~~ applies 353.0162.

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

Sec. 3. Minnesota Statutes 2016, section 353.32, subdivision 4, is amended to read:

Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies without having designated a beneficiary or if the beneficiary should die before making application for refund, and if there is no surviving spouse, and if the legal representative of such member or former member does not apply for refund within five years from the date of death of the member or former member, the accumulated deductions to the member or former member's credit at the time of death shall be disposed of in the manner provided in section ~~353.34, subdivision 6~~ 356.631.

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

Sec. 4. Minnesota Statutes 2016, section 354A.011, subdivision 29, is amended to read:

Subd. 29. **Vesting; vested.** ~~(a) "Vesting" or "vested" means having entitlement to a nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association coordinated member program administered by a teachers retirement fund association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies when the teacher has accrued credit for at least three years of allowable service.~~

~~(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher has accrued credit for at least three years of service.~~

~~(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the Duluth Teachers Retirement Fund Association:~~

~~(1) a teacher who first became a member of the plan before July 1, 2010, is vested when the teacher has accrued at least three years of service; and~~

~~(2) a teacher who first became a member of the plan after June 30, 2010, is vested when the teacher has accrued at least five years of service.~~

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

Sec. 5. Minnesota Statutes 2016, section 354A.095, is amended to read:

354A.095 PARENTAL AND MATERNITY LEAVE.

Basic or coordinated members of the St. Paul Teachers Retirement Fund Association ~~and new coordinated members of the Duluth Teachers Retirement Fund Association~~, who are granted parental or maternity leave of absence by the employing authority, are entitled to obtain service credit not to exceed one year for the period of leave upon payment to the ~~applicable~~ fund by the end of the fiscal year following the fiscal year in which the leave of absence terminated. The amount of the payment must include the total required employee and employer contributions for the period of leave prescribed in section 354A.12. Payment must be based on the member's average monthly salary rate upon return to teaching service, and is payable without interest. Payment must be accompanied by a certified or otherwise adequate copy of the resolution or action of the employing authority granting or approving the leave.

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

Sec. 6. Minnesota Statutes 2016, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the actuarial value of assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

~~(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.~~

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

Sec. 7. Minnesota Statutes 2016, section 354A.31, subdivision 3, is amended to read:

Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that all or a portion of the annuity payments must be deferred during the calendar year immediately following the calendar year in which the person's salary from the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third the salary amount in excess of \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the Social Security normal retirement age, no deferral requirement is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity deferral must be handled or disposed of as provided in section 356.47.

~~(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers Retirement Fund Association member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the Duluth Teachers Retirement Fund Association fund.~~

~~(e)~~ (e) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul Teachers Retirement Fund Association basic or coordinated program member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

~~(g)~~ (f) For the purpose of this subdivision, salary from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

~~(h)~~ (g) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement salary as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

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

Sec. 8. Minnesota Statutes 2016, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The surviving spouse of a vested coordinated member who dies prior to retirement may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and computed under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

~~(c) If a vested member of the Duluth Teachers Retirement Fund Association was under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.~~

~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association was under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the actuarial equivalent reduction from age 55 to the date payment begins. The actuarial equivalent reduction is calculated so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

~~(e)~~ (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

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

Sec. 9. Minnesota Statutes 2016, section 356.47, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; or 354.44, subdivision 5.

~~(b) This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the Duluth Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.~~

(e) ~~(b)~~ This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.

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

Sec. 10. Minnesota Statutes 2016, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial accrued liability of that plan ~~or when the assets of the Duluth Teachers Retirement Fund Association equal the actuarial accrued liability of that plan, whichever is later.~~

Sec. 11. **REPEALER.**

Minnesota Statutes 2016, section 354A.12, subdivision 2c, is repealed."

Delete the title and insert:

"A bill for an act relating to retirement; benefit and contribution changes for Minnesota statewide and major local public employee retirement plans; increasing contribution rates; reducing certain postretirement adjustment increase rates; modifying investment return assumptions; extending amortization target dates; reducing deferred annuities augmentation; requiring a study on postretirement adjustments; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, Public Employees Retirement Association, and St. Paul Teachers Retirement Fund Association; clarifying refund repayment procedures; modifying executive director credentials; clarifying service requirements; revising appeal procedures; modifying service credit purchase procedures; establishing new procedures for disability applications due to private disability insurance requirements; clarifying disability benefit payment provisions; modifying annual benefit limitations for federal tax code compliance; authorizing use of IRS correction procedures; clarifying benefit offsets for certain refund payments; clarifying police and fire plan coverage for certain Hennepin Healthcare System supervisors; modifying various economic actuarial assumptions; authorizing the transfer of assets and members from the voluntary statewide volunteer firefighter retirement plan to a volunteer firefighter relief association; adopting recommendations of the Volunteer Firefighter Relief Association Working Group; increasing relief association lump-sum service pension maximums; lowering certain vesting requirements for Eden Prairie Volunteer Firefighters Relief Association; modifying the Brook Park volunteer firefighters service pension level; permitting alternative allocation of fire state aid for city of Austin; establishing a tire state aid work group; modifying various Department of Human Services and Department of Corrections employment classifications eligible for correctional retirement coverage; modifying the calculation of annuities under the Minnesota State Retirement System unclassified program; revising augmentation interest rates for certain terminated privatized employees; adopting definition of the Hometown Heroes Act related to public safety officer death benefits; allowing service credit purchase and Rule of 90 eligibility

for certain Minnesota Department of Transportation employees; authorizing MnSCU employees to elect retroactive and prospective TRA coverage; authorizing MnSCU employee to transfer past service from IRAP to PERA; increasing maximum employer contribution to a supplemental laborers pension fund; authorizing certain additional sources of retirement plan funding; making technical and conforming changes; amending Minnesota Statutes 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14, subdivision 2a; 352.01, subdivisions 2a, 13a; 352.017, subdivision 2; 352.03, subdivisions 5, 6; 352.04, subdivisions 2, 3, 8, 9; 352.113, subdivisions 2, 4, 14; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding subdivisions; 352.23; 352.27; 352.91, subdivisions 3f, 3g, by adding a subdivision; 352.92, subdivisions 1, 2, by adding a subdivision; 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c; 352B.08, by adding a subdivision; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.02, subdivisions 1, 3; 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.06, subdivision 1; 352D.085, subdivision 1; 352D.11, subdivision 2; 352D.12; 352F.04, subdivisions 1, 2, by adding a subdivision; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162; 353.03, subdivision 3; 353.27, subdivisions 3c, 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.29, subdivisions 4, 7; 353.30, subdivisions 3c, 5; 353.32, subdivisions 1, 4; 353.34, subdivisions 2, 3; 353.35, subdivision 1; 353.37, subdivision 1; 353.64, subdivision 10; 353.65, subdivisions 2, 3, by adding a subdivision; 353F.02, subdivision 5a; 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05; 353F.057; 353F.06; 353F.07; 353G.01, subdivision 9, by adding a subdivision; 353G.02, subdivision 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11, subdivision 1; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.42, subdivisions 2, 3; 354.436, subdivision 3; 354.44, subdivisions 3, 6, 9; 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.49, subdivision 2; 354.50, subdivision 2; 354.51, subdivision 5; 354.512; 354.52, subdivisions 4, 4d; 354.53, subdivision 5; 354.55, subdivision 11; 354.66, subdivision 2; 354.72, subdivision 1; 354A.011, subdivisions 3a, 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096; 354A.12, subdivisions 1, 1a, 2a, 3a, 3c, 7; 354A.29, subdivision 7; 354A.31, subdivisions 3, 7; 354A.34; 354A.35, subdivision 2; 354A.37, subdivisions 2, 3; 354A.38; 356.195, subdivision 2; 356.215, subdivisions 8, 9, 11; 356.24, subdivision 1; 356.30, subdivision 1; 356.32, subdivision 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, by adding a subdivision; 356.44; 356.47, subdivisions 1, 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 423A.02, subdivisions 3, 5; 424A.001, subdivisions 2, 3, 10, by adding a subdivision; 424A.002, subdivision 1; 424A.01, subdivisions 1, 5, 6, by adding subdivisions; 424A.015, subdivision 1, by adding a subdivision; 424A.016, subdivision 2; 424A.02, subdivisions 1, 3, 3a, 7; 424A.04, subdivision 1; 424A.07; 424A.091, subdivision 3; 424A.094, subdivision 3; 424A.10, subdivision 1; 424B.20, subdivision 4; 490.121, subdivisions 4, 25, 26; 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 353F; 353G; 356; 424A; repealing Minnesota Statutes 2016, sections 3A.12; 352.04, subdivision 11; 352.045; 352.72; 352B.30; 353.0161; 353.27, subdivision 3b; 353.34, subdivision 6; 353.71; 354.42, subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.12, subdivision 2c; 354A.29, subdivisions 8, 9; 354A.39; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13."

With the recommendation that when so amended the bill be re-referred to the Committee on State Government Finance.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 4, H. F. No. 565 was re-referred to the Committee on Rules and Legislative Administration.

SECOND READING OF SENATE BILLS

S. F. No. 550 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schultz; Murphy, M.; Nelson and Metsa introduced:

H. F. No. 2665, A bill for an act relating to retirement; establishing the Minnesota secure choice retirement program; proposing coding for new law as Minnesota Statutes, chapter 187.

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform.

Clark, Lee, Davnie and Dehn, R., introduced:

H. F. No. 2666, A bill for an act relating to capital investment; appropriating money for a recovery, career training, and employment center in Hennepin County; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Clark; Maye Quade; Allen; Fischer; Anselmo; Hornstein; Dehn, R.; Kunesh-Podein; Lee; Ward; Lesch; Flanagan; Metsa; Liebling; Olson; Becker-Finn; Moran and Freiberg introduced:

H. F. No. 2667, A resolution urging action to halt the persecution of gay men in Chechnya.

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

Freiberg; Lee; Kunesh-Podein; Mahoney; Lillie; Hansen; Carlson, A.; Schultz; Bly; Nelson; Becker-Finn; Pinto; Olson; Hilstrom; Ecklund; Liebling; Carlson, L.; Murphy, E.; Lesch; Halverson; Dehn, R.; Youakim; Sundin; Johnson, C.; Flanagan; Loeffler; Masin; Pryor; Fischer; Wagenius; Rosenthal; Hausman; Moran; Hornstein and Clark introduced:

H. F. No. 2668, A resolution calling on Congress to appoint a special prosecutor to investigate Russian interference in the 2016 United States presidential election and the extent to which members of the current executive branch were aware of such interference.

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

CALENDAR FOR THE DAY

H. F. No. 179, A bill for an act relating to public safety; amending ignition interlock performance standards; prohibiting use of devices enabled with location tracking capabilities; amending rulemaking authority; amending Minnesota Statutes 2016, section 171.306, subdivisions 1, 2, 3, 8.

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

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 444 was reported to the House.

Hilstrom moved to amend S. F. No. 444, the unofficial engrossment, as follows:

Page 3, delete sections 4, 5 and 6

Page 4, delete section 7

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Loeffler moved to amend the Hilstrom amendment to S. F. No. 444, the unofficial engrossment, as follows:

Page 1, delete line 3

The motion did not prevail and the amendment to the amendment was not adopted.

Green was excused between the hours of 12:35 p.m. and 12:55 p.m.

The question recurred on the Hilstrom amendment to S. F. No. 444, the unofficial engrossment. The motion prevailed and the amendment was adopted.

LAY ON THE TABLE

Hoppe moved that S. F. No. 444, the unofficial engrossment, as amended, be laid on the table. The motion prevailed and S. F. No. 444 was laid on the table.

S. F. No. 1457, A bill for an act relating to labor and industry; making housekeeping changes; modifying employment agents and construction codes and licensing; regulating combative sports; modifying OSHA regulations; amending Minnesota Statutes 2016, sections 181A.04, subdivision 6; 182.653, subdivision 9; 182.67, subdivision 1; 184.38, subdivision 17; 184.41; 326B.095; 326B.127, subdivision 5; 326B.133, subdivision 8; 326B.164, subdivisions 1, 3, 6, 7; 326B.439; 326B.46, subdivision 2; 326B.91, subdivisions 3, 6; 326B.92, subdivision 2; 326B.921, subdivisions 1, 2, 3, 4, 5, 6, 7; 326B.922; 326B.925, subdivision 1; 341.25; 341.27; 341.321; repealing Minnesota Statutes 2016, section 326B.37, subdivision 15; Minnesota Rules, parts 5200.0780; 5226.0100; 5226.0200; 5226.0300.

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

The question was taken on the passage of the bill and the roll was called. There were 105 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Albright	Cornish	Hausman	Lien	Newberger	Schomacker
Allen	Daniels	Heintzeman	Lillie	Nornes	Schultz
Anderson, P.	Davnie	Hilstrom	Loeffler	O'Driscoll	Swedzinski
Anderson, S.	Dean, M.	Hoppe	Lohmer	Olson	Thissen
Anselmo	Dehn, R.	Hornstein	Loon	Omar	Torkelson
Applebaum	Dettmer	Hortman	Loonan	O'Neill	Uglem
Backer	Ecklund	Howe	Lueck	Pelowski	Urdahl
Bahr, C.	Fenton	Jessup	Mahoney	Petersburg	Vogel
Baker	Fischer	Johnson, B.	Marquart	Pierson	Wagenius
Barr, R.	Flanagan	Johnson, C.	Masin	Pinto	Ward
Becker-Finn	Franson	Johnson, S.	Maye Quade	Poppe	West
Bennett	Freiberg	Koegel	McDonald	Poston	Whelan
Bernardy	Garofalo	Koznick	Moran	Pryor	Wills
Bly	Grossell	Kresha	Murphy, E.	Pugh	Youakim
Carlson, A.	Gunther	Kunesh-Podein	Murphy, M.	Rarick	Zerwas
Carlson, L.	Haley	Layman	Nash	Rosenthal	
Clark	Hamilton	Lee	Nelson	Sandstede	
Considine	Hansen	Liebling	Neu	Sauke	

Those who voted in the negative were:

Christensen	Fabian	Jurgens	Lucero	Quam	Spk. Daudt
Davids	Franke	Kiel	Miller	Runbeck	
Drazkowski	Gruenhagen	Knoblach	Peppin	Scott	
Erickson	Hertaus	Lesch	Peterson	Smith	

The bill was passed and its title agreed to.

The Speaker called Albright to the Chair.

H. F. No. 2621 was reported to the House.

Hilstrom moved to amend H. F. No. 2621, the third engrossment, as follows:

Page 8, line 1, after the period, insert "Except as stated in clause (11)."

Page 8, line 5, delete "609.2245, subdivision 1,"

Page 8, line 23, strike the second "or"

Page 8, line 25, strike the period and insert "; or"

Page 8, after line 25, insert:

"(11) conduct towards a child that constitutes a violation of section 609.2245, subdivision 1, which occurred while the child was a resident of the United States and on or after the effective date of this act."

The motion prevailed and the amendment was adopted.

H. F. No. 2621, as amended, was read for the third time.

CALL OF THE HOUSE

On the motion of Peppin and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

All members answered to the call and it was so ordered.

H. F. No. 2621, A bill for an act relating to public safety; expanding the crime of female genital mutilation; updating requirements for education and outreach; expanding the definition of egregious harm; expanding child in need of protection or services to include a victim of female genital mutilation; providing for definition of maltreatment for reporting maltreatment of minors; prescribing penalties; amending Minnesota Statutes 2016, sections 144.3872; 260.012; 260C.007, subdivisions 6, 14; 609.2245, subdivision 1, by adding subdivisions; 626.556, subdivisions 2, 3.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Allen	Bly	Liebling	Moran
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The bill was passed, as amended, and its title agreed to.

CALL OF THE HOUSE LIFTED

Peppin moved that the call of the House be lifted. The motion prevailed and it was so ordered.

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

RECESS

RECONVENED

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

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 326, A bill for an act relating to transportation; designating a segment of marked Trunk Highway 23 in the city and town of Paynesville as Medal of Honor recipient Kenneth L. Olson Highway; amending Minnesota Statutes 2016, section 161.14, by adding a subdivision.

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 745, A bill for an act relating to transportation; designating the bridge over U.S. Highway 52 in the city of Coates as Corporal Benjamin S. Kopp Bridge; amending Minnesota Statutes 2016, section 161.14, by adding a subdivision.

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 1937.

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

CAL R. LUDEMAN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON 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

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	\$96,365,000	\$78,311,000
Remediation	\$700,000	\$700,000
Workforce Development	\$34,967,000	\$34,000,000

(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 Development\$42,536,000\$39,435,000Appropriations by Fund

General	\$39,975,000	\$36,924,000
Remediation	\$700,000	\$700,000
Workforce Development	\$1,861,000	\$1,811,000

(a) \$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 spent.

(b) \$750,000 each year is for grants to the Neighborhood Development Center for small business programs:

(1) training, lending, and business services;

(2) model outreach and training in greater Minnesota; and

(3) development of new business incubators.

This is a onetime appropriation.

(c) \$1,175,000 each year is for a grant 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. This is a onetime appropriation.

(d) \$125,000 each year is for a grant 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. This is a onetime appropriation.

(e)(1) \$12,000,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is \$12,500,000.

(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 reclaimed water 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.

(f) \$7,500,000 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 June 30, 2021. In fiscal year 2018 and beyond, the base amount is \$8,000,000.

(g) \$1,647,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is \$1,772,000.

(h) \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(i) \$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.

(j) \$500,000 each year is from the general fund 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.

(k) \$139,000 each year is for a grant to the Rural Policy and Development Center under Minnesota Statutes, section 116J.421.

(l)(1) \$1,300,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. If the appropriation for either year is insufficient, the appropriation for the other year is available. In fiscal year 2020 and beyond, the base amount is \$2,545,000. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(2) Of the amounts appropriated, \$1,600,000 in fiscal year 2018 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.

(m) \$876,000 the first year and \$500,000 the second year are for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until spent. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(n) \$875,000 each year is for a grant to Enterprise Minnesota, Inc. for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(o) \$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.

(p) \$275,000 in fiscal year 2018 is from the general fund to the commissioner of employment and economic development for a grant to Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. CEDA shall report on the findings and recommendations of the study to the committees of the house of representatives and senate with jurisdiction over economic development and workforce issues by February 15, 2019. All results and information gathered from the study shall be made available for use by cities in southeast Minnesota by March 15, 2019. This appropriation is available until June 30, 2020.

(q) \$2,000,000 in fiscal year 2018 is for a grant to Pillsbury United Communities for construction and renovation of a building in north Minneapolis for use as the "North Market" grocery store and wellness center, focused on offering healthy food, increasing health care access, and providing job creation and economic opportunities in one place for children and families living in the area. To the extent possible, Pillsbury United Communities shall employ individuals who reside within a five mile radius of the grocery store and wellness center. This appropriation is not available until at least an equal amount of money is committed from nonstate sources. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(r) \$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.

(s) \$150,000 in fiscal year 2018 is for a grant to Mille Lacs County for the Lake Mille Lacs area economic relief program under Laws 2016, chapter 189, article 7, section 46.

(t) \$875,000 each year is for the host community economic development grant program established in Minnesota Statutes, section 116J.548.

(u) \$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 spent.

(v) \$161,000 each year is from the workforce development fund for transfer to the rural policy and development center fund account in the special revenue fund under Minnesota Statutes, section 116J.4221. This is a onetime transfer.

(w) \$300,000 each year is from the workforce development fund for a grant to Enterprise Minnesota, Inc. This is a onetime appropriation.

(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) \$1,350,000 each year is from the workforce development fund for job training grants under Minnesota Statutes, section 116L.42.

Subd. 3. Workforce Development

\$31,148,000

\$30,228,000

Appropriations by Fund

General	<u>\$5,889,000</u>	<u>\$5,886,000</u>
Workforce Development	<u>\$25,259,000</u>	<u>\$24,342,000</u>

(a) \$500,000 each year is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2020 and beyond, the base amount is \$750,000.

(b) \$250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(c) \$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.

(d) \$1,000,000 each year is for a grant 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. This is a onetime appropriation. 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.

(e) \$500,000 each year is from the general fund for the Pathways to Prosperity adult workforce development competitive grant program. Of this amount, up to four 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. In fiscal year 2020 and beyond, the base amount for this program is \$3,500,000.

(f) \$750,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a

history of intergenerational poverty, and communities of color. Of this amount, up to four percent is for administration and monitoring of the program. The base amount for this program is \$1,000,000 in fiscal year 2020 and \$1,000,000 in fiscal year 2021.

(g) \$500,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$750,000.

(h) \$500,000 each year is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(i) \$250,000 each year is for a grant 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. This is a onetime appropriation. 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.

(j) \$1,039,000 in the first year and \$1,036,000 in the second year are for the adult workforce development competitive grant program. Of this amount, up to four percent is for administration and monitoring of the program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2020 and beyond, the base amount is \$1,039,000.

(k) \$100,000 each year is for the getting to work grant program. This is a onetime appropriation and is available until June 30, 2021.

(l) \$525,000 each year is from the workforce development fund for a grant 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. This is a onetime appropriation.

(m) \$1,500,000 each year is from the workforce development fund for a grant to the FastTRAC-Minnesota Adult Careers Pathways program. Up to ten percent of this appropriation may be used to provide leadership, oversight, and technical assistance services for low-skilled, low-income adults.

(n) \$3,104,000 each year is for the adult workforce development competitive grant program. Of this amount, up to four percent is for administration and monitoring of the program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(o) \$1,350,000 each year is from the workforce development fund for a grant 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 of women or other underserved populations. This is a onetime appropriation.

(p) \$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. This is a onetime appropriation.

(q) \$500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services. This is a onetime appropriation.

(r) \$750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, 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. This is a onetime appropriation.

(s) \$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. This is a onetime appropriation.

(t) \$250,000 each year is from the workforce development fund for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation.

(u) \$1,000,000 each year is from the workforce development fund for a grant 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. This is a onetime appropriation.

(v) \$1,000,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(w) \$750,000 each year is from the workforce development fund for a grant 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. This is a onetime appropriation.

(x) \$600,000 each year is from the workforce development fund for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building. This is a onetime appropriation.

(y) \$1,297,000 in the first year and \$800,000 in the second year are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to hard-to-train individuals. Of the amounts appropriated, \$497,000 in fiscal year 2018 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College for the Metro Transit technician training program. This is a onetime appropriation and funds are available until June 30, 2020.

(z) \$230,000 in fiscal year 2018 is from the workforce development fund for a grant to the Bois Forte Tribal Employment Rights Office (TERO) for an American Indian workforce development training pilot project.

(aa) \$40,000 in fiscal year 2018 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(bb) \$250,000 each year is from the workforce development fund for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Funds may be used for program expenses, including, but not limited to, hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant funds may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation and is available until June 30, 2020.

(cc) \$500,000 each year is from the workforce development fund for a grant to the Nonprofits Assistance Fund to provide capacity-building grants to small, culturally specific organizations that primarily serve historically underserved cultural communities. Grants may only be awarded to nonprofit organizations that have an annual organizational budget of less than \$500,000 and are

culturally specific organizations that primarily serve historically underserved cultural communities. Grant funds awarded must be used for:

(1) organizational infrastructure improvement, including developing database management systems and financial systems, or other administrative needs that increase the organization's ability to access new funding sources;

(2) organizational workforce development, including hiring culturally competent staff, training and skills development, and other methods of increasing staff capacity; or

(3) creation or expansion of partnerships with existing organizations that have specialized expertise in order to increase the capacity of the grantee organization to improve services for the community. Of this amount, up to five percent may be used by the Nonprofits Assistance Fund for administration costs and providing technical assistance to potential grantees. This is a onetime appropriation.

(dd) \$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.

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

(ff) \$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.

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

(hh) \$750,000 each year is from the workforce development fund for a grant to Summit Academy OIC to expand its contextualized GED and employment placement program. This is a onetime appropriation.

(ii) \$500,000 each year is from the workforce development fund for a grant 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. This is a onetime appropriation.

(jj) \$150,000 each year is from the workforce development fund 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. This is a onetime appropriation.

(kk)(1) \$150,000 in fiscal year 2018 is from the workforce development fund 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.

(ll) \$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

\$3,190,000

\$3,190,000

Appropriations by Fund

General Fund	<u>\$3,173,000</u>	<u>\$3,173,000</u>
Workforce Development	<u>\$17,000</u>	<u>\$17,000</u>

(a) \$1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Compliance Office.

(b) \$500,000 each year is for a statewide capacity-building grant program. The commissioner of employment and economic development shall, through a request for proposal process, select a

nonprofit organization to administer the capacity-building grant program. The selected organization must have demonstrated experience in providing financial and technical assistance to nonprofit organizations statewide. The selected organization shall provide financial assistance in the form of subgrants and technical assistance to small to medium-sized nonprofit organizations offering, or seeking to offer, workforce or economic development programming that addresses economic disparities in underserved cultural communities. This assistance can be provided in-house or in partnership with other organizations depending on need. The nonprofit organization selected to administer the grant program shall report to the commissioner by February 1 each year regarding assistance provided, including the demographic and geographic distribution of the grant awards, services, and outcomes. By April 1 each year, the commissioner shall report the information submitted by the nonprofit to the legislative committees having jurisdiction over economic development issues. Of this amount, one percent is for the commissioner to conduct the request for proposal process and monitor the selected organization. The nonprofit selected to administer the grant program may use up to five percent of the grant funds for administration costs and providing technical assistance to potential subgrantees.

Subd. 5. Minnesota Trade Office

\$2,292,000

\$2,292,000

(a) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) \$180,000 each year is for the Invest Minnesota marketing initiative in Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) \$50,000 each year is for the Trade Policy Advisory Council under Minnesota Statutes, section 116J.9661.

Subd. 6. Vocational Rehabilitation

\$31,191,000

\$31,191,000

Appropriations by Fund

<u>General</u>	<u>\$23,361,000</u>	<u>\$23,361,000</u>
<u>Workforce Development</u>	<u>\$7,830,000</u>	<u>\$7,830,000</u>

(a) \$10,800,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$3,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$6,995,000 each year is from the general fund and \$6,830,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the general fund amount appropriated, \$500,000 each year is for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. In fiscal year 2020 and beyond, the general fund base amount is \$8,995,000. Of the base amounts in fiscal years 2020 and 2021, \$1,625,000 in fiscal year 2020 and \$1,625,000 in fiscal year 2021 are for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(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) \$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. **Services for the Blind**

\$6,425,000

\$6,425,000

Subd. 8. **Broadband Development**

\$15,250,000

\$250,000

(a) \$15,000,000 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.

(b) \$250,000 each year is for the Broadband Development Office.

Subd. 9. **Reporting**

(a) An entity receiving a direct appropriation in this article that received a direct appropriation in Laws 2016, chapter 189, article 12, is subject to the requirements for grants to individually specified recipients under Laws 2016, chapter 189, article 12, section 11.

(b) Any recipient of a direct appropriation from the workforce development fund for adult workforce-related programs under subdivision 3 not subject to the requirements of paragraph (a) is subject to the reporting requirements under Minnesota Statutes, section 116L.98.

Subd. 10. Competitive Grant Limitations

An organization that receives a direct appropriation under this section is not eligible to participate in competitive grant programs funded 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.

Sec. 3. HOUSING FINANCE AGENCY**Subdivision 1. Total Appropriation****\$52,798,000****\$52,798,000**

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 Program14,925,00014,925,000

(a)(1) 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 each year 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 each fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

(2) The appropriation may be used to finance the construction or replacement of real property that is located in Melrose affected by the fire on September 8, 2016.

(3) The commissioner may allocate a portion of the appropriation for the economic development and housing challenge program for assistance in the area included in DR-4290, as provided in Minnesota Statutes, section 12A.09. The maximum loan amount per housing structure is \$20,000. Within the limits of available appropriations, the agency may increase the maximum amount if the cost of repair or replacement of the residential property exceeds the total of the maximum loan amount and any assistance available from FEMA, other federal government agencies, including the Small Business Administration, and private insurance and flood insurance benefits.

(b) \$2,000,000 each year is for the purposes of the workforce housing development program under Minnesota Statutes, section 462A.39. Notwithstanding article 11, section 9, the commissioner of housing finance may hire staff sufficient for the purposes of this paragraph.

Subd. 3. Housing Trust Fund

11,646,000

11,646,000

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 for persons with a mental illness or families with an adult member with a mental illness, 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. 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

645,000

645,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b. Of this amount, \$125,000 each year is for support of the Homeless Management Information System (HMIS).

Subd. 11. Build Wealth MN

500,000

500,000

This appropriation 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

\$28,309,000

\$28,609,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	1,327,000	1,327,000
Workers' Compensation	24,975,000	24,975,000
Workforce Development	2,007,000	2,307,000

(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.

(b)(1) \$3,000,000 each year is for workers' compensation system upgrades. This amount is available until June 30, 2021. This is a onetime appropriation.

(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

3,134,000

3,134,000

Appropriations by Fund

General	1,327,000	1,327,000
Workforce Development	1,807,000	1,807,000

(a) \$125,000 each year is from the general fund for wage theft prevention under the division of labor standards.

(b) \$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.

(c) \$300,000 each year is from the workforce development fund for the PIPELINE program.

(d) \$200,000 each year is from the workforce development fund for grants to the Construction Careers Foundation for the Helmets to Hardhats Minnesota initiative. Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' 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. This is a onetime appropriation.

(e) \$1,029,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(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.

Subd. 5. General Support

6,239,000

6,539,000

Appropriations by Fund

Workforce Development

<u>Fund</u>	<u>200,000</u>	<u>500,000</u>
<u>Workers' Compensation</u>	<u>6,039,000</u>	<u>6,039,000</u>

(a) Except as provided in paragraphs (b) and (c), this appropriation is from the workers' compensation fund.

(b) \$200,000 in fiscal year 2018 is from the workforce development fund for the commissioner of labor and industry to convene and collaborate with stakeholders as provided under Minnesota Statutes, section 175.46, subdivision 3, and to develop youth skills training competencies for approved occupations. This is a onetime appropriation.

(c) \$500,000 in fiscal year 2019 is from the workforce development fund to administer the youth skills training program under Minnesota Statutes, section 175.46. The commissioner shall award up to five grants each year to local partnerships located throughout the state, not to exceed \$100,000 per local partnership grant. The commissioner may use a portion of this appropriation for administration of the grant program. The base amount for this program is \$500,000 each year beginning in fiscal year 2020.

Sec. 5. **BUREAU OF MEDIATION SERVICES**

\$2,247,000

\$2,247,000

(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) \$394,000 each year is for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90.

(e) \$68,000 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

This appropriation is from the workers' compensation fund.

Sec. 7. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation**

\$31,173,000

\$30,684,000

Appropriations by Fund

General	<u>27,160,000</u>	<u>26,671,000</u>
Special Revenue	<u>2,210,000</u>	<u>2,210,000</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 Institutions

5,285,000

5,285,000

(a) \$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 Board

1,052,000

1,052,000

This appropriation is from the petroleum tank fund.

Subd. 4. Administrative Services

7,203,000

7,203,000

(a) \$375,000 each year is to fund Minnesota Statutes, section 345.42, subdivision 1a.

(b) \$100,000 each year is for the support of broadband development.

(c) \$33,000 each year is for rulemaking and administration under Minnesota Statutes, section 80A.461.

Subd. 5. Telecommunications

2,619,000

2,330,000

Appropriations by Fund

<u>General</u>	<u>1,009,000</u>	<u>720,000</u>
<u>Special Revenue</u>	<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 \$576,000, and the base amount in fiscal year 2021 is \$461,000.

(b) \$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

<u>General</u>	<u>5,101,000</u>	<u>4,901,000</u>
<u>Workers' Compensation</u>	<u>198,000</u>	<u>198,000</u>

(a) \$279,000 each year is for health care enforcement.

(b)(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.

(c) The revenue transferred in Minnesota Statutes, section 297I.11, subdivision 2, to the insurance fraud prevention account must be used in part for compensation for two new employees in the Commerce Fraud Bureau to perform analytical duties. The new employees must not be peace officers.

Subd. 7. Energy Resources

4,847,000

4,847,000

Appropriations by Fund

<u>General</u>	<u>4,247,000</u>	<u>4,247,000</u>
<u>Special Revenue</u>	<u>600,000</u>	<u>600,000</u>

(a) \$150,000 each year is to remediate vermiculate 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.

(b) \$832,000 each year is for energy regulation and planning unit staff.

(c) \$100,000 each year is from the clean energy advancement fund (C-LEAF) 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 C-LEAF account at the end of the biennium.

(d) \$500,000 each year is from the clean energy advancement fund (C-LEAF) account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for costs associated with any third-party expert evaluation of a proposal submitted in response to a request for proposal to the C-LEAF advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (k). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the C-LEAF account

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

(b) \$412,000 each year is for actuarial work to prepare for implementation of principle-based reserves.

Sec. 8. **PUBLIC UTILITIES COMMISSION**

\$7,242,000

\$6,930,000

(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) \$21,000 each year is for the purposes of Minnesota Statutes, section 237.045.

Sec. 9. **PUBLIC FACILITIES AUTHORITY**

\$900,000

\$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) \$600,000 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.

ARTICLE 2
LABOR AND INDUSTRY

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. The commissioner shall award grants to local partnerships for the implementation and coordination of local youth skills training programs as provided in this section.

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) issue requests for proposals for grants;

(4) work with individuals representing industry and labor to develop new youth skills training programs;

(5) develop model program guides;

(6) monitor youth skills training programs;

(7) provide technical assistance to local partnership grantees;

(8) work with providers to identify paths for receiving postsecondary credit for participation in the youth skills training program; and

(9) 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. **Grant applications.** (a) Applications for grants must be made to the commissioner on a form provided by the commissioner.

(b) A local partnership may apply for a grant and shall include in its grant application:

(1) the identity of each school district, public agency, nonprofit organization, or individual who is a participant in the local partnership;

(2) the identity of each employer who is a participant in the local partnership and the amount of matching funds provided by each employer, if any;

(3) a plan to accomplish the implementation and coordination of activities specified in this subdivision; and

(4) the identity of a fiscal agent responsible for receiving, managing, and accounting for the grant.

Subd. 13. **Grant awards.** (a) A local partnership awarded a grant under this section must use the grant award for any of the following implementation and coordination activities:

(1) recruiting additional employers to provide on-the-job training and supervision for student learners and providing technical assistance to those employers;

(2) recruiting students to participate in the local youth skills training program, monitoring the progress of student learners participating in the program, and monitoring program outcomes;

(3) coordinating youth skills training activities within participating school districts and among participating school districts, postsecondary institutions, and employers;

(4) coordinating academic, vocational and occupational learning, school-based and work-based learning, and secondary and postsecondary education for participants in the local youth skills training program;

(5) coordinating transportation for student learners participating in the local youth skills training program; and

(6) any other implementation or coordination activity that the commissioner may direct or permit the local partnership to perform.

(b) Grant awards may not be used to directly or indirectly pay the wages of a student learner.

Subd. 14. **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 upon 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 upon completion of the training program.

Subd. 15. **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.

Subd. 4. Fire protection systems. If fire protection systems regulated by chapter 299M are required in a place of public accommodation, then those plan reviews and inspections shall be conducted by the state fire marshal.

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 ~~\$12~~ \$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. A person who conducts unlicensed residential building contractor activity, residential remodeler activity, or residential roofer activity is guilty of 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. **REPEALER.**

Minnesota Statutes 2016, section 326B.89, subdivision 14, is repealed.

ARTICLE 3
EMPLOYMENT AND ECONOMIC DEVELOPMENT

Section 1. **[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. 2. Minnesota Statutes 2016, section 116J.8731, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) Except as otherwise provided in this section, the commissioner shall administer the fund as part of the Small Cities Development Block Grant Program and funds shall be made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant program. All units of general purpose local government are eligible applicants for Minnesota investment funds. The commissioner may provide forgivable loans directly to a private enterprise and not require a local community or recognized Indian tribal government application other than a resolution supporting the assistance.

(b) Eligible applicants for the state-funded portion of the fund also include development authorities as defined in section 116J.552, subdivision 4, provided that the governing body of the municipality approves, by resolution, the application of the development authority. A local government entity may receive more than one award in a fiscal year. The commissioner may also make funds available within the department for eligible expenditures under subdivision 3, clause (2).

(c) A home rule charter or statutory city, county, or town may loan or grant money received from repayment of funds awarded under this section to a regional development commission, other regional entity, or statewide community capital fund as determined by the commissioner, to capitalize or to provide the local match required for capitalization of a regional or statewide revolving loan fund.

Sec. 3. Minnesota Statutes 2016, section 116J.8731, is amended by adding a subdivision to read:

Subd. 10. **Transfer.** The commissioner may transfer up to \$2,000,000 of a fiscal year's appropriation between the Minnesota job creation fund program and Minnesota investment fund to meet business demand.

Sec. 4. Minnesota Statutes 2016, section 116J.8748, subdivision 1, is amended to read:

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

(b) "Agreement" or "business subsidy agreement" means a business subsidy agreement under section 116J.994 that must include, but is not limited to: specification of the duration of the agreement, job goals and a timeline for achieving those goals over the duration of the agreement, construction and other investment goals and a timeline for achieving those goals over the duration of the agreement, and the value of benefits the firm may receive following achievement of capital investment and employment goals. The local government and business must report to the commissioner on the business performance using the forms developed by the commissioner.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or other entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees under paragraphs (g) and (h) are or will be employed and also includes construction materials, services, and supplies, and the purchase and installation of equipment and machinery as provided under subdivision 4, paragraph (b), clause (5).

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

(f) "Minnesota job creation fund business" means a business that is designated by the commissioner under subdivision 3.

(g) "Minority person" means a person belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.

~~(g)~~ (h) "New full-time employee" means an employee who:

(1) begins work at a Minnesota job creation fund business facility noted in a business subsidy agreement and following the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(i) "Persons with disabilities" means an individual with a disability, as defined under the Americans with Disabilities Act, United States Code, title 42, section 12102.

~~(h)~~ (j) "Retained job" means a full-time position:

- (1) that existed at the facility prior to the designation as a job creation fund business; and
- (2) has expected work hours of at least 2,080 hours annually.

(k) "Veteran" means a veteran as defined in section 197.447.

~~(l)~~ (l) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

Sec. 5. Minnesota Statutes 2016, section 116J.8748, subdivision 3, is amended to read:

Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

- (i) manufacturing;
- (ii) warehousing;
- (iii) distribution;
- (iv) information technology;
- (v) finance;
- (vi) insurance; or
- (vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend directly, or ensure expenditure by or in partnership with a third party constructing or managing the project, at least \$500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business or \$250,000 if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time employee positions within two years of the benefit date if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; or

(ii) expend at least \$25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 200 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Sec. 6. Minnesota Statutes 2016, section 116J.8748, subdivision 4, is amended to read:

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a), clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located outside the metropolitan area may be for up to seven years in length. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed \$500,000;

(2) an award of up to \$500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed \$500,000;

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and 200 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and 75 new employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates are allowable for projects that have at least \$25,000,000 in capital investment and 200 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4).

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least \$500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on ~~its~~ capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 7. Minnesota Statutes 2016, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained by the business using the following schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; and \$3,000 for each job position paying at least \$45,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

(c) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

Sec. 8. 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, principal 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. 9. Minnesota Statutes 2016, section 116L.665, is amended to read:

116L.665 WORKFORCE DEVELOPMENT ~~COUNCIL~~ BOARD.

Subdivision 1. **Creation.** ~~The governor's Workforce Development Council is created under the authority of the Workforce Investment Act, United States Code, title 29, section 2801, et seq. Local workforce development councils are authorized under the Workforce Investment Act. The governor's Workforce Development Council serves as Minnesota's Workforce Investment Board for the purposes of the federal Workforce Investment Act. Board serves as Minnesota's state workforce development board for the purposes of the federal Workforce Innovation and Opportunity Act, United States Code, title 29, section 3111, and must perform the duties under that act.~~

Subd. 2. **Membership.** ~~(a) The governor's Workforce Development Council Board is composed of 34 members appointed by the governor. The members may be removed pursuant to section 15.059. In selecting the representatives of the council board, the governor shall ensure that 50 percent a majority of the members come from nominations provided by local workforce councils. Local education representatives shall come from nominations provided by local education to employment partnerships. The 34 members shall represent the following sectors: the~~

private sector, pursuant to United States Code, title 29, section 3111. For the public members, membership terms, compensation of members, and removal of members are governed by section 15.059, subdivisions 2, 3, and 4. To the extent practicable, the membership should be balanced as to gender and ethnic diversity.

~~(a) State agencies: the following individuals shall serve on the council:~~

~~(1) commissioner of the Minnesota Department of Employment and Economic Development;~~

~~(2) commissioner of the Minnesota Department of Education; and~~

~~(3) commissioner of the Minnesota Department of Human Services.~~

~~(b) Business and industry: six individuals shall represent the business and industry sectors of Minnesota.~~

~~(c) Organized labor: six individuals shall represent labor organizations of Minnesota.~~

~~(d) Community based organizations: four individuals shall represent community based organizations of Minnesota. Community based organizations are defined by the Workforce Investment Act as private nonprofit organizations that are representative of communities or significant segments of communities and that have demonstrated expertise and effectiveness in the field of workforce investment and may include entities that provide job training services, serve youth, serve individuals with disabilities, serve displaced homemakers, union related organizations, employer related nonprofit organizations, and organizations serving nonreservation Indians and tribal governments.~~

~~(e) Education: six individuals shall represent the education sector of Minnesota as follows:~~

~~(1) one individual shall represent local public secondary education;~~

~~(2) one individual shall have expertise in design and implementation of school based service learning;~~

~~(3) one individual shall represent leadership of the University of Minnesota;~~

~~(4) one individual shall represent secondary/postsecondary vocational institutions;~~

~~(5) the chancellor of the Board of Trustees of the Minnesota State Colleges and Universities; and~~

~~(6) one individual shall have expertise in agricultural education.~~

~~(f) Other: two individuals shall represent other constituencies including:~~

~~(1) units of local government; and~~

~~(2) applicable state or local programs.~~

~~The speaker and the minority leader of the house of representatives shall each appoint a representative to serve as an ex officio member of the council. The majority and minority leaders of the senate shall each appoint a senator to serve as an ex officio member of the council.~~

~~The governor shall appoint one individual representing public libraries, one individual with expertise in assisting women in obtaining employment in high wage, high demand, nontraditional occupations, and one individual representing adult basic education programs to serve as nonvoting advisors to the council.~~

(b) No person shall serve as a member of more than one category described in paragraph (c).

(c) Voting members shall consist of the following:

(1) the governor or the governor's designee;

(2) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader of the house of representatives;

(3) two members of the senate, one appointed by the senate majority leader and one appointed by the senate minority leader;

(4) a majority of the members must be representatives of businesses in the state appointed by the governor who:

(i) are owners of businesses, chief executives, or operating officers of businesses, or other business executives or employers with optimum policy-making or hiring authority and who, in addition, may be members of a local board under United States Code, title 29, section 3122(b)(2)(A)(i);

(ii) represent businesses, including small businesses, or organizations representing businesses that provide employment opportunities that, at a minimum, include high-quality, work-relevant training and development in in-demand industry sectors or occupations in the state; and

(iii) are appointed from individuals nominated by state business organizations and business trade associations;

(5) six representatives of labor organizations appointed by the governor, including:

(i) representatives of labor organizations who have been nominated by state labor federations; and

(ii) a member of a labor organization or a training director from a joint labor organization;

(6) commissioners of the state agencies with primary responsibility for core programs identified within the state plan including:

(i) the Department of Employment and Economic Development;

(ii) the Department of Education; and

(iii) the Department of Human Services;

(7) two chief elected officials, appointed by the governor, collectively representing cities and counties;

(8) two representatives who are people of color or people with disabilities, appointed by the governor, of community-based organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of individuals with barriers to employment; and

(9) four officials responsible for education programs in the state, appointed by the governor, including chief executive officers of community colleges and other institutions of higher education, including:

(i) the chancellor of the Minnesota State Colleges and Universities;

(ii) the president of the University of Minnesota;

(iii) a president from a private postsecondary school; and

(iv) a representative of career and technical education.

(d) The nonvoting members of the board shall be appointed by the governor and consist of one of each of the following:

(1) a representative of Adult Basic Education;

(2) a representative of public libraries;

(3) a person with expertise in women's economic security;

(4) the chair or executive director of the Minnesota Workforce Council Association;

(5) the commissioner of labor and industry;

(6) the commissioner of the Office of Higher Education;

(7) the commissioner of corrections;

(8) the commissioner of management and budget;

(9) two representatives of community-based organizations who are people of color or people with disabilities who have demonstrated experience and expertise in addressing the employment, training, and education needs of individuals with barriers to employment;

(10) a representative of secondary, postsecondary, or career-technical education;

(11) a representative of school-based service learning;

(12) a representative of the Council on Asian-Pacific Minnesotans;

(13) a representative of the Minnesota Council on Latino Affairs;

(14) a representative of the Council for Minnesotans of African Heritage;

(15) a representative of the Minnesota Indian Affairs Council;

(16) a representative of the Minnesota State Council on Disability; and

(17) a representative of the Office on the Economic Status of Women.

~~(g) Appointment:~~ (e) Each member shall be appointed for a term of three years from the first day of January or July immediately following their appointment. Elected officials shall forfeit their appointment if they cease to serve in elected office.

~~(h) Members of the council are compensated as provided in section 15.059, subdivision 3.~~

Subd. 2a. **Council Board meetings; chair.** ~~(a) If compliance with section 13D.02 is impractical, the Governor's Workforce Development Council may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:~~

~~(1) all members of the council participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;~~

~~(2) members of the public present at the regular meeting location of the council can hear clearly all discussion and testimony and all votes of members of the council and, if needed, receive those services required by sections 15.44 and 15.441;~~

~~(3) at least one member of the council is physically present at the regular meeting location; and~~

~~(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.~~

~~(b) Each member of the council participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.~~

~~(c) If telephone or other electronic means is used to conduct a meeting, the council, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The council may require the person making such a connection to pay for documented marginal costs that the council incurs as a result of the additional connection.~~

~~(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the council shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.~~

(a) The board shall hold regular in-person meetings at least quarterly and as often as necessary to perform the duties outlined in the statement of authority and the board's bylaws. Meetings shall be called by the chair. Special meetings may be called as needed. Notices of all meetings shall be made at least 48 hours before the meeting date.

(b) The governor shall designate a chair from among the appointed business representative voting members. The chair shall approve an agenda for each meeting. Members shall submit a written request for consideration of an agenda item no less than 24 hours in advance of the meeting. Members of the public may submit a written request within 48 hours of a meeting to be considered for inclusion in the agenda. Members of the public attending a meeting of the board may address the board only with the approval or at the request of the chair.

(c) All meeting notices must be posted on the board's Web site. All meetings of the board and committees must be open to the public. The board must make available to the public, on a regular basis through electronic means and open meetings, information regarding the activities of the board, information regarding membership, and, on request, minutes of formal meetings of the board.

(d) For the purpose of conducting business before the board at a duly called meeting, a simple majority of the voting members, excluding any vacancies, constitutes a quorum.

Subd. 3. **Purpose; duties.** ~~The governor's Workforce Development Council shall replace the governor's Job Training Council and assume all of its requirements, duties, and responsibilities under the Workforce Investment Act. Additionally, the Workforce Development Council shall assume the following duties and responsibilities:~~

~~(a) Review the provision of services and the use of funds and resources under applicable federal human resource programs and advise the governor on methods of coordinating the provision of services and the use of funds and resources consistent with the laws and regulations governing the programs. For purposes of this section, applicable federal and state human resource programs mean the:~~

- ~~(1) Workforce Investment Act, United States Code, title 29, section 2911, et seq.;~~
- ~~(2) Carl D. Perkins Vocational and Applied Technology Education Act, United States Code, title 20, section 2301, et seq.;~~
- ~~(3) Adult Education Act, United States Code, title 20, section 1201, et seq.;~~
- ~~(4) Wagner Peyser Act, United States Code, title 29, section 49;~~
- ~~(5) Personal Responsibility and Work Opportunities Act of 1996 (TANF);~~
- ~~(6) Food Stamp Act of 1977, United States Code, title 7, section 6(d)(4), Food Stamp Employment and Training Program, United States Code, title 7, section 2015(d)(4); and~~
- ~~(7) programs defined in section 116L.19, subdivision 5.~~

~~Additional federal and state programs and resources can be included within the scope of the council's duties if recommended by the governor after consultation with the council.~~

~~(b) Review federal, state, and local education, postsecondary, job skills training, and youth employment programs, and make recommendations to the governor and the legislature for establishing an integrated seamless system for providing education and work skills development services to learners and workers of all ages.~~

~~(c) Advise the governor on the development and implementation of statewide and local performance standards and measures relating to applicable federal human resource programs and the coordination of performance standards and measures among programs.~~

~~(d) Promote education and employment transitions programs and knowledge and skills of entrepreneurship among employers, workers, youth, and educators, and encourage employers to provide meaningful work based learning opportunities.~~

~~(e) Evaluate and identify exemplary education and employment transitions programs and provide technical assistance to local partnerships to replicate the programs throughout the state.~~

~~(f) Advise the governor on methods to evaluate applicable federal human resource programs.~~

~~(g) Sponsor appropriate studies to identify human investment needs in Minnesota and recommend to the governor goals and methods for meeting those needs.~~

~~(h) Recommend to the governor goals and methods for the development and coordination of a human resource system in Minnesota.~~

~~(i) Examine federal and state laws, rules, and regulations to assess whether they present barriers to achieving the development of a coordinated human resource system.~~

~~(j) Recommend to the governor and to the federal government changes in state or federal laws, rules, or regulations concerning employment and training programs that present barriers to achieving the development of a coordinated human resource system.~~

~~(k) Recommend to the governor and to the federal government waivers of laws and regulations to promote coordinated service delivery.~~

~~(l) Sponsor appropriate studies and prepare and recommend to the governor a strategic plan which details methods for meeting Minnesota's human investment needs and for developing and coordinating a state human resource system.~~

~~(m) Provide the commissioner of employment and economic development and the committees of the legislature with responsibility for economic development with recommendations provided to the governor under this subdivision.~~

~~(n) In consultation with local workforce councils and the Department of Employment and Economic Development, develop an ongoing process to identify and address local gaps in workforce services.~~

Subd. 4. **Executive committee duties.** The executive committee must, with advice and input of local workforce ~~councils~~ boards and other stakeholders as appropriate, develop performance standards for the state workforce centers. By January 15, ~~2002~~ 2019, and each odd-numbered year thereafter, the executive committee shall submit a report to the senate and house of representatives committees with jurisdiction over workforce development programs regarding the performance and outcomes of the workforce centers. The report must provide recommendations regarding workforce center funding levels and sources, program changes, and administrative changes.

Subd. 5. **Subcommittees.** The chair of the Workforce Development ~~Council~~ Board may establish subcommittees in order to carry out the duties and responsibilities of the ~~council~~ board.

Subd. 6. **Staffing.** The ~~Department of~~ commissioner of employment and economic development must provide staff, ~~including but not limited to professional, technical, and clerical staff to the board~~ necessary to ~~perform the duties assigned to the Minnesota Workforce Development Council. All staff report to the commissioner~~ carry out the duties of the board. ~~The council may ask for assistance from other units of~~ At the request of the board, state ~~government as~~ departments and agencies must provide the board with the assistance it requires ~~in order~~ to fulfill its duties and responsibilities.

Subd. 7. **Expiration.** The ~~council~~ board expires if there is no federal funding for the human resource programs within the scope of the ~~council's~~ board's duties.

Subd. 8. **Funding.** The commissioner ~~shall develop recommendations on a funding formula for allocating Workforce Investment Act funds to the council with a minimum allocation of~~ employment and economic development must provide at least \$350,000 per each fiscal year. ~~The commissioner shall report the funding formula recommendations to the legislature by January 15, 2011~~ from existing agency resources to the board for staffing and administrative expenses.

Sec. 10. Minnesota Statutes 2016, section 116M.14, subdivision 4, is amended to read:

Subd. 4. **Low-income area.** "Low-income area" means:

(1) Minneapolis, St. Paul;

(2) those cities in the metropolitan area as defined in section 473.121, subdivision 2, that have ~~an average income~~ a median income for a family of four that is below 80 percent of the median income for a four-person family as of the latest report by the United States Census Bureau; and

(3) the area outside the metropolitan area.

Sec. 11. Minnesota Statutes 2016, section 116M.17, subdivision 4, is amended to read:

Subd. 4. **Reports.** The ~~board~~ department shall submit an annual report to the legislature of an accounting of loans made under section 116M.18, including information on loans made, the number of jobs created by the program, the impact on low-income areas, and recommendations concerning minority business development and jobs for persons in low-income areas.

Sec. 12. Minnesota Statutes 2016, section 116M.18, subdivision 1a, is amended to read:

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan area as in the nonmetropolitan area. After ~~September 30~~ March 31 of each ~~calendar~~ fiscal year, the department may allow loans to be made anywhere in the state without regard to geographic area.

Sec. 13. Minnesota Statutes 2016, section 116M.18, subdivision 4, is amended to read:

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made by nonprofit corporations under the program.

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the program.

(c) A loan must be used to support a business owned by a minority or a low-income person, woman, veteran, or a person with disabilities. Priority must be given for loans to the lowest income areas.

(d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

(e) The state contribution must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority and low-income applicants.

(h) Up to ten percent of a loan's principal amount may be forgiven if the department approves and the borrower has met lender criteria including being current with all payments.

Sec. 14. Minnesota Statutes 2016, section 116M.18, subdivision 4a, is amended to read:

Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$5,000 and a maximum of \$35,000;

(3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum of \$50,000; and

(4) they do not require a match.

(b) Up to ten percent of a loan's principal amount may be forgiven if the department approves and the borrower has met lender criteria including being current with all payments.

Sec. 15. Minnesota Statutes 2016, section 116M.18, subdivision 8, is amended to read:

Subd. 8. **Reporting requirements.** A nonprofit corporation that receives a program grant shall:

(1) submit an annual report to the ~~board and~~ department by ~~March 30~~ February 15 of each year that includes a description of businesses supported by the grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the department.

Sec. 16. 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. 17. 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. 18. 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. 19. 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. 20. **EMERGING ENTREPRENEUR PROGRAM APPROPRIATIONS CANCELLATIONS.**

All unspent funds, estimated to be \$376,000, appropriated in Laws 2016, chapter 189, article 7, section 2, subdivision 2, paragraph (h), clause (7), and Laws 2016, chapter 189, article 12, section 2, subdivision 2, paragraph (p), are canceled to the general fund.

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

Sec. 21. **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. 22. **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, or the agency activity and expenditure report under article 12, section 3.

Sec. 23. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.

(a) Notwithstanding Minnesota Statutes, section 116J.8731, 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. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.

(b) By February 15, 2019, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

Sec. 24. GETTING TO WORK GRANT PROGRAM.

Subdivision 1. **Creation.** The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain or maintain employment.

Subd. 2. **Qualified grantee.** A grantee must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code; and

(2) at the time of application offer, or have the demonstrated capacity to offer, a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. **Program requirements.** (a) A program must offer one or more of the following services:

(1) provision of new or used motor vehicles by gift, sale, or lease;

(2) motor vehicle repair and maintenance services; or

(3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

(1) financial literacy education;

(2) education on budgeting for vehicle ownership;

(3) car maintenance and repair instruction;

(4) credit counseling; or

(5) job training related to motor vehicle maintenance and repair.

Subd. 4. **Application.** Applications for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. Applications must, in addition to any other information required by the commissioner, include the following:

(1) a detailed description of all services to be offered;

(2) the area to be served;

(3) the estimated number of program participants to be served by the grant; and

(4) a plan for leveraging resources from partners that may include, but are not limited to:

(i) automobile dealers;

(ii) automobile parts dealers;

(iii) independent local mechanics and automobile repair facilities;

(iv) banks and credit unions;

(v) employers;

(vi) employment and training agencies;

(vii) insurance companies and agents;

(viii) local workforce centers; and

(ix) educational institutions including vocational institutions and jobs or skills training programs.

Subd. 5. Participant eligibility. (a) To be eligible to receive program services, a person must:

(1) have a household income at or below 200 percent of the federal poverty level;

(2) be at least 22 years of age;

(3) have a valid driver's license;

(4) provide the grantee with proof of motor vehicle insurance; and

(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements, not inconsistent with paragraph (a), for the receipt of program services.

Subd. 6. Report to legislature. By February 15, 2019, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

Sec. 25. **REPEALER.**

Minnesota Statutes 2016, section 116J.549, and Minnesota Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; and 4355.0500, are 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 Iron Range Resources and Rehabilitation Board, 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, including forgivable loans, equity investments, or grants for infrastructure~~ 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 assistance~~ area as defined under section ~~273.134~~ 273.1341. 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, or grants for infrastructure~~ 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.

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

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 Iron Range Resources and Rehabilitation Board,~~ may provide an equal match for any loan or equity investment made for a project located in the ~~tax relief taconite assistance~~ area defined in section ~~273.134, paragraph (b)~~ 273.1341, 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 advisory board, shall have sole discretion to decide what interest ~~the fund~~ 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 commissioner of Iron Range resources and rehabilitation. 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 Iron Range Resources and Rehabilitation Board.

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 Iron Range Resources and Rehabilitation Board, 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 Iron Range Resources and Rehabilitation Board, 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 Iron Range Resources and Rehabilitation Board, 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 298.297, "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. **Advisory board.** "Advisory board" means the Iron Range Resources and Rehabilitation Board, as established under section 298.22. The acronym "IRRRB" means the advisory board.

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. The commissioner may expend amounts appropriated to the commissioner for projects after consultation with the advisory board created under subdivision 1a.

(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. The commissioner has the authority to reimburse any nongovernmental manager operating state-owned facilities within the Giants Ridge Recreation Area for purchasing materials, supplies, equipment, or other items used in the operations at such facilities.

(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.

Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

Subd. 1a. **Iron Range Resources and Rehabilitation Board.** (a) The Iron Range Resources and Rehabilitation Board 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 advisory board for approval. The advisory board shall recommend approval or disapproval or modification of the expenditures and projects. The expenses of the advisory board shall be paid by the state from the funds raised pursuant to this section. Members of the advisory 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 advisory board must develop procedures to elect a chair who shall preside over and convene meetings as often as necessary to conduct duties prescribed by this chapter. The advisory board must meet at least two times per year to review the actions of the commissioner.

Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1b. **Evaluation of programs.** (a) In evaluating programs proposed by the commissioner, the advisory board must consider factors, including but not limited to the extent to which the program:

(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 advisory board; and

(2) advances the strategic plan adopted under subdivision 1c.

(b) In evaluating programs proposed by the commissioner, the advisory board must consider factors, including but not limited to:

(1) job creation or retention goals for the program, 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 program proposal can be adequately measured using methods established by the commissioner;

(2) how and to what extent the program is expected to impact the economic climate of the Iron Range resources and rehabilitation services area;

(3) how the program would meet match requirements, if any; and

(4) whether the program 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 advisory board, shall adopt a four-year strategic plan for making expenditures, including identifying the priority areas for funding for the term of the commissioner's appointment. The strategic plan must be reviewed annually. 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, subdivision 5a, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation with the advisory board, 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 advisory board, may sell forest lands purchased under this subdivision if the ~~board~~ finds 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 commissioner, after consultation with the advisory board,~~ to purchase, manage, administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~ After consultation with the advisory board, 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.

Sec. 30. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

Subd. 6. **Private entity participation.** The commissioner, after consultation with the advisory board, may acquire an equity interest in any project for which ~~it~~ the commissioner provides funding. The commissioner may, ~~after consultation with the advisory board,~~ 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.

Sec. 31. 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~~ Minnesota Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by the advisory board.

Sec. 32. 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. After the budget is approved by the advisory board and the governor, the commissioner may spend money in accordance with the approved budget.

Sec. 33. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 13. **Grants and loans for economic development projects; 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) 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;

(2) whether the applicant's stated job creation or retention goals can be adequately measured using methods established by the commissioner;

(3) 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;

(4) how the applicant would meet match requirements, if any; and

(5) 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, may 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) maintain a database for tracking loan and grant awards;

(2) 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. 34. 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 advisory board 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, after consultation with the advisory board,~~ 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. 35. 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~~ The commissioner may authorize a project under this section only after consulting the advisory board. 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~~ commissioner 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. 36. 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. 37. 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. 38. Minnesota Statutes 2016, section 298.223, subdivision 1, is amended to read:

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).

Sec. 39. Minnesota Statutes 2016, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** ~~(a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board, who must consult with the advisory board before expending any funds. 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.~~

~~(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.~~

Sec. 40. 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 commissioner, after consultation with the advisory board, 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. 41. 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. 42. 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. ~~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. 43. 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 commissioner of Iron Range resources and rehabilitation Board 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 may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by ~~seven members of~~ the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

Sec. 44. 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. 45. 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 consultation with the advisory board, must approve all expenditures from the account.

Sec. 46. 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. 47. 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~~ after consultation with the advisory board. 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. 48. 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. These Projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it~~ commissioner unless the commissioner, after consultation with the advisory board, 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, 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) (b) 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 has consulted with the advisory board.

No money made available under this paragraph or paragraph ~~(d)~~ (c) 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, (c) The commissioner may spend amounts in addition to those authorized under paragraphs (a), and (b), and (c) may be expended on projects described in section 298.292, subdivision 1, only after consultation with the advisory board.~~

~~(e) (d) 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) (e) 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 298.298 298.297.~~

~~(g) (f) Additionally, notwithstanding section 298.293, upon the approval of the board, the commissioner, after consultation with the advisory board, may expend 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~~ 298.297.

Subd. 4. **Temporary loan authority.** (a) ~~The board may recommend that~~ After consultation with the advisory board, 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 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.~~

~~(e) (b) Additionally, the board may recommend that the commissioner, after consultation with the advisory board, may use 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) (c) The board commissioner, after consultation with the advisory board, may require that # the fund receive an equity percentage in any project to which it contributes under this section.~~

Sec. 49. 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. The commissioner may approve a project only after consultation with the advisory board.~~

(c) The commissioner, after consultation with the advisory board, may require that # the fund receive an equity percentage in any project to which it contributes under this section.

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 commissioner, after consultation with the advisory board, established under section 298.22.

(b) All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 50. Minnesota Statutes 2016, section 298.297, is amended to read:

298.297 ADVISORY COMMITTEES.

Before submission of a project to the advisory board, 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 advisory board shall not ~~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. 51. 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 advisory board.

Sec. 52. 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. 53. 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. 54. 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. 55. 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. 56. 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. 57. 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 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 Iron Range Resources and Rehabilitation Board.

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 Iron Range Resources and Rehabilitation Board.

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 Iron Range Resources and Rehabilitation Board.

EFFECTIVE DATE. This section is effective August 1, 2017, without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 58. **DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION; EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

(a) "Commissioner" as used in this section means the commissioner of Iron Range resources and rehabilitation unless otherwise specified.

(b) Notwithstanding any law to the contrary, the commissioner, in consultation with the commissioner of management and budget, shall offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years or who have received credit for at least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation incentive program for employees of the commissioner whose positions are in support of operations at Giants Ridge and will be eliminated if the department no longer directly manages Giants Ridge operations.

(c) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(d) The commissioner shall establish eligibility requirements for employees to receive an incentive. The commissioner must exclude from eligibility for the incentive program employees having less than 20 years of allowable service who would otherwise qualify for the incentive program.

(e) The commissioner, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (f), may designate specific programs or employees as eligible to be offered the incentive program.

(f) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner.

(g) The cost of the incentive is payable solely by funds made available to the commissioner by law, but only on prior approval of the expenditures by the commissioner, after consultation with the Iron Range Resources and Rehabilitation Board.

(h) Unilateral implementation of this section by the commissioner is not an unfair labor practice under Minnesota Statutes, chapter 179A.

EFFECTIVE DATE. This section is effective the day following final enactment. This section is repealed July 30, 2018.

Sec. 59. **REVISOR'S INSTRUCTION.**

The revisor of statutes, with cooperation from the House Research Department and the Senate Counsel, Research and Fiscal Analysis Office, 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 jobs and economic development.

Sec. 60. **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)~~ (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.

~~(e)~~ (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;
- ~~(6)~~ (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 ~~(1)~~ 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:

(+) (i) who is in the military; or

(-) (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 ~~or unemployment benefits greater than the individual is entitled to~~ 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.~~ 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 45.0135, 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 297I.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.

Sec. 2. 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.

Sec. 3. **[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. 4. 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.

Sec. 5. 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. 6. Minnesota Statutes 2016, section 345.42, is amended by adding a subdivision to read:

Subd. 1a. **Required lists.** (a) Beginning July 1, 2017, and annually thereafter, and provided that a member has requested it, the commissioner shall provide to each member of the legislature a list in electronic form of all persons appearing to be owners of abandoned property whose last known address is located in the legislator's respective legislative district.

(b) Beginning July 1, 2017, and every six months thereafter, and provided that a county has requested it, the commissioner shall provide to the county a list in electronic form of all persons appearing to be owners of abandoned property whose last known address is located in the county. A request under this paragraph must be made in writing by a person authorized by the county to make the request and is good until canceled.

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

Sec. 7. 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.

Subd. 3. **Data.** Government data received by the commissioner pursuant to this section is nonpublic data or private data on individuals, as defined in section 13.02, subdivisions 9 and 12.

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

Sec. 8. **[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. 9. **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.

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~~ nine members of the house of representatives, five of whom are appointed by the speaker of the house, and four 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~~ nine members of the senate ~~to be, five of whom are appointed by the Subcommittee on Committees,~~ leader of the majority caucus and four 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 cochairs, 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~~ **Clean energy advancement fund (C-LEAF) account.** (a) The clean energy advancement fund account, or C-LEAF account, is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled 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 C-LEAF 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 paragraphs (f) and (g), and sections 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 C-LEAF 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)~~ (h). 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~~ C-LEAF 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)~~ (h). 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 shall withhold from the funds transferred to the C-LEAF account under paragraphs (c) and (d) the amount necessary to pay its obligations under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

(f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the C-LEAF account, as provided in paragraphs (b) and (e).

(g) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide \$6,800,000 per year for five years, commencing on August 1, 2017, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the C-LEAF account as provided in paragraphs (b) and (e).

~~(e)~~ (h) 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.

~~(d)~~ (i) 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 of 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~~

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must 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.

The utility that owns a nuclear generating plant is eligible to apply for ~~renewable development account~~ grants under this subdivision.

(j) For the purposes of paragraph (i), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

~~(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 (k) A C-LEAF advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. 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 design a request for proposal and in evaluating evaluate 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)~~ (i), clause ~~(3)~~ (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph ~~(d)~~ (i), clause ~~(3)~~ (1). 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 public utility has full and sole authority to determine which expenditures expenditure recommendations shall be submitted by the advisory group to the commission for commission approval legislature as provided in paragraph (q). In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the public utility advisory group must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.~~

~~(g)~~ Funds in (1) The C-LEAF advisory group shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account may not must 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. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the C-LEAF advisory group; and

(2) may not appropriate money for a project the C-LEAF advisory group has not recommended funding.

~~(h)~~ (m) 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)~~ (n) The public utility advisory group 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.

(o) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.

~~(j)~~ (p) 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)~~ (q) 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~~ commissioner of commerce.

~~(l)~~ (r) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development fund C-LEAF account, noting that the fund account is financed by the public utility's ratepayers.

(s) Of the amount in the C-LEAF account, priority must be given to making the payments required under section 216C.417.

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 clean energy advancement fund 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~~ C-LEAF 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. 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. 8. 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. 9. 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. 10. Minnesota Statutes 2016, section 216B.164, subdivision 5, is amended to read:

Subd. 5. **Dispute; resolution.** In the event of disputes between ~~an electric~~ a public utility and a qualifying facility, either party may request a determination of the issue by the commission. In any such determination, the burden of proof shall be on the public utility. The commission in its order resolving each such dispute shall require payments to the prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys' fees, except that the qualifying facility will be required to pay the costs, disbursements, and attorneys' fees of the public utility only if the commission finds that the claims of the qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

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

Sec. 11. Minnesota Statutes 2016, section 216B.164, subdivision 9, is amended to read:

Subd. 9. **Municipal electric utility.** For purposes of this section only, ~~except subdivision 5,~~ and with respect to municipal electric utilities only, the term "commission" means the governing body of each municipal electric utility that adopts and has in effect rules implementing this section which are consistent with the rules adopted by the

Minnesota Public Utilities Commission under subdivision 6. As used in this subdivision, the governing body of a municipal electric utility means the city council of that municipality; except that, if another board, commission, or body is empowered by law or resolution of the city council or by its charter to establish and regulate rates and days for the distribution of electric energy within the service area of the city, that board, commission, or body shall be considered the governing body of the municipal electric utility.

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

Sec. 12. Minnesota Statutes 2016, section 216B.164, is amended by adding a subdivision to read:

Subd. 11. Cooperative electric association. (a) For purposes of this section only, the term "commission" means the board of directors of a cooperative association that (1) elects, by resolution, to assume the authority delegated to the Public Utilities Commission over cooperative electric associations under this section, and (2) adopts and has in effect rules implementing this section. The rules must provide for a process to resolve disputes that arise under this section, and must include a provision that a request by either party for mediation of the dispute by an independent third party must be implemented. A cooperative electric association that has adopted a resolution and rules under this subdivision is exempt from regulation by the Public Utilities Commission under this section.

(b) Except as provided in paragraph (c), any proceedings concerning the activities of a cooperative electric association under this section that are pending at the Public Utilities Commission on the effective date of this section are terminated on that date.

(c) The Public Utilities Commission shall limit its investigation in Docket No. 16-512 determining whether the methodology used by cooperative associations to establish a fee under section 216B.164, subdivision 3, paragraph (a), complies with state law. The commission may complete the investigation no later than December 31, 2017. A methodology determined by the commission to comply with state law may not be challenged in a dispute under section 216B.164. If the commission determines that a methodology does not comply with state law, it shall clearly state the changes necessary to bring the methodology into compliance, and the cooperative electric association shall proceed under paragraph (a).

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

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.

~~(b)~~ (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.

~~(d)~~ (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.

~~(e)~~ (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.

~~(f)~~ (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.

~~(g)~~ (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. Minnesota Statutes 2016, section 216B.1694, subdivision 3, is amended to read:

Subd. 3. **Staging and permitting.** (a) A natural gas-fired plant that is located on one site designated as an innovative energy project site under subdivision 1, clause (3), is accorded the regulatory incentives granted to an innovative energy project under subdivision 2, clauses (1) to (3), and may exercise the authorities therein.

(b) Following issuance of a final state or federal environmental impact statement for an innovative energy project that was a subject of contested case proceedings before an administrative law judge:

(1) site and route permits and water appropriation approvals for an innovative energy project must also be deemed valid for a plant meeting the requirements of paragraph (a) and shall remain valid until the ~~earlier~~ later of (i) four years from the date the final required state or federal preconstruction permit is issued or (ii) June 30, ~~2019~~ 2025; and

(2) no air, water, or other permit issued by a state agency that is necessary for constructing an innovative energy project may be the subject of contested case hearings, notwithstanding Minnesota Rules, parts 7000.1750 to 7000.2200.

Sec. 15. **[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. 16. 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]~~

(i) ~~(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. 17. 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. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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. 24. 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. 25. Minnesota Statutes 2016, section 216B.2424, is amended by adding a subdivision to read:

Subd. 9. **Adjustment of biomass fuel requirement.** (a) Notwithstanding any provision in this section, the public utility subject to this section may, with respect to a facility approved under this section, file a petition with the commission for approval of:

(1) a new or amended power purchase agreement;

(2) the early termination of a power purchase agreement; or

(3) the purchase and closure of the facility.

(b) The commission may approve a new or amended power purchase agreement under this subdivision, notwithstanding the fuel requirements of this section, if the commission determines that:

(1) all parties to the original power purchase agreement, or their successors or assigns, as applicable, agree to the terms and conditions of the new or amended power purchase agreement; and

(2) the new or amended power purchase agreement is in the best interest of the customers of the public utility subject to this section, taking into consideration any savings realized by customers in the new or amended power purchase agreement and any costs imposed on customers under paragraph (e). A new or amended power purchase agreement approved under this paragraph may be for any term agreed to by the parties and may govern the purchase of any amount of energy.

(c) The commission may approve the early termination of a power purchase agreement or the purchase and closure of a facility under this subdivision if it determines that:

(1) all parties to the power purchase agreement, or their successors or assigns, as applicable, agree to the early termination of the power purchase agreement or the purchase and closure of the facility; and

(2) the early termination of the power purchase agreement or the purchase and closure of the facility is in the best interest of the customers of the public utility subject to this section, taking into consideration any savings realized by customers as a result of the early termination of the power purchase agreement or the purchase and closure of the facility and any costs imposed on the customers under paragraph (e).

(d) The commission's approval of a new or amended power purchase agreement under paragraph (b) or of the termination of a power purchase agreement or the purchase and closure of a facility under paragraph (c), shall not require the public utility subject to this section to purchase replacement amounts of biomass energy to fulfill the requirements of this section.

(e) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover investments, expenses and costs, and earnings on the investments associated with a new or amended power purchase agreement, the early termination of a power purchase agreement, or the purchase and closure of a facility, including, but not limited to, reasonable financial accommodations to the county, city, and school district in which an affected facility is located. The commission may approve the rate schedule upon a showing that the recovery of investments, expenses and costs, and earnings on the investments is less than the costs that would have been recovered from customers had the utility continued to purchase energy under the power purchase agreement in effect before any option available under this section is approved by the commission. If approved by the commission, cost recovery under this paragraph may include all cost recovery allowed for renewable facilities under section 216B.1645, subdivisions 2 and 2a.

(f) For the purposes of this subdivision, "facility" means a biomass facility previously approved by the commission to satisfy a portion of the biomass mandate in this section.

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

Sec. 26. 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;

~~(ii)~~ (ii) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

~~(iii)~~ (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. 27. 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 for each customer class be at least five percent below the national average.

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

Sec. 28. 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~~ C-LEAF 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~~ C-LEAF account as specified in subdivision 5a.

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

Sec. 29. 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~~ C-LEAF account as provided under section 116C.779, subdivision 2.

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

Sec. 30. **[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, by May 1, 2017, 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 May 1, 2017.

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 C-LEAF account in the special revenue fund established under Minnesota Statutes, section 116C.779, subdivision 1.

(b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), there is annually appropriated from the C-LEAF account in the special revenue fund established in Minnesota Statutes, section 116C.779, to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2016, section 216C.415. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the C-LEAF account.

(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 October 31, 2018.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar photovoltaic modules 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 October 31, 2028.

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

Sec. 31. 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. 32. 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. 33. 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. 34. 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. 35. Minnesota Statutes 2016, section 216F.01, subdivision 2, is amended to read:

Subd. 2. **Large wind energy conversion system or LWECS.** "Large wind energy conversion system" or "LWECS" means any combination of WECS with a combined nameplate capacity of 5,000 kilowatts or more and transmission lines directly associated with the LWECS that are necessary to interconnect the LWECS to the transmission system.

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

Sec. 36. 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. 37. 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~~ 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. 38. **[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. 39. 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:

~~(1) 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. 40. 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. 41. 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. 42. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK FORCE.**

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. 43. **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 act.

(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 C-LEAF account established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

Sec. 44. **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 clean energy advancement 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 clean energy advancement 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 clean energy advancement fund account under this section is eligible to apply for funding from the clean energy advancement fund account.

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

Sec. 45. **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 HOUSING POLICY

Section 1. Minnesota Statutes 2016, section 299F.01, is amended by adding a subdivision to read:

Subd. 4. Mandatory fire sprinklers prohibited. (a) The State Building Code, the State Fire Code, or a political subdivision of the state by code or ordinance, must not require the installation of fire sprinklers, any fire sprinkler system components, or automatic fire-extinguishing equipment or devices in any new or existing single-family detached dwelling unit, two-family dwelling unit, townhome, or accessory structure such as a garage, covered patio, deck, porch, storage shed, or similar structure.

(b) This subdivision does not affect or limit a requirement for smoke or fire detectors, alarms, or their components.

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

Sec. 2. Minnesota Statutes 2016, section 327C.01, is amended by adding a subdivision to read:

Subd. 13. **Class I manufactured home park.** A "class I manufactured home park" means a park that complies with the provisions of section 327C.16.

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

Sec. 3. **[327C.16] CLASS I MANUFACTURED HOME PARK.**

Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee of the manufactured home park, must satisfy 12 hours of qualifying education courses every three years, as prescribed in this subdivision. Park owners or on-site attendants may begin accumulating qualifying hours to qualify as a class I manufactured home park beginning in 2017.

(b) The qualifying education courses required for classification under this subdivision must be continuing education courses approved by the Department of Labor and Industry or the Department of Commerce for:

(1) continuing education in real estate; or

(2) continuing education for residential contractors and manufactured home installers.

(c) The qualifying education courses must include:

(1) two hours on fair housing, approved for real estate licensure or residential contractor licensure;

(2) one hour on the Americans with Disabilities Act, approved for real estate licensure or residential contractor licensure;

(3) four hours on legal compliance related to any of the following: landlord/tenant, licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B, and Minnesota Rules, chapter 1350 or 4630;

(4) three hours of general education approved for real estate, residential contractors, or manufactured home installers; and

(5) two hours of HUD-specific manufactured home installer courses as required under section 327B.041.

(d) If the qualifying owner or employee attendant is no longer the person meeting the requirements under this subdivision, but did qualify during the current assessment year, then the manufactured home park shall still qualify for the class rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (iii).

Subd. 2. **Proof of compliance.** (a) A park owner that has met the requirements of subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and that the park meets the definition of a class I manufactured home park as defined in this section, and is entitled to the property tax classification rate for class I manufactured home parks in section 273.13, subdivision 25. The park owner shall retain the original course completion certificates issued by the course sponsor under this section for three years and, upon written request for verification, provide these to the county assessor within 30 days.

(b) A park owner must provide the county assessor written notice of any change in compliance status of the manufactured home park no later than December 15 of the assessment year.

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

Sec. 4. 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.

(e) (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. 5. Minnesota Statutes 2016, section 462A.2035, is amended to read:

462A.2035 MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans to cities, counties, ~~or~~ community action programs, nonprofit organizations, and cooperatives created under chapter 308A or 308B.

Subd. 1a. **Individual assistance grants.** ~~Cities, counties, and community action programs~~ Eligible recipients may use individual assistance grants and loans under this program to:

(1) provide current residents of manufactured home parks with buy-out assistance not to exceed \$4,000 per home with preference given to older manufactured homes; and

(2) provide down-payment assistance for the purchase of new and preowned manufactured homes that comply with the current version of the State Building Code in effect at the time of the sale, not to exceed \$10,000 per home; ~~and~~

~~(3) make improvements in manufactured home parks as requested by the grant recipient.~~

Subd. 1b. **Park infrastructure grants.** Eligible recipients may use park infrastructure grants under this program for:

(1) improvements in manufactured home parks; and

(2) infrastructure, including storm shelters and community facilities.

Subd. 2. **Eligibility requirements.** ~~For individual assistance grants under subdivision 1a,~~ households assisted under this section must have an annual household income at or below 80 percent of the area median household income. Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50 percent of the area median household income. Participation in the program is voluntary and no park resident shall be required to participate.

Subd. 3. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area. Grants and loans under this section shall be provided in a manner consistent with the agency's policies and purposes in section 462A.02.

Subd. 4. **Infrastructure repair and replacement fund.** Each recipient receiving a grant under subdivision 1b shall provide from year to year, on a cumulative basis, for adequate reserve funds to cover the repair and replacement of the private infrastructure systems serving the community.

Sec. 6. **[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 30,000 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. 7. **[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. 8. MINNESOTA HOUSING FINANCE AGENCY REPORT.

By February 1, 2018, and February 1, 2019, the Housing Finance Agency shall provide to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over the agency:

- (1) a draft and final version of its affordable housing plan before and after it has been submitted to the agency board for consideration; and
- (2) a report on the actual and anticipated funds available within the Housing Affordability Fund, or Pool 3, and the actual and anticipated uses of those funds.

Sec. 9. 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.

ARTICLE 12
MISCELLANEOUS POLICY

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. 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. 3. **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."

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, and Public Facilities Authority; 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 housing and miscellaneous policy changes; 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; 45.0135, 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.423, subdivision 2; 116J.424; 116J.8731, subdivision 2, by adding a subdivision; 116J.8748, subdivisions 1, 3, 4, 6; 116J.994, subdivisions 3, 5, 7; 116L.17, subdivision 1; 116L.665; 116M.14, subdivision 4; 116M.17, subdivision 4; 116M.18, subdivisions 1a, 4, 4a, 8; 175.45; 216B.03; 216B.16, subdivisions 1a, 6; 216B.161, subdivision 1; 216B.164, subdivisions 5, 9, by adding a subdivision; 216B.1691, subdivision 2f; 216B.1694, subdivisions 1, 3; 216B.241, subdivisions 1b, 1c, 2, 5, 5d, 7; 216B.2422, subdivisions 2, 3, 4; 216B.2424, by adding a subdivision; 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; 298.223, subdivisions 1, 2; 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; 299F.01, by adding a subdivision; 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; 327C.01, by adding a subdivision; 345.42, by adding a subdivision; 345.49; 462.355, subdivision 4; 462A.2035; 466.03, subdivision 6c; 469.310, subdivision 9; 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; 116J; 175; 216B; 216C; 216G; 237; 239; 326B; 327C; 462A; 462C;

471; 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; Minnesota Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; 4355.0500."

We request the adoption of this report and repassage of the bill.

Senate Conferees: JEREMY R. MILLER, GARY H. DAHMS, DAVID J. OSMEK and PAUL ANDERSON.

House Conferees: PAT GAROFALO, JIM NEWBERGER, JOE HOPPE and MARION O'NEILL.

Davnie was excused for the remainder of today's session.

Garofalo moved that the report of the Conference Committee on S. F. No. 1937 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Garofalo motion and the roll was called. There were 75 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Hamilton	Lohmer	Peppin	Swedzinski
Anderson, P.	Drazkowski	Heintzeman	Loon	Petersburg	Torkelson
Anderson, S.	Erickson	Hertaus	Loonan	Peterson	Uglen
Backer	Fabian	Hoppe	Lucero	Pierson	Urdahl
Bahr, C.	Fenton	Howe	Lueck	Poston	Vogel
Baker	Franke	Jessup	McDonald	Pugh	West
Barr, R.	Franson	Johnson, B.	Miller	Quam	Whelan
Bennett	Garofalo	Jurgens	Nash	Rarick	Wills
Christensen	Green	Kiel	Neu	Runbeck	Zerwas
Cornish	Grossell	Knoblach	Newberger	Sauke	Spk. Daudt
Daniels	Gruenhagen	Koznick	Nornes	Schomacker	
Dauids	Gunther	Kresha	O'Driscoll	Scott	
Dean, M.	Haley	Layman	O'Neill	Smith	

Those who voted in the negative were:

Allen	Considine	Hornstein	Lien	Murphy, M.	Sandstede
Anselmo	Dehn, R.	Hortman	Lillie	Nelson	Schultz
Applebaum	Ecklund	Johnson, C.	Loeffler	Olson	Slocum
Becker-Finn	Fischer	Johnson, S.	Mahoney	Omar	Thissen
Bernardy	Flanagan	Koegel	Marquart	Pelowski	Wagenius
Bly	Freiberg	Kunesh-Podein	Masin	Pinto	Ward
Carlson, A.	Hansen	Lee	Maye Quade	Poppe	Youakim
Carlson, L.	Hausman	Lesch	Moran	Pryor	
Clark	Hilstrom	Liebling	Murphy, E.	Rosenthal	

The motion prevailed.

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; 297I.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

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 75 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Hamilton	Lohmer	Peppin	Swedzinski
Anderson, P.	Drazkowski	Heintzeman	Loon	Petersburg	Torkelson
Anderson, S.	Erickson	Hertaus	Loonan	Peterson	Uglen
Backer	Fabian	Hoppe	Lucero	Pierson	Urdahl
Bahr, C.	Fenton	Howe	Lueck	Poston	Vogel
Baker	Franke	Jessup	McDonald	Pugh	West
Barr, R.	Franson	Johnson, B.	Miller	Quam	Whelan
Bennett	Garofalo	Jurgens	Nash	Rarick	Wills
Christensen	Green	Kiel	Neu	Runbeck	Zerwas
Cornish	Grossell	Knoblach	Newberger	Sauke	Spk. Daudt
Daniels	Gruenhagen	Koznick	Nornes	Schomacker	
Davids	Gunther	Kresha	O'Driscoll	Scott	
Dean, M.	Haley	Layman	O'Neill	Smith	

Those who voted in the negative were:

Allen	Considine	Hornstein	Lien	Murphy, E.	Rosenthal
Anselmo	Dehn, R.	Hortman	Lillie	Murphy, M.	Sandstede
Applebaum	Ecklund	Johnson, C.	Loeffler	Nelson	Schultz
Becker-Finn	Fischer	Johnson, S.	Mahoney	Olson	Slocum
Bernardy	Flanagan	Koegel	Marquart	Omar	Sundin
Bly	Freiberg	Kunesh-Podein	Masin	Pelowski	Thissen
Carlson, A.	Hansen	Lee	Maye Quade	Pinto	Wagenius
Carlson, L.	Hausman	Lesch	Metsa	Poppe	Ward
Clark	Hilstrom	Liebling	Moran	Pryor	Youakim

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

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

S. F. No. 2214.

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

CAL R. LUDEMAN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON 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.

May 9, 2017

The Honorable Michelle L. Fischbach
President of the Senate

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

We, the undersigned conferees for S. F. No. 2214 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2214 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1 HIGHER EDUCATION 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.

Subd. 8. Tribal College Grants150,000150,000

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

Subd. 9. Intervention for College Attendance Program Grants671,000671,000

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

The commissioner may use no more than two percent of this appropriation to administer the intervention for college attendance program grants.

Subd. 10. Student-Parent Information122,000122,000**Subd. 11. Get Ready!**180,000180,000**Subd. 12. Minnesota Education Equity Partnership**45,00045,000**Subd. 13. Midwest Higher Education Compact**115,000115,000**Subd. 14. United Family Medicine Residency Program**501,000501,000

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

Subd. 15. MnLINK Gateway and Minitex5,905,0005,905,000**Subd. 16. Statewide Longitudinal Education Data System**882,000882,000**Subd. 17. Hennepin County Medical Center**645,000645,000

For transfer to Hennepin County Medical Center for graduate family medical education programs at Hennepin County Medical Center.

Subd. 18. MNSCU Two-Year Public College Program3,481,000-0-

(a) \$2,780,000 in fiscal year 2018 is for two-year public college program grants under Laws 2015, chapter 69, article 3, section 20.

(b) \$545,000 in fiscal year 2018 is to provide mentoring and outreach as specified under Laws 2015, chapter 69, article 3, section 20.

(c) \$156,000 in fiscal year 2018 is for information technology and administrative costs associated with implementation of the grant program.

Subd. 19. College Possible

250,000

250,000

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

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

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

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

Subd. 20. Spinal Cord Injury and Traumatic Brain Injury Research Grant Program

3,000,000

3,000,000

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

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

Subd. 21. Summer Academic Enrichment Program

125,000

125,000

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

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

Subd. 22. Dual Training Competency Grants; Office of Higher Education

2,000,000

2,000,000

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

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

Subd. 23. Dual Training Competency Grants; Department of Labor and Industry

200,000

200,000

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

Subd. 24. Concurrent Enrollment Courses

340,000

340,000

(a) \$225,000 in fiscal year 2018 and \$225,000 in fiscal year 2019 are for grants to develop new concurrent enrollment courses under Minnesota Statutes, section 124D.09, subdivision 10, that satisfy the elective standard for career and technical education. Any balance in the first year does not cancel but is available in the second year.

(b) \$115,000 in fiscal year 2018 and \$115,000 in fiscal year 2019 are for grants to postsecondary institutions currently sponsoring a concurrent enrollment course to expand existing programs. The commissioner shall determine the application process and the grant amounts. The commissioner must give preference to expanding programs that are at capacity. Any balance in the first year does not cancel but is available in the second year.

(c) By December 1 of each year, the office shall submit a brief report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding:

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

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

<u>Subd. 25. Campus Sexual Assault Reporting</u>	<u>25,000</u>	<u>25,000</u>
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For the sexual assault reporting required under Minnesota Statutes, section 135A.15.

<u>Subd. 26. Campus Sexual Violence Prevention and Response Coordinator</u>	<u>150,000</u>	<u>150,000</u>
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For the Office of Higher Education to staff a campus sexual violence prevention and response coordinator to serve as a statewide resource providing professional development and guidance on best practices for postsecondary institutions. \$50,000 each year are for administrative funding to conduct trainings and provide materials to postsecondary institutions.

<u>Subd. 27. Addiction Medicine Graduate Fellowship Program</u>	<u>210,000</u>	<u>-0-</u>
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For the addiction medicine graduate fellowship program under Laws 2016, chapter 189, article 1, section 2, subdivision 4.

<u>Subd. 28. Student and Employer Connection Information System</u>	<u>405,000</u>	<u>405,000</u>
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For a grant to the Minnesota Chamber Foundation for the creation of a web-based job and intern-seeking software tool that blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions. No more than two percent of this appropriation may be used for administrative expenses of the foundation. The foundation must report by January 15, 2019, on activities under this subdivision to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance.

<u>Subd. 29. Emergency Assistance for Postsecondary Students</u>	<u>175,000</u>	<u>175,000</u>
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(a) This appropriation is for the Office of Higher Education to allocate grant funds on a matching basis to schools with a demonstrable homeless student population.

(b) This appropriation shall be used to meet immediate student needs that could result in a student not completing the term or their program including, but not limited to, emergency housing, food, and transportation. Emergency assistance does not impact the amount of state financial aid received.

(c) The commissioner shall determine the application process and the grant amounts. Any balance in the first year does not cancel but shall be available in the second year. The Office of Higher Education shall partner with interested postsecondary institutions, other state agencies, and student groups to establish the programs.

Subd. 30. Grants to Teacher Candidates500,000500,000

For grants to teacher candidates under Minnesota Statutes, section 136A.1275. This appropriation is in addition to the money available under Laws 2016, chapter 189, article 25, section 62, subdivision 11.

The commissioner may use no more than two percent of the appropriation for administration of the program.

Subd. 31. Teacher Shortage Loan Forgiveness200,000200,000

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

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

Subd. 32. Large Animal Veterinarian Loan Forgiveness Program375,000375,000

For the large animal veterinarian loan forgiveness program under Minnesota Statutes, section 136A.1795.

Subd. 33. Agricultural Educators Loan Forgiveness50,00050,000

For deposit in the agricultural education loan forgiveness account.

Subd. 34. Aviation Degree Loan Forgiveness Program25,00025,000

For the aviation degree loan forgiveness program under Minnesota Statutes, section 136A.1789.

Subd. 35. Grants for Students with Intellectual and Developmental Disabilities200,000200,000

For grants for students with intellectual and developmental disabilities under Minnesota Statutes, section 136A.1215.

Subd. 36. Loan Repayment Assistance Program25,00025,000

For a grant to the Loan Repayment Assistance Program of Minnesota to provide education debt relief to attorneys with full-time employment providing legal advice or representation to low-income clients or support services for this work.

Subd. 37. Minnesota Life College1,000,0001,000,000

For a grant to Minnesota Life College for need-based scholarships and tuition reduction.

Subd. 38. Agency Administration2,564,0002,564,000**Subd. 39. Balances Forward**

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

Subd. 40. Transfers

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

Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**Subdivision 1. Total Appropriation****\$709,748,000****\$714,640,000**

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

Subd. 2. Central Office and Shared Services Unit33,074,00033,074,000

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

Notwithstanding section 136F.06, subdivision 3, the Board of Trustees must not renew its existing lease for the central office location, and must explore co-locating the central office on an existing system campus or campuses.

Subd. 3. Operations and Maintenance672,559,000677,451,000

(a) Of this amount, the Board of Trustees must transfer \$100,000 for each campus not located in a metropolitan county, as defined in Minnesota Statutes, section 473.121, subdivision 4, in each year to the president of each institution that includes such a campus, provided that no institution may receive more than \$300,000 under this paragraph. Funds appropriated under this paragraph are for enrollment, new program, and student success initiatives.

(b) The Board of Trustees must establish tuition rates as follows:

(1) for the 2017-2018 academic year, the tuition rate at colleges must not exceed the 2016-2017 academic year rate; and

(2) for the 2018-2019 academic year, the tuition rate at universities must not exceed the 2017-2018 academic year rate, and the tuition rate at colleges must be reduced by at least one percent compared to the 2017-2018 academic year rate.

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

(c) The Board of Trustees is requested to help Minnesota close the attainment gap by funding activities which improve retention and completion for students of color.

(d) This appropriation includes \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 for workforce development scholarships under Minnesota Statutes, section 136F.38.

(e) \$200,000 each year is for transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. The Cook County Higher Education Board shall continue to provide information to the Board of Trustees on the number of students served, credit hours delivered, and services provided to students.

(f) \$50,000 in fiscal year 2018 and \$50,000 in fiscal year 2019 are for developing and teaching online agricultural courses by farm business management faculty at colleges that offer farm business management.

(g) \$175,000 in fiscal year 2018 and \$175,000 in fiscal year 2019 are for the veterans-to-agriculture pilot program established by Laws 2015, chapter 69, article 1, section 4, subdivision 3. The program shall continue to conform to the requirements of that subdivision. The appropriation shall be used to support, in equal amounts, up to six program sites statewide. No more than two percent of the total appropriation provided by this section may be used for administrative purposes at the system level.

No later than December 15, 2018, the program shall report to the committees of the house of representatives and the senate with jurisdiction over issues related to agriculture, veterans affairs, and higher education on program operations, including information on participation rates, new job placements, and any unmet needs.

(h) This appropriation includes \$40,000 in fiscal year 2018 and \$40,000 in fiscal year 2019 to implement the sexual assault policies required under Minnesota Statutes, section 135A.15.

(i) This appropriation includes \$3,000,000 in fiscal year 2018 and \$5,000,000 in fiscal year 2019 for upgrading the Integrated Statewide Record System.

(j) \$100,000 in fiscal year 2018 is for use by Winona State University for HealthForce Minnesota to develop educational materials that increase awareness of career opportunities available in the field of senior care. The educational materials developed under this provision must be appropriate for students in K-12 education settings, dislocated workers, and rural communities. Materials must be developed in collaboration with employers and trade organizations representing employers in the field of senior care.

Winona State University shall submit a report by February 1, 2019, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy. The report must include information about the materials developed, to whom materials were distributed, and identify any collaborations with employers and trade organizations.

<u>Subd. 4. Learning Network of Minnesota</u>	<u>4,115,000</u>	<u>4,115,000</u>
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Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

<u>Subdivision 1. Total Appropriation</u>	<u>\$636,868,000</u>	<u>\$638,818,000</u>
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Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>634,711,000</u>	<u>636,661,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>

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

<u>Subd. 2. Operations and Maintenance</u>	<u>567,273,000</u>	<u>569,223,000</u>
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(a) \$15,000,000 in fiscal year 2018 and \$15,000,000 in fiscal year 2019 are to: (1) increase the medical school's research capacity; (2) improve the medical school's ranking in National Institutes of Health funding; (3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students; (4) invest in physician training programs in rural and underserved communities; and (5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

(b) \$6,800,000 in fiscal year 2018 and \$8,800,000 in fiscal year 2019 are for health training restoration. This appropriation must be used to support all of the following: (1) faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine; (2) the Mobile Dental Clinic; and (3) expansion of geriatric education and family programs.

(c) \$1,000,000 in fiscal year 2018 and \$1,000,000 in fiscal year 2019 are for the Minnesota Discovery, Research, and InnoVation Economy funding program for cancer care research.

(d) \$50,000 in fiscal year 2018 is to develop and implement a plan to offer the academic program for students with intellectual and developmental disabilities required in article 2, section 17. The Board of Regents must submit a report on the plan to the chairs and ranking minority members of the committees of the legislature with jurisdiction over higher education finance and policy no later than January 15, 2018. The report must describe program plans, including strategies for recruitment of applicants, and strategies to address anticipated program needs that cannot be filled using existing campus or system resources. This is a onetime appropriation.

(e) \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are for the University of Minnesota, Morris branch, to cover the costs of tuition waivers under Minnesota Statutes, section 137.16.

Subd. 3. Primary Care Education Initiatives

2,157,000

2,157,000

This appropriation is from the health care access fund.

Subd. 4. Special Appropriations

(a) Agriculture and Extension Service

42,922,000

42,922,000

For the Agricultural Experiment Station and the Minnesota Extension Service:

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

(2) this appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes,

and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, and bioenergy organizations:

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

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed;

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

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

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

(ii) fertilizer and soil fertility research and development;

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

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

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

(vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;

(vii) utilizing plant and livestock cells to treat and cure human diseases;

(viii) the development of dairy coproducts;

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

(x) crop pest and animal disease research;

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

(xii) consumer food safety education and outreach;

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

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

(5) by February 1, 2019, the Board of Regents must submit a report to the legislative committees and divisions with jurisdiction over agriculture and higher education finance on the status and outcomes of research and initiatives funded in this paragraph.

(b) Health Sciences

9,204,000

9,204,000

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

(c) Institute of Technology

1,140,000

1,140,000

For the geological survey and the talented youth mathematics program.

(d) System Special

6,181,000

6,181,000

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

\$1,000,000 in fiscal year 2018 and \$1,000,000 in fiscal year 2019 are for the Natural Resources Research Institute to invest in applied research for economic development.

(e) University of Minnesota and Mayo Foundation Partnership7,991,0007,991,000This appropriation is for the following activities:

(1) \$7,491,000 in fiscal year 2018 and \$7,491,000 in fiscal year 2019 are for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the legislative committees responsible for higher education finance by June 30 of each fiscal year.

(2) \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are to award competitive grants to conduct research into the prevention, treatment, causes, and cures of Alzheimer's disease and other dementias.

Subd. 5. Academic Health Center

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

Sec. 5. MAYO CLINIC**Subdivision 1. Total Appropriation****\$1,351,000****\$1,351,000**

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

Subd. 2. Medical School665,000665,000

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

Subd. 3. Family Practice and Graduate Residency Program686,000686,000

The state must pay stipend support for up to 27 residents each year.

ARTICLE 2
HIGHER EDUCATION POLICY

Section 1. Minnesota Statutes 2016, section 43A.06, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The commissioner shall perform the duties assigned to the commissioner by sections 3.855, 179A.01 to 179A.25 and this section.

(b) The commissioner shall be the state labor negotiator for purposes of negotiating and administering agreements with exclusive representatives of employees and shall perform any other duties delegated by the commissioner subject to the limitations in paragraph (c).

(c) The Board of Trustees of the Minnesota State Colleges and Universities may exercise the powers under this section for employees included in the units provided in clauses (9), (10), and (11) of section 179A.10, subdivision 2, except with respect to sections 43A.22 to 43A.31, which shall continue to be the responsibility of the commissioner. The commissioner shall have the right to review and comment to the Minnesota State Colleges and Universities on the board's final proposals prior to exchange of final positions with the designated bargaining units as well as any requests for interest arbitration. The legislature encourages the Board of Trustees, in coordination with the commissioner of management and budget and the Board of Regents of the University of Minnesota, to endeavor in collective bargaining negotiations to seek fiscal balance recognizing the ability of the employer to fund the agreements or awards. When submitting a proposed collective bargaining agreement to the Legislative Coordinating Commission and the legislature under section 3.855, subdivision 2, the Board of Trustees must use procedures and assumptions consistent with those used by the commissioner in calculating the costs of the proposed contract. The Legislative Coordinating Commission must, when considering a collective bargaining agreement or arbitration award submitted by the Board of Trustees, evaluate market conditions affecting the employees in the bargaining unit, equity with other bargaining units in the executive branch, and the ability of the trustees and the state to fund the agreement or award.

Sec. 2. Minnesota Statutes 2016, section 135A.031, subdivision 7, is amended to read:

Subd. 7. **Reports.** (a) The University of Minnesota and the Minnesota State Colleges and Universities systems shall include in their biennial budget proposals to the legislature:

(1) a five-year history of systemwide expenditures, reported by:

(i) functional areas, including instruction, research, public service, student financial aid, and auxiliary services, and including direct costs and indirect costs, such as institutional support, academic support, student services, and facilities management, associated with each functional area; and

(ii) objects of expenditure, such as salaries, benefits, supplies, and equipment, including a full explanation of all material changes to the expenditure categories when compared to the prior fiscal year;

(2) a five-year history of the system's total instructional expenditures per full-year equivalent student, by level of instruction, including upper-division undergraduate, lower-division undergraduate, graduate, professional, and other categories of instructional programs offered by the system;

(3) a five-year history of the system's total revenues by funding source, including tuition, state operations and maintenance appropriations, state special appropriations, other restricted state funds, federal appropriations, sponsored research funds, gifts, auxiliary revenue, indirect cost recovery, and any other revenue sources;

(4) an explanation describing how state appropriations made to the system in the previous biennium were allocated and the methodology used to determine the allocation;

(5) data describing how the institution reallocated resources to advance the priorities set forth in the budget submitted under section 135A.034 and the statewide objectives under section 135A.011. The information must indicate whether instruction and support programs received a reduction in or additional resources. The total amount reallocated must be clearly explained;

(6) the tuition rates and fees established by the governing board in each of the past ten years and comparison data for peer institutions and national averages;

(7) data on the number and proportion of students graduating within four, five, and six years from universities and within three years from colleges as reported in the integrated postsecondary education data system. These data must be provided for each institution by race, ethnicity, and gender. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the number and proportion of students that graduate within four, five, or six years from a university or within three years from a college;

(8) data on, and the methodology used to measure, the number of students traditionally underrepresented in higher education enrolled at the system's institutions. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the recruitment, retention, and timely graduation of students traditionally underrepresented in higher education; ~~and~~

(9) data on the revenue received from all sources to support research or workforce development activities or the system's efforts to license, sell, or otherwise market products, ideas, technology, and related inventions created in whole or in part by the system. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the revenue received to support research or workforce development activities or revenue received from the licensing, sale, or other marketing and technology transfer activities by the system;

(10) data on consulting contracts from the last two completed fiscal years for which the work is performed by a consultant who is not an employee of the system, for which the system paid in excess of \$500,000. Data must include the name of the consultant, the total value of the contract, a description of the work completed, and a description of the reasons for using an outside consultant and not internal staff. Consulting contracts are defined as contracts from management, investment and financial advisory services, project management, computer/technology advisory services, and construction project management; and

(11) aggregate data on the following:

(i) student demographics;

(ii) a five-year history of student enrollment, including student enrollment by legislative district;

(iii) a five-year history of student debt;

(iv) a five-year history of mandatory student fees by campus;

(v) employee head count and employee demographics;

(vi) facilities, including physical space overview, condition, square footage, distribution by region, any deferred maintenance, and capital bonding requested and received;

(vii) administrative costs, including the definition of "administrators" used by the system, the total number of "administrators" as percent of total employee head count, and system office budget for Minnesota State Colleges and Universities as percent of total system general fund revenue; and

(viii) college and university operating budgets.

(b) Data required by this subdivision shall be submitted by the public postsecondary systems to the Minnesota Office of Higher Education and the Department of Management and Budget and included in the biennial budget document. Representatives from each system, in consultation with the commissioner of management and budget and the commissioner of the Office of Higher Education, shall develop consistent reporting practices for this purpose.

(c) To the extent practicable, each system shall develop the ability to respond to legislative requests for financial analyses that are more detailed than those required by this subdivision, including but not limited to analyses that show expenditures or revenues by institution or program, or in multiple categories of expenditures or revenues, and analyses that show revenue sources for particular types of expenditures.

Sec. 3. **[135A.0434] MANDATORY STUDENT ACTIVITY FEES PROHIBITED.**

Subdivision 1. **Mandatory fee prohibition.** (a) The governing board of a public postsecondary institution must not impose on students any mandatory fee funding noninstructional student programs, activities, groups, or services.

(b) This section does not prohibit mandatory fees paid by students that are directly related to academic, administrative, or health services.

(c) The Board of Regents of the University of Minnesota is requested to adopt a policy implementing this section.

Subd. 2. **Penalty.** If the Board of Regents of the University of Minnesota imposes a mandatory fee in violation of this section, the commissioner of management and budget must deduct an amount equal to the net revenue generated by that fee from the university's appropriation base in the first year of the next biennium.

Sec. 4. **[135A.158] INFORMATION PROVIDED TO STUDENT PARENTS AND PREGNANT STUDENTS.**

A public or regionally accredited private postsecondary educational institution must provide information according to this section to students who are parents of one or more children age 12 or younger, and to students who notify the institution that they are pregnant. The information must include a fact sheet on the legal rights of student parents and pregnant students and a list of resources to support student parents and pregnant students. The list of resources may include resources for prenatal care, child care, transportation, and housing. This information must be available in languages that reflect the primary languages of the institution's student body.

Sec. 5. **[136A.055] DEVELOPMENTAL EDUCATION REPORTING.**

(a) The commissioner must report on the department's Web site the following summary data on students who graduated from a Minnesota high school and are attending a public postsecondary institution in Minnesota, limited to the most recent academic school year:

(1) the number of students placed in supplemental or developmental education;

(2) the number of students who complete supplemental or developmental education within one academic year;

(3) the number of students that complete gateway courses in one academic year; and

(4) time to complete a degree or certificate at a postsecondary institution.

(b) Summary data must be aggregated by school district, high school, and postsecondary institution. Summary data must be disaggregated by race, ethnicity, free or reduced-price lunch eligibility, and age.

(c) The commissioner must post the initial data on the department's Web site on or before February 15, 2018, and must update the data at least annually thereafter.

Sec. 6. Minnesota Statutes 2016, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is ~~94~~ 90 percent of the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is ~~86~~ 82 percent of the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is ~~50~~ 46 percent of the student contribution.

Sec. 7. **[136A.1215] GRANTS FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES.**

Subdivision 1. **Establishment.** A program is established to provide financial assistance to students with intellectual and developmental disabilities that attend a Minnesota postsecondary institution.

Subd. 2. **Eligible students.** A postsecondary student is eligible for a grant under this section if the student:

(1) meets the eligibility requirements in section 136A.121, subdivision 2;

(2) is a student with an intellectual disability, as defined in Code of Federal Regulations, title 34, section 668.231, and is enrolled in a comprehensive transition and postsecondary program under that section; and

(3) attends an eligible institution, as defined in section 136A.101, subdivision 4.

Subd. 3. **Application.** To receive a grant under this section, a student must apply in the form and manner specified by the commissioner.

Subd. 4. **Grant amounts.** (a) The amount of a grant under this section equals the tuition and fees at the student's postsecondary institution, minus:

(1) any Pell or state grants the student receives; and

(2) any institutional aid the student receives.

(b) If appropriations are insufficient to provide the full amount calculated under paragraph (a) to all eligible applicants, the commissioner must reduce the grants of all recipients proportionally.

Subd. 5. **Reporting.** By February 15 of each year, the commissioner of higher education must submit a report on the details of the program under this section to the legislative committees with jurisdiction over higher education finance and policy. The report must include the following information, broken out by postsecondary institution:

(1) the number of students receiving an award;

(2) the average and total award amounts; and

(3) summary demographic data on award recipients.

Sec. 8. Minnesota Statutes 2016, section 136A.125, subdivision 2, is amended to read:

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

- (1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the state of Minnesota;
- (2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;
- (3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;
- (4) either has not earned a baccalaureate degree and has been enrolled full time less than ~~eight ten~~ eight ten semesters or the equivalent, or has earned a baccalaureate degree and has been enrolled full time less than ~~eight ten~~ eight ten semesters or the equivalent in a graduate or professional degree program;
- (5) is pursuing a nonsectarian program or course of study that applies to an undergraduate, graduate, or professional degree, diploma, or certificate;
- (6) is enrolled in at least six credits in an undergraduate program or one credit in a graduate or professional program in an eligible institution; and
- (7) is in good academic standing and making satisfactory academic progress.

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

Sec. 9. Minnesota Statutes 2016, section 136A.125, subdivision 4, is amended to read:

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

- (1) the income of the applicant and the applicant's spouse;
 - (2) the number in the applicant's family, as defined by the office; and
 - (3) the number of eligible children in the applicant's family.
- (b) The maximum award to the applicant shall be ~~\$2,800~~ \$3,000 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.
- (c) Applicants with family incomes at or below a percentage of the federal poverty level, as determined by the commissioner, will qualify for the maximum award. The commissioner shall attempt to set the percentage at a level estimated to fully expend the available appropriation for child care grants. Applicants with family incomes exceeding that threshold will receive the maximum award minus ten percent of their income exceeding that threshold. If the result is less than zero, the grant is zero.

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

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

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

(3) divided by 15 for undergraduate students and six for graduate and professional students; and

(4) multiplied by the number of credits for which the student is enrolled that academic term, up to 15 credits for undergraduate students and six for graduate and professional students.

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

Sec. 10. Minnesota Statutes 2016, section 136A.1275, is amended to read:

136A.1275 GRANTS TO STUDENT TEACHERS IN SHORTAGE AREAS TEACHER CANDIDATE GRANTS.

Subdivision 1. **Establishment.** (a) The commissioner of the Office of Higher Education must establish a grant program for student teaching stipends for low-income students enrolled in a Board of Teaching-approved teacher preparation program who ~~are interested in teaching in a high needs subject area or region~~ intend to teach in a shortage area after graduating and receiving their teaching license or belong to an underrepresented racial or ethnic group. ~~For purposes of this section, "high needs subject area or region" means a shortage of teachers teaching in particular subject areas or a shortage of teachers teaching in particular regions of the state identified in the commissioner of education's biennial survey of districts under section 127A.05, subdivision 6, or in another Department of Education survey on teacher shortages.~~

(b) "Shortage area" means a license field or economic development region within Minnesota defined as a shortage area by the Department of Education using data collected for the teacher supply and demand report under section 127A.05, subdivision 6, or other surveys conducted by the Department of Education that provide indicators for teacher supply and demand.

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a teacher candidate must:

(1) be enrolled in a Board of Teaching-approved teacher preparation program that requires at least 12 weeks of student teaching ~~and results in the teacher candidate receiving in order to be recommended for~~ a full professional teaching license ~~enabling the licensee to teach in a high needs subject area or region; and~~

(2) demonstrate financial need based on criteria established by the commissioner under subdivision 3;

(3) intend to teach in a shortage area or belong to an underrepresented racial or ethnic group; and

(4) be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10.

Subd. 3. **Administration; repayment.** (a) The commissioner must establish an application process and other guidelines for implementing this program, including repayment responsibilities for stipend recipients who do not complete student teaching or who leave Minnesota to teach in another state during the first year after student teaching.

(b) The commissioner must determine each academic year the stipend amount up to \$7,500 based on the amount of available funding ~~and~~, the number of eligible applicants, and the financial need of the applicants.

(c) The percentage of the total award reserved for teacher candidates who identify as belonging to an underrepresented racial or ethnic group must be equal to or greater than the total percentage of students of underrepresented racial or ethnic groups as measured under section 120B.35, subdivision 3. If this percentage cannot be met because of a lack of qualifying candidates, the remaining amount may be awarded to teacher candidates who intend to teach in a shortage area.

Sec. 11. **[136A.1789] AVIATION DEGREE LOAN FORGIVENESS PROGRAM.**

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

(b) "Qualified aircraft technician" means an individual who (1) has earned an associate's or bachelor's degree from a postsecondary institution located in Minnesota, and (2) has obtained an aviation mechanic's certificate from the Federal Aviation Administration.

(c) "Qualified education loan" means a government, commercial, or foundation loan used by an individual for actual costs paid for tuition to a postsecondary institution located in Minnesota for a professional flight training degree.

(d) "Qualified pilot" means an individual who (1) has earned an associate's or bachelor's degree in professional flight training from a postsecondary institution located in Minnesota, and (2) is in the process of obtaining or has obtained an airline transport pilot certificate.

Subd. 2. **Creation of account.** (a) An aviation degree loan forgiveness program account is established to provide qualified pilots and qualified aircraft technicians with financial assistance in repaying qualified education loans. The commissioner must use money from the account to establish and administer the aviation degree loan forgiveness program.

(b) Appropriations made to the aviation degree loan forgiveness program account do not cancel and are available until expended.

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program under this section, an individual must:

(1) be a qualified pilot or qualified aircraft technician;

(2) have qualified education loans;

(3) reside in Minnesota; and

(4) submit an application to the commissioner in the form and manner prescribed by the commissioner.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum one-year full-time service obligation according to subdivision 4. To complete the service obligation, the applicant must work full time in Minnesota as a qualified pilot or qualified aircraft technician. A participant must complete one year of service under this paragraph for each year the participant receives an award under this section.

Subd. 4. **Service obligation.** (a) Before receiving loan repayment disbursements and as requested, a participant must verify to the commissioner that the participant is employed in a position that fulfills the service obligation as required under subdivision 3, paragraph (b).

(b) If a participant does not fulfill the required service obligation, the commissioner must collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner must deposit the money collected in the aviation degree loan forgiveness account. The commissioner must allow waivers of all or part of the money owed the commissioner as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum service commitment.

Subd. 5. **Loan forgiveness.** (a) The commissioner may select eligible applicants each year for participation in the aviation degree loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified education loans.

(b) For each year that the participant meets the eligibility requirements under subdivision 3, the commissioner must make annual disbursements directly to:

(1) a selected qualified pilot of \$5,000 or the balance of the participant's qualified education loans, whichever is less; and

(2) a selected qualified aircraft technician of \$3,000 or the balance of the participant's qualified education loans, whichever is less.

(c) An individual may receive disbursements under this section for a maximum of five years.

(d) The participant must provide the commissioner with verification that the full amount of the loan repayment disbursement received by the participant has been applied toward the designated qualified education loan. After each disbursement, verification must be received by the commissioner and approved before the next repayment disbursement is made.

(e) If the participant receives a disbursement in the participant's fifth year of eligibility, the participant must provide the commissioner with verification that the full amount of the participant's final loan repayment disbursement was applied toward the designated qualified education loan. If a participant does not provide the verification as required under this paragraph within six months of receipt of the final disbursement, the commissioner must collect from the participant the amount of the final disbursement. The commissioner must deposit the money collected in the aviation degree loan forgiveness program account.

Subd. 6. **Rules.** The commissioner may adopt rules to implement this section.

Sec. 12. **[136A.1794] AGRICULTURAL EDUCATION LOAN FORGIVENESS PROGRAM.**

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

(b) "Qualified education loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a qualified teacher.

(c) "Qualified teacher" means a teacher licensed under chapter 122A who:

(1) is employed in a nonadministrative position teaching agricultural education in any grade from grades 5 through 12 at a Minnesota school during the current year; and

(2) has completed an undergraduate or graduate program in agricultural education at a college or university approved by the state of Minnesota to prepare persons for teacher licensure.

(d) "School" means the following:

(1) a school or program operated by a school district or a group of school districts;

(2) a tribal contract school eligible to receive aid according to section 124D.83;

(3) a charter school; or

(4) a private school.

Subd. 2. Account; appropriation. An agricultural education loan forgiveness account is established in the special revenue fund to provide qualified teachers with financial assistance to repay qualified education loans. Money in the account, including interest, is appropriated to the commissioner for purposes of this section.

Subd. 3. Eligibility. (a) To be eligible to participate in the loan forgiveness program under this section, an individual must:

(1) be a qualified teacher;

(2) have qualified education loans; and

(3) submit an application to the commissioner in the form and manner prescribed by the commissioner.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum one-year full-time service obligation according to subdivision 4. To complete the service obligation, the applicant must work full time in Minnesota as a qualified teacher. A participant must complete one year of service under this paragraph for each year the participant receives an award under this section.

Subd. 4. Service obligation. (a) Before receiving loan repayment disbursements and as requested, a participant must verify to the commissioner that the participant is employed in a position that fulfills the service obligation as required under subdivision 3, paragraph (b).

(b) If a participant does not fulfill the required service obligation, the commissioner must collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner must deposit the money collected in the agricultural education loan forgiveness account. The commissioner must allow waivers of all or part of the money owed the commissioner as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum service commitment.

Subd. 5. Loan forgiveness. (a) The commissioner may select eligible applicants each year for participation in the agricultural education loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified education loans.

(b) The commissioner must make annual disbursements directly to the eligible participant of \$3,000 or the balance of the participant's qualified education loans, whichever is less, for each year that the participant meets the eligibility requirements under subdivision 3, up to a maximum of five years.

(c) The participant must provide the commissioner with verification that the full amount of the loan repayment disbursement received by the participant has been applied toward the designated qualified education loan. After each disbursement, verification must be received by the commissioner and approved before the next repayment disbursement is made.

Sec. 13. Minnesota Statutes 2016, section 136A.653, is amended by adding a subdivision to read:

Subd. 5. **Regionally accredited institutions in Minnesota.** (a) A regionally accredited postsecondary institution with its primary physical location in Minnesota is exempt from the provisions of sections 136A.61 to 136A.71, including related fees, when it creates new or modifies existing:

(1) majors, minors, concentrations, specializations, and areas of emphasis within approved degrees;

(2) nondegree programs within approved degrees;

(3) underlying curriculum or courses;

(4) modes of delivery; and

(5) locations.

(b) The institution must annually notify the commissioner of the exempt actions listed in paragraph (a) and, upon the commissioner's request, must provide additional information about the action.

(c) The institution must notify the commissioner within 60 days of a program closing.

(d) Nothing in this subdivision exempts an institution from the annual registration and degree approval requirements of sections 136A.61 to 136A.71.

Sec. 14. Minnesota Statutes 2016, section 136A.685, is amended to read:

136A.685 PRIVATE INSTITUTIONS; ADJUDICATION OF FRAUD OR MISREPRESENTATION.

The office ~~shall not provide~~ may revoke, or deny an application for, registration or degree or name approval to a school if there has been a criminal, civil, or administrative adjudication of fraud or misrepresentation in Minnesota or in another state or jurisdiction against the school or its owner, officers, agents, or sponsoring organization. If the adjudication was related to a particular academic program, the office may revoke degree approval, or deny an application for degree approval, for that program only.

The adjudication of fraud or misrepresentation is sufficient cause for the office to determine that a school:

(1) does not qualify for exemption under section 136A.657; or

(2) is not approved to grant degrees or to use the term "academy," "college," "institute," or "university" in its name.

Sec. 15. Minnesota Statutes 2016, section 136A.902, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The commissioner shall appoint a ~~12-member~~ 14-member advisory council consisting of:

- (1) one member representing the University of Minnesota Medical School;
- (2) one member representing the Mayo Medical School;
- (3) one member representing the Courage Kenny Rehabilitation Center;
- (4) one member representing Hennepin County Medical Center;
- (5) one member who is a neurosurgeon;
- (6) one member who has a spinal cord injury;
- (7) one member who is a family member of a person with a spinal cord injury;
- (8) one member who has a traumatic brain injury;
- (9) one member who is a veteran who has a spinal cord injury ~~or a traumatic brain injury~~;
- (10) one member who is a veteran who has a traumatic brain injury;
- (11) one member who is a family member of a person with a traumatic brain injury;
- ~~(14)~~ (12) one member who is a physician specializing in the treatment of spinal cord injury representing Gillette Children's Specialty Healthcare; and
- ~~(12)~~ (13) one member who is a physician specializing in the treatment of traumatic brain injury; and
- (14) one member representing Gillette Children's Specialty Healthcare.

Sec. 16. **[136F.38] WORKFORCE DEVELOPMENT SCHOLARSHIPS.**

Subdivision 1. **Program established.** The board shall develop a scholarship program to incentivize new students to enter high-demand occupations upon graduation.

Subd. 2. **Scholarship awards.** The program shall award scholarships at the beginning of an academic term, in the amount of \$2,500, to be distributed evenly between two terms.

Subd. 3. **Program eligibility.** (a) Scholarships shall be awarded only to a student eligible for resident tuition, as defined in section 135A.043, who is enrolled in any of the following programs of study or certification: (1) advanced manufacturing; (2) agriculture; (3) health care services; or (4) information technology.

(b) The student must be enrolled for at least nine credits at a two-year college in the Minnesota State Colleges and Universities system.

Subd. 4. **Renewal: cap.** A student who has received a scholarship may apply again but total lifetime awards are not to exceed \$5,000 per student. Students may only be awarded a second scholarship upon completion of two academic terms.

Subd. 5. **Administration.** (a) The board shall establish an application process and other guidelines for implementing this program.

(b) The board shall give preference to students in financial need.

Subd. 6. **Report required.** The board must submit an annual report by February 1 of each year about the scholarship awards to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance and policy. The first report is due no later than February 1, 2019. The annual report shall describe the following:

(1) the number of students receiving a scholarship at each two-year college during the previous fiscal year;

(2) the number of scholarships awarded for each program of study or certification described in subdivision 3, paragraph (a);

(3) the number of scholarship recipients who completed a program of study or certification described in subdivision 3, paragraph (a);

(4) the number of scholarship recipients who secured employment by their graduation date and those who secured employment within three months of their graduation date;

(5) a list of occupations scholarship recipients are entering; and

(6) the number of students who were denied a scholarship.

Sec. 17. [137.45] PROGRAM FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES.

Subdivision 1. **Program required.** The Board of Regents of the University of Minnesota is requested to offer an academic program consistent with the requirements of this section for students with intellectual and developmental disabilities at the University of Minnesota-Morris.

Subd. 2. **Enrollment and admission.** The program must establish an enrollment goal of at least 15 incoming students per academic year. The board is requested to establish an application process for the program. A student who successfully completes the program must be awarded a certificate, diploma, or other appropriate academic credential.

Subd. 3. **Curriculum and activities.** (a) The program must provide an inclusive, full-time, two-year residential college experience for students with intellectual and developmental disabilities. The curriculum must include:

(1) core courses that develop life skills, financial literacy, and the ability to live independently;

(2) rigorous academic work in a student's chosen field of study; and

(3) an internship, apprenticeship, or other skills-based experience to prepare for meaningful employment upon completion of the program.

(b) In addition to academic requirements, the program must allow participating students the opportunity to engage fully in campus life. Program activities must include, but are not limited to:

(1) the establishment of on-campus mentoring and peer support communities; and

(2) opportunities for personal growth through leadership development and other community engagement activities.

(c) The program may tailor its curriculum and activities to highlight academic programs, student and community life experiences, and employment opportunities unique to the campus or the region where the campus is located.

Subd. 4. **Reporting.** By January 15 of each year, the board must submit a report on the program to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over higher education finance and policy. The report must include, but need not be limited to, information regarding:

(1) the number of students participating in the program;

(2) program goals and outcomes; and

(3) the success rate of participants.

EFFECTIVE DATE. This section is effective beginning in the 2018-2019 academic year.

Sec. 18. **[137.47] FETAL TISSUE RESEARCH.**

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

(b) "Aborted fetal tissue" means fetal tissue that is available as a result of an elective abortion.

(c) "Fetal tissue" means any body part, organ, or cell of an unborn human child. Fetal tissue does not include tissue or cells obtained from a placenta, umbilical cord, or amniotic fluid.

(d) "Institutional Review Board" or "IRB" means the University of Minnesota's Institutional Review Board, the primary unit responsible for oversight of human subjects research protections.

(e) "Fetal Tissue Research Committee" or "FTR" means an oversight committee at the University of Minnesota with the responsibility to oversee, review, and approve or deny research using fetal tissue.

(f) "Non-aborted fetal tissue" means fetal tissue that is available as a result of a miscarriage or stillbirth, or fetal tissue from a living unborn child.

(g) "Research" means systematic investigation, including development, testing, and evaluation, designed to develop or contribute to generalizable knowledge. Research does not include a procedure or test administered to a particular patient by a physician for medical purposes.

Subd. 2. **Approval by the Fetal Tissue Research Committee.** (a) A researcher at the University of Minnesota must obtain approval from the FTR before conducting research using fetal tissue. The FTR must consider whether alternatives to fetal tissue would be sufficient for the research. If the proposed research involves aborted fetal tissue, the researcher must provide a written narrative justifying the use of aborted fetal tissue and discussing whether alternatives to aborted fetal tissue, including non-aborted fetal tissue, can be used.

(b) The FTR must submit its decision to the IRB. The IRB is requested to review the conclusions of the FTR to ensure that all alternatives have been considered.

Subd. 3. **Legislative report.** (a) No later than January 15 of each year, the Board of Regents must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education policy and finance and health and human services policy and finance. The report must describe:

(1) all fetal tissue research proposals submitted to the FTR or IRB, including any written narrative required under subdivision 2;

(2) whether the research proposal involved aborted fetal tissue;

(3) action by the FTR or IRB on all fetal tissue research proposals, including whether the proposal was approved by the FTR or IRB;

(4) a list of all new or ongoing fetal tissue research projects at the university, including:

(i) the date that the project was approved by the FTR or IRB;

(ii) the source of funding for the project;

(iii) the goal or purpose of the project;

(iv) whether the fetal tissue used is aborted fetal tissue or non-aborted fetal tissue;

(v) the source of the fetal tissue used;

(vi) references to any publicly available information about the project, such as National Institutes of Health grant award information; and

(vii) references to any publications resulting from the project.

(b) The report must not include a researcher's name, other identifying information, contact information, or the location of a laboratory or office.

Subd. 4. **Education on compliance to applicable laws and policies.** The University of Minnesota is requested to conduct education programs for all students and employees engaged in research on fetal tissue. Programs are requested to include mandatory comprehensive training on applicable federal and state laws, university policies and procedures, and other professional standards related to the respectful, humane, and ethical treatment of fetal tissue in research.

Sec. 19. Minnesota Statutes 2016, section 148.89, subdivision 5, is amended to read:

Subd. 5. Practice of psychology. "Practice of psychology" means the observation, description, evaluation, interpretation, or modification of human behavior by the application of psychological principles, methods, or procedures for any reason, including to prevent, eliminate, or manage symptomatic, maladaptive, or undesired behavior and to enhance interpersonal relationships, work, life and developmental adjustment, personal and organizational effectiveness, behavioral health, and mental health. The practice of psychology includes, but is not limited to, the following services, regardless of whether the provider receives payment for the services:

(1) psychological research and teaching of psychology subject to the exemptions in section 148.9075;

(2) assessment, including psychological testing and other means of evaluating personal characteristics such as intelligence, personality, abilities, interests, aptitudes, and neuropsychological functioning;

(3) a psychological report, whether written or oral, including testimony of a provider as an expert witness, concerning the characteristics of an individual or entity;

(4) psychotherapy, including but not limited to, categories such as behavioral, cognitive, emotive, systems, psychophysiological, or insight-oriented therapies; counseling; hypnosis; and diagnosis and treatment of:

(i) mental and emotional disorder or disability;

(ii) alcohol and substance dependence or abuse;

(iii) disorders of habit or conduct;

(iv) the psychological aspects of physical illness or condition, accident, injury, or disability, including the psychological impact of medications;

(v) life adjustment issues, including work-related and bereavement issues; and

(vi) child, family, or relationship issues;

(5) psychoeducational services and treatment; and

(6) consultation and supervision.

Sec. 20. **[148.9075] LICENSURE EXEMPTIONS.**

Subdivision 1. **Teaching and research.** Nothing in sections 148.88 to 148.98 shall be construed to prevent a person employed in a secondary, postsecondary, or graduate institution from teaching and conducting research in psychology within an educational institution that is recognized by a regional accrediting organization or by a federal, state, county, or local government institution, agency, or research facility, so long as:

(1) the institution, agency, or facility provides appropriate oversight mechanisms to ensure public protections; and

(2) the person is not providing direct clinical services to a client or clients as defined in sections 148.88 to 148.98.

Subd. 2. **Students.** Nothing in sections 148.88 to 148.98 shall prohibit the practice of psychology under qualified supervision by a practicum psychology student, a predoctoral psychology intern, or an individual who has earned a doctoral degree in psychology and is in the process of completing their postdoctoral supervised psychological employment.

Sec. 21. **[298.2215] COUNTY SCHOLARSHIP PROGRAM.**

Subdivision 1. **Establishment.** A county may establish a scholarship fund from any unencumbered revenue received pursuant to section 298.018, 298.28, 298.39, 298.396, or 298.405 or any law imposing a tax upon severed mineral values. Scholarships must be used at a two-year Minnesota State Colleges and Universities institution within the county. The county shall establish procedures for applying for and distributing the scholarships.

Subd. 2. **Eligibility.** An applicant for a scholarship under this section must be a resident of the county at the time of the applicant's high school graduation. The county may establish additional eligibility criteria.

Sec. 22. Laws 2014, chapter 312, article 1, section 15, is amended to read:

Sec. 15. **UNIVERSITY OF MINNESOTA BASE ADJUSTMENT.**

(a) For fiscal years 2016 to ~~2044~~ 2017, \$3,500,000 is added to the base operations and maintenance appropriation to the Board of Regents of the University of Minnesota in Laws 2013, chapter 99, article 1, section 5.

(b) For fiscal years 2018 to 2040, \$3,312,000 is added to the base operations and maintenance appropriation to the Board of Regents of the University of Minnesota in Laws 2013, chapter 99, article 1, section 5.

Sec. 23. **DEVELOPMENTAL EDUCATION REFORM.**

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall create a plan to reform developmental education offerings on system campuses aimed at reducing the number of students placed into developmental education. The plan must include, but is not limited to:

(1) a systemwide multiple measures placement plan to guide campuses in placement of students into developmental education courses;

(2) uniform cut scores for student placement, where appropriate, which will lead to fewer students being placed into developmental education courses;

(3) other identified system policy changes, including an appeals process, that will decrease the number of students being placed into developmental education courses;

(4) accelerated pathways in mathematics, reading, and composition to ensure students can complete developmental education work in no more than one year, including allowing for students to complete college-level gateway courses in one year whenever possible;

(5) a comprehensive examination of the cost structure of developmental education, including potential financial incentives for students or other mechanisms to lower the cost of developmental offerings for students; and

(6) identified best practices and targeted support strategies such as the use of supplemental instruction, that may be used on every system campus around developmental education offerings.

(b) The plan must include deadlines for implementation of proposed changes and must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy by February 15, 2018.

(c) The plan, in its entirety, shall be implemented by the start of the 2020-2021 academic term, with individual provisions being implemented earlier as dictated by the plan.

Sec. 24. **GREATER MINNESOTA OUTREACH AND RECRUITMENT.**

The Board of Regents of the University of Minnesota is requested to develop a plan to conduct outreach and recruitment of students from Minnesota, specifically identifying mechanisms to increase the number of students from greater Minnesota who are admitted to the university campus located in the metropolitan area. Greater Minnesota is defined as any area other than the area described in Minnesota Statutes, section 473.121, subdivision 4. The plan must be submitted to the chairs and ranking members of the senate and house of representatives legislative committees with jurisdiction over higher education finance and policy by February 15, 2018.

Sec. 25. **UNIVERSITY OF MINNESOTA FETAL TISSUE RESEARCH; LEGISLATIVE AUDITOR REVIEW.**

(a) The legislative auditor is requested to complete a comprehensive review of the use of fetal tissue in research activities at the University of Minnesota. The review must include:

(1) the total number of research activities in which fetal tissue is currently or has been previously used, including those that are in progress and those that have been completed;

(2) the cost of acquiring fetal tissues for use in research activities, itemized by the source of funds used for procurement, including funds from federal, state, and other public sources, and funds derived from student tuition and fees;

(3) the extent to which the conduct of the research activities complies with applicable federal and state laws related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues;

(4) the extent to which the conduct of the research activities complies with applicable Board of Regents policies and procedures related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues; and

(5) whether applicable Board of Regents policies include provisions to ensure fetal tissue is used in research activities only when necessary, and to ensure that the research activities are conducted in an ethical manner, including whether procedures and protocols for oversight have been implemented to verify compliance with these policies.

(b) As used in this section, "research activities" include any academic fetal tissue research or fetal tissue transplantation research activity or program conducted in a University of Minnesota facility, or that is supported, directly or indirectly, by University of Minnesota funds.

EFFECTIVE DATE. This section is effective the day following final enactment. The legislative auditor is requested to complete the review no later than one year following final enactment.

Sec. 26. **STATE GRANT REPORT.**

(a) The commissioner of higher education must report to the legislature the estimated amount of funding necessary for the state grant program to fully meet the financial aid needs of lower- and middle-income Minnesota college students based on the program's shared responsibility design. The report must include an estimate of:

(1) the amount a student should be expected to contribute toward the cost of education through borrowing and employment;

(2) the amount a student's family should be expected to contribute toward the cost of education, based on the family's financial circumstances;

(3) the actual living and miscellaneous expenses of a student, including room, board, transportation, and the cost of textbooks; and

(4) equitable tuition maximums for public and nonprofit institutions that reflect both tuition charged and the subsidy provided to all students at public institutions received through direct appropriations.

(b) The commissioner must submit the report to the higher education committees of the legislature by October 15, 2017.

Sec. 27. **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.

Sec. 28. **LIVING AND MISCELLANEOUS EXPENSE ALLOWANCE.**

The living and miscellaneous expense allowance for the state grant program under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2019, is set at \$9,320 for each fiscal year of the biennium.

Sec. 29. **ONGOING APPROPRIATION.**

The appropriation under Laws 2016, chapter 189, article 25, section 62, subdivision 11, may be used to provide grants for any purpose under Minnesota Statutes, section 136A.1275.

ARTICLE 3
OFFICE OF HIGHER EDUCATION AGENCY POLICY

Section 1. Minnesota Statutes 2016, section 135A.15, subdivision 1a, is amended to read:

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

Sec. 2. Minnesota Statutes 2016, section 136A.103, is amended to read:

136A.103 INSTITUTION ELIGIBILITY REQUIREMENTS.

(a) A postsecondary institution is eligible for state student aid under chapter 136A and sections 197.791 and 299A.45, if the institution is located in this state and:

(1) is operated by this state or the Board of Regents of the University of Minnesota; or

(2) is operated privately and, as determined by the office, meets the requirements of paragraph (b).

(b) A private institution must:

- (1) maintain academic standards substantially equivalent to those of comparable institutions operated in this state;
- (2) be licensed or registered as a postsecondary institution by the office; and

(3)(i) by July 1, 2010, participate in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, Public Law 89-329, as amended; or

(ii) if an institution was participating in state student aid programs as of June 30, 2010, and the institution did not participate in the federal Pell Grant program by June 30, 2010, the institution must require every student who enrolls to sign a disclosure form, provided by the office, stating that the institution is not participating in the federal Pell Grant program.

(c) An institution that offers only graduate-level degrees or graduate-level nondegree programs, ~~or that offers only degrees or programs that do not meet the required minimum program length to participate in the federal Pell Grant program,~~ is an eligible institution if the institution is licensed or registered as a postsecondary institution by the office.

(d) An eligible institution under paragraph (b), clause (3), item (ii), that changes ownership as defined in section 136A.63, subdivision 2, must participate in the federal Pell Grant program within four calendar years of the first ownership change to continue eligibility.

(e) An institution that loses its eligibility for the federal Pell Grant program is not an eligible institution.

(f) An institution must maintain adequate administrative and financial standards and compliance with all state statutes, rules, and administrative policies related to state financial aid programs.

Sec. 3. Minnesota Statutes 2016, section 136A.1795, subdivision 4, is amended to read:

Subd. 4. **Loan forgiveness.** (a) The commissioner may select a maximum of five applicants each year for participation in the loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified educational loans.

(b) The commissioner must select participants based on their suitability for practice serving the designated rural area, as indicated by experience or training. The commissioner must give preference to applicants closest to completing their training.

(c) The commissioner must make annual disbursements directly to the participant of \$15,000 or the balance of the participant's qualifying educational loans, whichever is less, for each year that a participant meets the service obligation required under subdivision 3, paragraph (b), up to a maximum of five years.

(d) Before receiving loan repayment disbursements and as requested, the participant must complete and return to the commissioner ~~an affidavit~~ a confirmation of practice form provided by the commissioner verifying that the participant is practicing as required under subdivision 2, paragraph (a). The participant must provide the commissioner with verification that the full amount of loan repayment disbursement received by the participant has been applied toward the designated loans. After each disbursement, verification must be received by the commissioner and approved before the next loan repayment disbursement is made.

(e) Participants who move their practice remain eligible for loan repayment as long as they practice as required under subdivision 2, paragraph (a).

Sec. 4. Minnesota Statutes 2016, section 136A.62, is amended by adding a subdivision to read:

Subd. 8. **Entity.** "Entity" means a specific school or campus location.

Sec. 5. Minnesota Statutes 2016, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) ~~In the event~~ New schools that have been granted conditional approval for degrees or names to allow them the opportunity to apply for and receive accreditation under section 136A.65, subdivision 7, or any registered institution that is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), the institution shall provide a surety bond conditioned upon the faithful performance of all contracts and agreements with students in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 nor more than \$250,000.

(b) In lieu of a bond, the applicant may deposit with the commissioner of management and budget:

(1) a sum equal to the amount of the required surety bond in cash; ~~or~~

(2) securities, as may be legally purchased by savings banks or for trust funds, in an aggregate market value equal to the amount of the required surety bond; ~~or~~

(3) an irrevocable letter of credit issued by a financial institution to the amount of the required surety bond.

(c) The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In the event of a school closure, the additional security must first be used to destroy any private educational data under section 13.32 left at a physical campus in Minnesota after all other governmental agencies have recovered or retrieved records under their record retention policies. Any remaining funds must then be used to reimburse tuition and fee costs to students that were enrolled at the time of the closure or had withdrawn in the previous 120 calendar days but did not graduate. Priority for refunds will be given to students in the following order:

(1) cash payments made by the student or on behalf of a student;

(2) private student loans; and

(3) Veteran Administration education benefits that are not restored by the Veteran Administration. If there are additional security funds remaining, the additional security funds may be used to cover any administrative costs incurred by the office related to the closure of the school.

Sec. 6. Minnesota Statutes 2016, section 136A.65, subdivision 1a, is amended to read:

Subd. 1a. **Accreditation; requirement.** ~~(a) A school must not be registered or authorized to offer any degree at any level unless the school is accredited~~ has institutional accreditation by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any

registered school undergoing institutional accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, ~~including~~ excluding any exit interviews. The institution must provide the office with a copy of the final report upon ~~receipt~~ request of the office.

(b) A school must not be authorized to offer any degree unless the program has programmatic accreditation or the school has institutional accreditation by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any program offered by a registered school that does not have institutional accreditation and is undergoing programmatic accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, excluding any exit interviews. The school must provide the office with a copy of the final report by the accreditor upon request of the office.

Sec. 7. Minnesota Statutes 2016, section 136A.65, subdivision 4, is amended to read:

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

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

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

(3) the school operates in conformity with generally accepted ~~budgeting and~~ accounting principles according to the type of school;

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

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

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

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

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

(9) the school provides information to students and prospective students concerning:

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

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

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

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

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

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

(b) An application for degree approval must also include:

(i) title of degree and formal recognition awarded;

(ii) location where such degree will be offered;

(iii) proposed implementation date of the degree;

(iv) admissions requirements for the degree;

(v) length of the degree;

(vi) projected enrollment for a period of five years;

(vii) the curriculum required for the degree, including course syllabi or outlines;

(viii) statement of academic and administrative mechanisms planned for monitoring the quality of the proposed degree;

(ix) statement of satisfaction of professional licensure criteria, if applicable;

(x) documentation of the availability of clinical, internship, externship, or practicum sites, if applicable; and

(xi) statement of how the degree fulfills the institution's mission and goals, complements existing degrees, and contributes to the school's viability.

Sec. 8. Minnesota Statutes 2016, section 136A.65, subdivision 7, is amended to read:

Subd. 7. **Conditional approval.** (a) The office may grant a school a one-year conditional approval for a degree or use of a term in its name ~~for a period of less than one year~~ if doing so would be in the best interests of currently enrolled students or prospective students. Conditional approval of a degree or use of a term under this paragraph must not exceed a period of three years.

(b) The office may grant new schools ~~may be granted~~ and programs a one-year conditional approval for degrees or ~~names annually for a period not to exceed five years~~ use of a term in its name to allow ~~them~~ the school the opportunity to apply for and receive accreditation as required in subdivision 1a. Conditional approval of a school or program under this paragraph must not exceed a period of five years. A new school or program granted conditional approval may be allowed to continue ~~as a registered institution~~ in order to complete an accreditation process upon terms and conditions the office determines.

(c) The office may grant a registered school a one-year conditional approval for degrees or use of a term in its name to allow the school the opportunity to apply for and receive accreditation as required in subdivision 1a if the school's accrediting agency is no longer recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. The office must not grant conditional approvals under this paragraph to a school for a period of more than five years.

(d) The office may grant a registered school a one-year conditional approval for degrees or use of a term in its name to allow the school to change to a different accrediting agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. The office must not grant conditional approvals under this paragraph to a school for a period of more than five years.

Sec. 9. Minnesota Statutes 2016, section 136A.653, is amended to read:

136A.653 EXEMPTIONS.

Subdivision 1. **Application.** A school that seeks an exemption under this section from the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or until a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

~~Subdivision 1.~~ Subd. 1a. **Exemption Private career schools.** A school that is subject to licensing by the office under sections 136A.82 to 136A.834 is exempt from the provisions of sections 136A.61 to 136A.71. The determination of the office as to whether a particular school is subject to regulation under sections 136A.82 to 136A.834 is final for the purposes of this exemption.

Subd. 2. **Educational program; nonprofit organizations.** Educational programs which are sponsored by a bona fide and nonprofit trade, labor, business, professional or fraternal organization, which programs are conducted solely for that organization's membership or for the members of the particular industries or professions served by that organization, and which are not available to the public on a fee basis, are exempted from the provisions of sections 136A.61 to 136A.71.

Subd. 3. **Educational program; business firms.** Educational programs which are sponsored by a business firm for the training of its employees or the employees of other business firms with which it has contracted to provide educational services at no cost to the employees are exempted from the provisions of sections 136A.61 to 136A.71.

Subd. 3a. **Tuition-free educational courses.** A school, including a school using an online platform service, offering training, courses, or programs is exempt from sections 136A.61 to 136A.71, to the extent ~~it offers tuition free courses to students in Minnesota. A course will be considered tuition free if the school charges no tuition and the required fees and other required charges paid by the student for the course~~ tuition, fees, and any other charges for a student to participate do not exceed two percent of the most recent average undergraduate tuition and required fees as of January 1 of the current year charged for full-time students at all degree-granting institutions as published annually by the United States Department of Education as of January 1 of each year. To qualify for an exemption, a school or online platform service must prominently display a notice comparable to the following: "IMPORTANT: Each educational institution makes its own decision regarding whether to accept completed coursework for credit. Check with your university or college."

Subd. 4. **Voluntary submission.** Any school or program exempted from the provisions of sections 136A.61 to 136A.71 by the provisions of this section may voluntarily submit to the provisions of those sections.

Sec. 10. Minnesota Statutes 2016, section 136A.657, is amended by adding a subdivision to read:

Subd. 5. **Application.** A school that seeks an exemption under this section from the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Sec. 11. Minnesota Statutes 2016, section 136A.67, is amended to read:

136A.67 REGISTRATION REPRESENTATIONS.

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

Sec. 12. **[136A.672] STUDENT COMPLAINTS.**

Subdivision 1. **Authority.** The office has the authority to review and take appropriate action on student complaints from schools covered under the provisions of sections 136A.61 to 136A.71.

Subd. 2. **Complaint.** A complaint must be in writing, be signed by a student, and state how the school's policies and procedures or sections 136A.61 to 136A.71 were violated. Student complaints shall be limited to complaints that occurred within six years from the date the concern should have been discovered with reasonable effort and after the student has utilized the school's internal complaint process. Students do not have to utilize a school's internal complaint process before the office has authority when the student is alleging fraud or misrepresentation. The office shall not investigate grade disputes, student conduct proceedings, disability accommodation requests, and discrimination claims, including Title IX complaints.

Subd. 3. **Investigation.** The office shall initiate an investigation upon receipt of a complaint within the authority of subdivision 2. A school involved in an investigation shall be informed of the alleged violations and the processes of the investigation. A school involved in an investigation shall respond to the alleged violations and provide requested documentation to the office. Upon completing an investigation, the office shall inform the school and the student of the investigation outcome.

Subd. 4. **Penalties.** If violations are found, the office may require remedial action by the school or assign a penalty under section 136A.705. Remedial action may include student notification of violations, adjustments to the school's policies and procedures, and tuition or fee refunds to impacted students.

Subd. 5. **Contested case hearing.** The school or the office may initiate a contested case hearing under chapter 14 if attempts at a resolution are unsuccessful or within 30 days of the date the school is notified of the action of the office. The prevailing party may recover costs, disbursements, and reasonable attorney fees, as determined by the court or administrative law judge.

Sec. 13. Minnesota Statutes 2016, section 136A.68, is amended to read:

136A.68 RECORDS.

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

(1) at least one copy of the records must be held in a secure, fireproof depository or duplicate records must be maintained off site in a secure location and in a manner approved by the office;

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

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

(4) if the school has no binding agreement approved by the office for preserving student records, a continuous surety bond or an irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 14. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 13. Compliance audit. "Compliance audit" means an audit of a school's compliance with federal requirements related to its participation in federal Title IV student aid programs or other federal grant programs performed under either Uniform Grant Guidance, including predecessor Federal Circular A-133, or the United States Department of Education's audit guide, Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers.

Sec. 15. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 14. Entity. "Entity" means a specific school or campus location.

Sec. 16. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 15. Higher-level entity. "Higher-level entity" means a corporate parent or ultimate parent company or, in the case of a public school, the larger public system of which an entity is a part.

Sec. 17. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 16. Audited financial statements. "Audited financial statements" means the financial statements of an entity or higher-level entity that have been examined by a certified public accountant or an equivalent government agency for public entities that include (1) an auditor's report, a statement of financial position, an income statement, a statement of cash flows, and notes to the financial statements or (2) the required equivalents for public entities as determined by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the Securities and Exchange Commission.

Sec. 18. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 17. **Review-level engagement.** "Review-level engagement" means a service performed by a certified public accountant that provides limited assurance that there are no material modifications that need to be made to an entity's financial statements in order for them to conform to generally accepted accounting principles. Review-level engagement provides fewer assurances than those reported under audited financial statements.

Sec. 19. Minnesota Statutes 2016, section 136A.822, subdivision 4, is amended to read:

Subd. 4. **Application.** Application for a license shall be on forms prepared and furnished by the office, and shall include the following and other information as the office may require:

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

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

(3) the place or places where the instruction will be given;

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

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

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

(7) financial documents related to the entity's and higher-level entity's most recently completed fiscal year:

(i) annual gross revenues from all sources;

(ii) financial statements subjected to a review level engagement or, if requested by the office, audited financial statements;

(iii) a school's most recent compliance audit, if applicable; and

(iv) a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;

(8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by the private career school;

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

(10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges, ~~unless the private career school files with the office a surety bond equal to at least \$250,000 as described in subdivision 6.~~

Sec. 20. Minnesota Statutes 2016, section 136A.822, subdivision 6, is amended to read:

Subd. 6. **Bond.** (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

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

(2) A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board, except not including those schools licensed exclusively in order to participate in state grants or SELF loan financial aid programs, shall be required to provide a school bond of \$10,000.

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

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

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

Sec. 21. Minnesota Statutes 2016, section 136A.822, subdivision 12, is amended to read:

Subd. 12. **Permanent records.** A private career school licensed under sections 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a private career school shall submit a plan that meets the following requirements:

- (1) at least one copy of the records must be held in a secure, fireproof depository;
- (2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;
- (3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the private career school ceases to exist; and

(4) a continuous surety bond or irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000 if the private career school has no binding agreement approved by the office, for preserving student records. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 22. Minnesota Statutes 2016, section 136A.822, subdivision 13, is amended to read:

Subd. 13. **Private career schools licensed by another state agency or board.** A private career school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name or licensed for the purpose of participating in state financial aid under chapter 136A, and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 4, clauses (1), (2), (3), (5), (7), ~~(8)~~, and (10); 5; 6, paragraph (b), clause (2); 8, clauses (1), ~~(4)~~, ~~(7)~~, ~~(8)~~, and (9); 9; 10, ~~clause (13)~~; and 12. If a school is licensed to participate in state financial aid under this chapter, the school must follow the refund policy in section 136A.827, even if that section conflicts with the refund policy of the licensing agency or board. A distance education private career school located in another state, or a school licensed to recruit Minnesota residents for attendance at a school outside of this state, or a school licensed by another state agency as its primary licensing body, may continue to use the school's name as permitted by its home state or its primary licensing body.

Sec. 23. Minnesota Statutes 2016, section 136A.826, subdivision 2, is amended to read:

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

- (1) the name and address of the private career school, clearly stated;
- (2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the private career school unless canceled under section 136A.827;
- (3) the private career school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";
- (4) a clear statement of total cost of the program including tuition and all other charges;
- (5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and
- (6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address, e-mail address, or phone number of the seller to which the notice should be sent or delivered.

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

Sec. 24. Minnesota Statutes 2016, section 136A.827, subdivision 2, is amended to read:

Subd. 2. **Private career schools using written contracts.** (a) Notwithstanding anything to the contrary, a private career school that uses a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student, if the student gives ~~written~~ notice of cancellation within five business days after the day on which the contract was executed regardless of whether the program has started.

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

Sec. 25. Minnesota Statutes 2016, section 136A.827, subdivision 3, is amended to read:

Subd. 3. **Notice; amount.** (a) A private career school shall refund all tuition, fees and other charges paid by a student if the student gives ~~written~~ notice of cancellation within five business days after the day on which the student is accepted by the private career school regardless of whether the program has started.

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

Sec. 26. Minnesota Statutes 2016, section 136A.828, subdivision 3, is amended to read:

Subd. 3. **False statements.** (a) A private career school, agent, or solicitor shall not make, or cause to be made, any statement or representation, oral, written or visual, in connection with the offering or publicizing of a program, if the private career school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

(b) Other than opinion-based statements or puffery, a school shall only make claims that are evidence-based, can be validated, and are based on current conditions and not on conditions that are no longer relevant.

(c) A school shall not guarantee or imply the guarantee of employment.

(d) A school shall not guarantee or advertise any certain wage or imply earnings greater than the prevailing wage for entry-level wages in the field of study for the geographic area unless advertised wages are based on verifiable wage information from graduates.

(e) If placement statistics are used in advertising or other promotional materials, the school must be able to substantiate the statistics with school records. These records must be made available to the office upon request. A school is prohibited from reporting the following in placement statistics:

(1) a student required to receive a job offer or start a job to be classified as a graduate;

(2) a graduate if the graduate held a position before enrolling in the program, unless graduating enabled the graduate to maintain the position or the graduate received a promotion or raise upon graduation;

(3) a graduate who works less than 20 hours per week; and

(4) a graduate who is not expected to maintain the position for at least 180 days.

(f) A school shall not use endorsements, commendations, or recommendations by a student in favor of a school except with the consent of the student and without any offer of financial or other material compensation. Endorsements may be used only when they portray current conditions.

(g) A school may advertise that the school or its programs have been accredited by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation, but shall not advertise any other accreditation unless approved by the office. The office may approve an institution's advertising of accreditation that is not recognized by the United States Department of Education or the Council for Higher Education if that accreditation is industry specific. Clear distinction must be made when the school is in candidacy or application status versus full accreditation.

(h) A school may advertise that financial aid is available, including a listing of the financial aid programs in which the school participates, but federal or state financial aid shall not be used as a primary incentive in advertisement, promotion, or recruitment.

(i) A school may advertise placement or career assistance, if offered, but shall not use the words "wanted," "help wanted," or "trainee," either in the headline or the body of the advertisement.

(j) A school shall not be advertised under any "help wanted," "employment," or similar classification.

(k) A school shall not falsely claim that it is conducting a talent hunt, contest, or similar test.

(l) The commissioner, at any time, may require a retraction of a false, misleading, or deceptive claim. To the extent reasonable, the retraction must be published in the same manner as the original claim.

Sec. 27. **[136A.8295] STUDENT COMPLAINTS.**

Subdivision 1. **Authority.** The office has the authority to review and take appropriate action on student complaints from schools covered under the provisions of sections 136A.822 to 136A.834.

Subd. 2. **Complaint.** A complaint must be in writing, be signed by a student, and state how the school's policies and procedures or sections 136A.822 to 136A.834 were violated. Student complaints shall be limited to complaints that occurred within six years from the date the concern should have been discovered with reasonable effort and after the student has utilized the school's internal complaint process. Students do not have to utilize a school's internal complaint process before the office has authority when the student is alleging fraud or misrepresentation. The office shall not investigate grade disputes, student conduct proceedings, disability accommodation requests, and discrimination claims, including Title IX complaints.

Subd. 3. **Investigation.** The office shall initiate an investigation upon receipt of a complaint within the authority of subdivision 2. A school involved in an investigation shall be informed of the alleged violations and the processes of the investigation. A school involved in an investigation shall respond to the alleged violations and provide requested documentation to the office. Upon completion of an investigation, the office shall inform the school and the student of the investigation outcome.

Subd. 4. **Penalties.** If violations are found, the office may require remedial action by the school or assign a penalty under section 136A.832. Remedial action may include student notification of violations, adjustments to the school's policies and procedures, and tuition or fee refunds to impacted students.

Sec. 28. Minnesota Statutes 2016, section 136A.83, is amended to read:

136A.83 INSPECTION.

(a) The office or a delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any private career school or applicant for license at any reasonable time. The office may require the submission of ~~a certified public audit, or if there is no such audit available~~ audited financial statements.

The office or a delegate may inspect the financial books and records of the private career school. In no event shall such financial information be used by the office to regulate or set the tuition or fees charged by the private career school.

(b) Data obtained from an inspection of the financial records of a private career school or submitted to the office as part of a license application or renewal are nonpublic data as defined in section 13.02, subdivision 9. Data obtained from inspections may be disclosed to other members of the office, to law enforcement officials, or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

Sec. 29. Minnesota Statutes 2016, section 136A.833, is amended to read:

136A.833 EXEMPTIONS.

Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the provisions of sections 136A.822 to 136A.834 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Subd. 2. **Exemption reasons.** Sections 136A.821 to 136A.832 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) postsecondary institutions registered under sections 136A.61 to 136A.71;
- (3) private career schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;
- (4) private schools complying with the requirements of section 120A.22, subdivision 4;
- (5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (6) private career schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;
- (7) private career schools licensed by boards authorized under Minnesota law to issue licenses except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;
- (8) private career schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;
- (9) private career schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names unless the private career school used "academy" or "institute" in its name prior to August 1, 2008;
- (10) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

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

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

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

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

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

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

(17) private career schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions if the distance education instruction does not include internships, externships, field placements, or clinical placements for residents of Minnesota; and

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

Sec. 30. Minnesota Statutes 2016, section 136A.834, is amended by adding a subdivision to read:

Subd. 5. **Application.** A school that seeks an exemption from the provisions of sections 136A.82 to 136A.834 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Sec. 31. Laws 2015, chapter 69, article 3, section 20, subdivision 10, is amended to read:

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

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

Delete the title and insert:

"A bill for an act relating to higher education; providing funding and policy 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; providing financial aid and student loan forgiveness programs; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 43A.06, subdivision 1; 135A.031, subdivision 7; 135A.15, subdivision 1a; 136A.101, subdivision 5a; 136A.103; 136A.125, subdivisions 2, 4; 136A.1275; 136A.1795, subdivision 4; 136A.62, by adding a subdivision; 136A.646; 136A.65, subdivisions 1a, 4, 7; 136A.653; 136A.657, by adding a subdivision; 136A.67; 136A.68; 136A.685; 136A.821, by adding subdivisions; 136A.822, subdivisions 4, 6, 12, 13; 136A.826, subdivision 2; 136A.827, subdivisions 2, 3; 136A.828, subdivision 3; 136A.83; 136A.833; 136A.834, by adding a subdivision; 136A.902, subdivision 1; 148.89, subdivision 5; Laws 2014, chapter 312, article 1, section 15; Laws 2015, chapter 69, article 3, section 20, subdivision 10; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; 148; 298."

We request the adoption of this report and repassage of the bill.

Senate Conferees: MICHELLE L. FISCHBACH, RICH DRAHEIM, PAUL ANDERSON and SCOTT M. JENSEN.

House Conferees: BUD NORNES, DREW CHRISTENSEN, BRIAN DANIELS and ABIGAIL WHELAN.

Nornes moved that the report of the Conference Committee on S. F. No. 2214 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Nornes motion and the roll was called. There were 75 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Albright	Dean, M.	Haley	Layman	O'Neill	Swedzinski
Anderson, P.	Dettmer	Hamilton	Lohmer	Peppin	Torkelson
Anderson, S.	Drazkowski	Heintzeman	Loon	Petersburg	Uglen
Anselmo	Erickson	Hertaus	Loonan	Peterson	Urdahl
Backer	Fabian	Hoppe	Lucero	Pierson	Vogel
Bahr, C.	Fenton	Howe	Lueck	Poston	West
Baker	Franke	Jessup	McDonald	Pugh	Whelan
Barr, R.	Franson	Johnson, B.	Miller	Quam	Wills
Bennett	Garofalo	Jurgens	Nash	Rarick	Zerwas
Christensen	Green	Kiel	Neu	Runbeck	Spk. Daudt
Cornish	Grossell	Knoblach	Newberger	Schomacker	
Daniels	Gruenhagen	Koznick	Nornes	Scott	
Dauids	Gunther	Kresha	O'Driscoll	Smith	

Those who voted in the negative were:

Allen	Bly	Considine	Flanagan	Hilstrom	Johnson, S.
Applebaum	Carlson, A.	Dehn, R.	Freiberg	Hornstein	Koegel
Becker-Finn	Carlson, L.	Ecklund	Hansen	Hortman	Kunesh-Podein
Bernardy	Clark	Fischer	Hausman	Johnson, C.	Lee

Lesch	Mahoney	Moran	Omar	Rosenthal	Sundin
Liebling	Marquart	Murphy, E.	Pelowski	Sandstede	Thissen
Lien	Masin	Murphy, M.	Pinto	Sauke	Wagenius
Lillie	Maye Quade	Nelson	Poppe	Schultz	Ward
Loeffler	Metsa	Olson	Pryor	Slocum	Youakim

The motion prevailed.

The Speaker resumed the Chair.

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 by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 75 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Albright	Dean, M.	Haley	Layman	O'Neill	Swedzinski
Anderson, P.	Dettmer	Hamilton	Lohmer	Peppin	Torkelson
Anderson, S.	Drazkowski	Heintzeman	Loon	Petersburg	Uglen
Anselmo	Erickson	Hertaus	Loonan	Peterson	Urdahl
Backer	Fabian	Hoppe	Lucero	Pierson	Vogel
Bahr, C.	Fenton	Howe	Lueck	Poston	West
Baker	Franke	Jessup	McDonald	Pugh	Whelan
Barr, R.	Franson	Johnson, B.	Miller	Quam	Wills
Bennett	Garofalo	Jurgens	Nash	Rarick	Zerwas
Christensen	Green	Kiel	Neu	Runbeck	Spk. Daudt
Cornish	Grossell	Knoblach	Newberger	Schomacker	
Daniels	Gruenhagen	Koznick	Nornes	Scott	
Dauids	Gunther	Kresha	O'Driscoll	Smith	

Those who voted in the negative were:

Allen	Dehn, R.	Hortman	Lillie	Murphy, M.	Sandstede
Applebaum	Ecklund	Johnson, C.	Loeffler	Nelson	Sauke
Becker-Finn	Fischer	Johnson, S.	Mahoney	Olson	Schultz
Bernardy	Flanagan	Koegel	Marquart	Omar	Slocum
Bly	Freiberg	Kunesh-Podein	Masin	Pelowski	Sundin
Carlson, A.	Hansen	Lee	Maye Quade	Pinto	Thissen
Carlson, L.	Hausman	Lesch	Metsa	Poppe	Wagenius
Clark	Hilstrom	Liebling	Moran	Pryor	Ward
Considine	Hornstein	Lien	Murphy, E.	Rosenthal	Youakim

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

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

S. F. No. 803.

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

CAL R. LUDEMAN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. No. 803

A bill for an act relating to public safety; appropriating money for public safety, courts, corrections, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Sentencing Guidelines, Peace Officer Standards and Training (POST) Board, Private Detective Board, and Human Rights; lowering certain court-related fees; amending Minnesota Statutes 2016, sections 13.69, subdivision 1; 271.21, subdivision 2; 357.021, subdivision 2; 609.748, subdivision 3a.

May 8, 2017

The Honorable Michelle L. Fischbach
President of the Senate

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

We, the undersigned conferees for S. F. No. 803 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 803 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1 APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "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. Appropriations for the fiscal year ending June 30, 2017, are effective the day following final enactment.

	<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>	
	<u>2017</u>	<u>2018</u>
		<u>2019</u>
Sec. 2. <u>SUPREME COURT</u>		
Subdivision 1. <u>Total Appropriation</u>		<u>\$49,848,000</u>
		<u>\$50,262,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>Supreme Court Operations</u>		<u>36,378,000</u>
		<u>36,792,000</u>
(a) <u>Contingent Account</u>		
<u>\$5,000 each year is for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.</u>		
(b) <u>Harassment Restraining Orders</u>		
<u>\$993,000 each year is to implement the changes related to harassment restraining orders required in article 3. The base for this activity is \$993,000 in fiscal year 2020 and zero in fiscal year 2021.</u>		
Subd. 3. <u>Civil Legal Services</u>		<u>13,470,000</u>
		<u>13,470,000</u>
<u>Legal Services to Low-Income Clients in Family Law Matters.</u>		
<u>\$948,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services program described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.</u>		
Sec. 3. <u>COURT OF APPEALS</u>		<u>\$12,082,000</u>
		<u>\$12,163,000</u>
Sec. 4. <u>DISTRICT COURTS</u>		<u>\$283,495,000</u>
		<u>\$286,074,000</u>
(a) <u>New Trial Judges</u>		
<u>\$884,000 the first year and \$818,000 the second year are for two new trial court judge units.</u>		
(b) <u>Mandated Services</u>		
<u>\$503,000 the first year and \$504,000 the second year are for mandated court services.</u>		

(c) Treatment Courts Stability

\$100,000 each year is for treatment courts stability.

Sec. 5. **GUARDIAN AD LITEM BOARD** **\$15,547,000** **\$15,675,000**

Sec. 6. **TAX COURT** **\$1,501,000** **\$1,505,000**

\$104,000 each year is for a case management system.

Sec. 7. **UNIFORM LAWS COMMISSION** **\$93,000** **\$93,000**

Sec. 8. **BOARD ON JUDICIAL STANDARDS** **\$486,000** **\$486,000**

Major Disciplinary Actions. \$125,000 each year is for special investigative and hearing costs for major disciplinary actions undertaken by the board. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures until June 30, 2021.

Sec. 9. **BOARD OF PUBLIC DEFENSE** **\$84,083,000** **\$84,853,000**

Sec. 10. **SENTENCING GUIDELINES** **\$647,000** **\$651,000**

Sec. 11. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation** **\$189,984,000** **\$190,388,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>96,912,000</u>	<u>97,153,000</u>
Special Revenue	<u>13,436,000</u>	<u>13,572,000</u>
State Government Special Revenue	<u>103,000</u>	<u>103,000</u>
Environmental	<u>73,000</u>	<u>73,000</u>
Trunk Highway	<u>2,341,000</u>	<u>2,356,000</u>
911 Fund	<u>77,119,000</u>	<u>77,131,000</u>

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

Subd. 2. **Emergency Management** **4,779,000** **3,893,000**

Appropriations by Fund

General	<u>3,306,000</u>	<u>2,420,000</u>
Environmental	<u>73,000</u>	<u>73,000</u>
Special Revenue Fund	<u>1,400,000</u>	<u>1,400,000</u>

(a) **Hazmat and Chemical Assessment Teams**

\$850,000 each year is from the fire safety account in the special revenue fund. These amounts must be used to fund the hazardous materials and chemical assessment teams. Of this amount, \$100,000 the first year is for cases for which there is no identified responsible party.

(b) **Emergency Response Teams**

\$550,000 each year is from the fire safety account in the special revenue fund to maintain three emergency response teams: one under the jurisdiction of the St. Cloud Fire Department or a similarly located fire department if necessary; one under the jurisdiction of the Duluth Fire Department; and one under the jurisdiction of the Moorhead Fire Department. The commissioner must allocate the appropriation as follows: (1) \$225,000 each year to the St. Cloud Fire Department; (2) \$225,000 each year to the Duluth Fire Department; and (3) \$100,000 each year to the Moorhead Fire Department. These are onetime appropriations.

(c) **Roseau County Disaster Reimbursement**

\$750,000 the first year is from the general fund for distribution to Roseau County for reimbursement of costs to repair public infrastructure damaged by the 1999 and 2002 floods.

(d) **Supplemental Nonprofit Security Grants**

\$150,000 the first year is from the general fund for supplemental nonprofit security grants under this paragraph.

Nonprofit organizations whose applications for funding through the Federal Emergency Management Agency's nonprofit security grant program have been approved by the Division of Homeland Security and Emergency Management are eligible for grants under this paragraph. No additional application shall be required for grants under this paragraph, and an application for a grant from the federal program is also an application for funding from the state supplemental program.

Eligible organizations may receive grants of up to \$75,000, except that the total received by any individual from both the federal nonprofit security grant program and the state supplemental nonprofit security grant program shall not exceed \$75,000. Grants shall be awarded in an order consistent with the ranking given to applicants for the federal nonprofit security grant program. No grants under the state supplemental nonprofit security grant program shall be awarded until the announcement of the recipients and the amount of the grants awarded under the federal nonprofit security grant program.

The commissioner may use up to one percent of the appropriation received under this paragraph to pay costs incurred by the department in administering the supplemental nonprofit security grant program.

Subd. 3. Criminal Apprehension

54,388,000

55,502,000

Appropriations by Fund

<u>General</u>	<u>52,040,000</u>	<u>53,139,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>7,000</u>	<u>7,000</u>
<u>Trunk Highway</u>	<u>2,341,000</u>	<u>2,356,000</u>

(a) DWI Lab Analysis; Trunk Highway Fund

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$2,341,000 the first year and \$2,356,000 the second year are from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

(b) Predatory Registration System

\$1,000,000 the second year is to be used to build the predatory registration system. This appropriation is available until June 30, 2020. The base for fiscal year 2020 is \$3,100,000 and the base for fiscal year 2021 is \$400,000 to maintain the system.

(c) BCA Investment Initiative

\$275,000 each year is:

(1) for an additional firearms examiner; and

(2) for additional staff in the drug chemistry lab.

(d) Harassment Restraining Orders

\$169,000 the first year and \$47,000 the second year are for the Bureau of Criminal Apprehension to implement the changes related to harassment restraining orders required in article 3.

(e) Base Adjustment

The base from the general fund for the Bureau of Criminal Apprehension is \$55,239,000 in fiscal year 2020 and \$52,539,000 in fiscal year 2021.

Subd. 4. Fire Marshal6,274,0006,408,000Appropriations by Fund

<u>Special Revenue</u>	<u>6,274,000</u>	<u>6,408,000</u>
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The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

Inspections

\$300,000 each year is for inspection of nursing homes and boarding care facilities.

Subd. 5. Firefighter Training and Education Board5,015,0005,015,000Appropriations by Fund

<u>Special Revenue</u>	<u>5,015,000</u>	<u>5,015,000</u>
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The special revenue fund appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

(a) Firefighter Training and Education

\$4,265,000 each year is for firefighter training and education.

(b) Task Force 1

\$500,000 each year is for the Minnesota Task Force 1.

(c) Air Rescue

\$250,000 each year is for the Minnesota Air Rescue Team.

(d) Unappropriated Revenue

Any additional unappropriated money collected in fiscal year 2017 is appropriated to the commissioner of public safety for the purposes of Minnesota Statutes, section 299F.012. The commissioner may transfer appropriations and base amounts between activities in this subdivision.

Subd. 6. Alcohol and Gambling Enforcement2,506,0002,521,000Appropriations by Fund

<u>General</u>	<u>1,759,000</u>	<u>1,772,000</u>
<u>Special Revenue</u>	<u>747,000</u>	<u>749,000</u>

\$677,000 the first year and \$679,000 the second year are from the alcohol enforcement account in the special revenue fund. Of this appropriation, \$500,000 each year shall be transferred to the general fund.

\$70,000 each year is from the lawful gambling regulation account in the special revenue fund.

Field Agent or Alcohol Educator

\$90,000 each year is from the general fund for a field agent or an alcohol educator.

Subd. 7. **Office of Justice Programs**

39,903,000

39,918,000

Appropriations by Fund

<u>General</u>	<u>39,807,000</u>	<u>39,822,000</u>
<u>State Government Special Revenue</u>	<u>96,000</u>	<u>96,000</u>

(a) **OJP Administration Costs**

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used by the commissioner to administer the grant program.

(b) **Violent Crime Enforcement**

\$35,000 each year is for additional grants for Statewide Violent Crime Enforcement Teams.

(c) **Combating Terrorism Recruitment**

\$250,000 each year is for grants to local law enforcement agencies to develop strategies and make efforts to combat the recruitment of Minnesota residents by terrorist organizations such as ISIS and al-Shabaab. This is a onetime appropriation.

(d) **Sex Trafficking Prevention Grants**

\$180,000 each year is for grants to state and local units of government for the following purposes:

(1) to support new or existing multijurisdictional entities to investigate sex trafficking crimes; and

(2) to provide technical assistance, including training and case consultation, to law enforcement agencies statewide.

(e) Pathway to Policing Reimbursement Grants

\$400,000 each year is for reimbursement grants to local units of government that operate pathway to policing programs intended to bring persons with nontraditional backgrounds into law enforcement. Applicants for reimbursement grants may receive up to 50 percent of the cost of compensating and training pathway to policing participants. Reimbursement grants shall be proportionally allocated based on the number of grant applications approved by the commissioner.

Subd. 8. Emergency Communication Networks77,119,00077,131,000

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Public Safety under the rates and mechanism specified in that agreement.

(a) Public Safety Answering Points

\$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

(b) Medical Resource Communication Centers

\$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

(c) ARMER Debt Service

\$23,261,000 each year is to the commissioner of management and budget to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8; or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

(d) ARMER State Backbone Operating Costs

\$9,650,000 each year is to the commissioner of transportation for costs of maintaining and operating the statewide radio system backbone.

(e) ARMER Improvements

\$1,000,000 each year is to the Statewide Emergency Communications Board for improvements to those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide interim enhancement of public safety communication interoperability in those areas of the state where the statewide public safety radio and communication system is not yet implemented, and grants to local units of government to further the strategic goals set forth by the Statewide Emergency Communications Board strategic plan.

Sec. 12. PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**Subdivision 1. Total Appropriation****\$10,634,000****\$10,638,000****Appropriations by Fund**

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>6,500,000</u>	<u>6,500,000</u>
<u>Special Revenue</u>	<u>4,134,000</u>	<u>4,138,000</u>

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

Subd. 2. Excess Amounts Transferred

The special revenue fund appropriation is from the peace officer training account. Any new receipts credited to that account in the first year in excess of \$4,134,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of \$4,138,000 must be transferred and credited to the general fund.

Subd. 3. Peace Officer Training Reimbursements

\$2,859,000 each year is from the peace officer training account in the special revenue fund for reimbursements to local governments for peace officer training costs.

Subd. 4. Peace Officer Training Assistance

\$6,500,000 each year is from the general fund to support and strengthen law enforcement training and implement best practices. The base for this activity is \$6,500,000 in fiscal years 2020 and 2021, and zero in fiscal year 2022 and thereafter.

Subd. 5. De-escalation Training

\$100,000 each year is from the peace officer training account in the special revenue fund for training state and local community safety personnel in the use of crisis de-escalation techniques. When selecting a service provider for this training, the board may consult with any postsecondary institution, any state or local governmental official, or any nongovernmental authority the board determines to be relevant. Among any other criteria the board may establish, the training provider must have a demonstrated understanding of the transitions and challenges that veterans may experience during their re-entry into society following combat service. The board must ensure that training opportunities provided are reasonably distributed statewide.

Sec. 13. <u>PRIVATE DETECTIVE BOARD</u>		<u>\$190,000</u>	<u>\$190,000</u>
Sec. 14. <u>CORRECTIONS</u>			
Subdivision 1. <u>Total Appropriation</u>	<u>\$9,200,000</u>	<u>\$567,929,000</u>	<u>\$558,772,000</u>

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

Subd. 2. <u>Correctional Institutions</u>	<u>9,200,000</u>	<u>412,949,000</u>	<u>403,591,000</u>
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(a) Offender Health Care

\$9,200,000 in fiscal year 2017 is to fund a deficiency in the base budget for the offender health care contract.

\$11,400,000 the first year is for the offender health care contract.

Prior to entering into a new health care contract, the commissioner must identify and directly solicit bids from at least five health care organizations that provide, or are willing to provide, health care to prison inmates. In the department's next report required under Minnesota Statutes, section 241.016, after entering a new health care contract, the commissioner shall:

(1) provide the names and a summary of each bid proposal from the health care organizations that submitted a proposal to provide health care to state inmates; and

(2) explain, in detail, why the commissioner selected the chosen provider.

The base for offender health care is \$11,400,000 in fiscal years 2020 and 2021.

(b) Federal Prison Rape Elimination Act

\$500,000 each year is to comply with requirements of the federal Prison Rape Elimination Act. The commissioner must limit the number of juveniles accepted at MCF-Red Wing so that the staffing-to-offender ratio at the facility complies with the act.

Subd. 3. **Community Services**

128,070,000

128,213,000

(a) DOC Supervision Services

\$696,000 the first year and \$697,000 the second year are for Department of Corrections probation and supervised release agents.

(b) Community Corrections Act

\$2,100,000 each year is added to the Community Corrections Act subsidy, as described in Minnesota Statutes, section 401.14.

(c) County Probation Officer Reimbursement

\$230,000 each year is added to the county probation officers reimbursement, as described in Minnesota Statutes, section 244.19, subdivision 6.

(d) Alternatives to Incarceration Pilot Program Fund

\$159,000 the first year and \$160,000 the second year are to fund grants to facilitate access to community treatment options under article 3, section 29.

Subd. 4. **Operations Support**

26,910,000

26,968,000

Critical Technology Needs

\$1,187,000 each year is to support critical technology needs.

ARTICLE 2
COURTS

Section 1. Minnesota Statutes 2016, section 2.722, subdivision 1, is amended to read:

Subdivision 1. **Description.** Effective July 1, 1959, the state is divided into ten judicial districts composed of the following named counties, respectively, in each of which districts judges shall be chosen as hereinafter specified:

1. Goodhue, Dakota, Carver, Le Sueur, McLeod, Scott, and Sibley; 36 judges; and four permanent chambers shall be maintained in Red Wing, Hastings, Shakopee, and Glencoe and one other shall be maintained at the place designated by the chief judge of the district;
2. Ramsey; 26 judges;
3. Wabasha, Winona, Houston, Rice, Olmsted, Dodge, Steele, Waseca, Freeborn, Mower, and Fillmore; 23 judges; and permanent chambers shall be maintained in Faribault, Albert Lea, Austin, Rochester, and Winona;
4. Hennepin; 60 judges;
5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; 16 judges; and permanent chambers shall be maintained in Marshall, Windom, Fairmont, New Ulm, and Mankato;
6. Carlton, St. Louis, Lake, and Cook; 15 judges;
7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; ~~28~~ 29 judges; and permanent chambers shall be maintained in Moorhead, Fergus Falls, Little Falls, and St. Cloud;
8. Chippewa, Kandiyohi, Lac qui Parle, Meeker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; 11 judges; and permanent chambers shall be maintained in Morris, Montevideo, and Willmar;
9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mahnomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Beltrami, Lake of the Woods, Clearwater, Cass and Koochiching; ~~23~~ 24 judges; and permanent chambers shall be maintained in Crookston, Thief River Falls, Bemidji, Brainerd, Grand Rapids, and International Falls; and
10. Anoka, Isanti, Wright, Sherburne, Kanabec, Pine, Chisago, and Washington; 45 judges; and permanent chambers shall be maintained in Anoka, Stillwater, and other places designated by the chief judge of the district.

Sec. 2. Minnesota Statutes 2016, section 13.69, subdivision 1, is amended to read:

Subdivision 1. **Classifications.** (a) The following government data of the Department of Public Safety are private data:

(1) medical data on driving instructors, licensed drivers, and applicants for parking certificates and special license plates issued to physically disabled persons;

(2) other data on holders of a disability certificate under section 169.345, except that (i) data that are not medical data may be released to law enforcement agencies, and (ii) data necessary for enforcement of sections 169.345 and 169.346 may be released to parking enforcement employees or parking enforcement agents of statutory or home rule charter cities and towns;

(3) Social Security numbers in driver's license and motor vehicle registration records, except that Social Security numbers must be provided to the Department of Revenue for purposes of tax administration, the Department of Labor and Industry for purposes of workers' compensation administration and enforcement, the judicial branch for purposes of debt collection, and the Department of Natural Resources for purposes of license application administration; and

(4) data on persons listed as standby or temporary custodians under section 171.07, subdivision 11, except that the data must be released to:

(i) law enforcement agencies for the purpose of verifying that an individual is a designated caregiver; or

(ii) law enforcement agencies who state that the license holder is unable to communicate at that time and that the information is necessary for notifying the designated caregiver of the need to care for a child of the license holder.

The department may release the Social Security number only as provided in clause (3) and must not sell or otherwise provide individual Social Security numbers or lists of Social Security numbers for any other purpose.

(b) The following government data of the Department of Public Safety are confidential data: data concerning an individual's driving ability when that data is received from a member of the individual's family.

Sec. 3. Minnesota Statutes 2016, section 243.49, is amended to read:

243.49 COMMITMENT PAPERS; DUTY OF COURT ADMINISTRATOR.

Upon a plea of guilty or finding of guilty after trial, the court administrator of every court which sentences a defendant for a felony or gross misdemeanor to the custody of the commissioner of corrections or to the superintendent of the workhouse or work farm, shall provide the officer or person having custody of the defendant a certified record for commitment, including ~~(1) a copy of the indictment and plea, (2) a transcript of the sentencing proceedings, with the date thereof, together with the defendant's statement under oath, if obtained, as to the defendant's true name, residence, if any, the date and place of birth, the names and addresses of parents and other relatives and of employers and others who know the defendant well, social and other affiliations, past occupations and employments, former places of residence and the period of time and the dates the defendant has resided in each, citizenship, the number, dates, places and causes of any prior convictions, and (3) if the person pleaded guilty, a transcript of the sentencing proceedings.~~ The record shall also include the trial judge's impressions of the defendant's mental and physical condition, general character, capacity, disposition, habits and special needs. ~~The court reporter shall provide the required transcripts.~~ The certified record for commitment may be used as evidence in any postconviction proceeding brought by the defendant. The court administrator shall also deliver to the sheriff or other officer or person conveying the defendant to the correctional facility, workhouse, or work farm designated by the commissioner of corrections or the judge a warrant of commitment together with a certified copy of the warrant directing the conveyor to deliver the person and the certified record for commitment to the principal officer in charge of the correctional facility, workhouse, or work farm. Upon the delivery of any person, the principal officer in charge of the correctional facility, workhouse, or work farm shall keep the certified copy of the warrant of commitment and endorse the principal officer's receipt upon the original, which shall be filed with the sentencing court. The court administrator shall retain ~~one copy of the required transcripts, and a tape recording and the court reporter's notes of all other proceedings.~~

Sec. 4. Minnesota Statutes 2016, section 271.21, subdivision 2, is amended to read:

Subd. 2. **Jurisdiction.** At the election of the taxpayer, the Small Claims Division shall have jurisdiction only in the following matters:

(a) cases involving valuation, assessment, or taxation of real or personal property, if:

(i) the issue is a denial of a current year application for the homestead classification for the taxpayer's property;

(ii) only one parcel is included in the petition, the entire parcel is classified as homestead class 1a or 1b under section 273.13, and the parcel contains no more than one dwelling unit;

(iii) the entire property is classified as agricultural homestead class 2a or 1b under section 273.13; or

(iv) the assessor's estimated market value of the property included in the petition is less than \$300,000; or

(b) any case not involving valuation, assessment, or taxation of real and personal property in which the amount in controversy does not exceed ~~\$5,000~~ \$15,000, including penalty and interest.

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

Sec. 5. Minnesota Statutes 2016, section 299A.707, subdivision 2, is amended to read:

Subd. 2. **Account purpose, grants.** Money in this account shall be allocated by a grant program administered by the commissioner of public safety through the Office of Justice Programs. Local units of government and nonprofit organizations are eligible for grants to establish or operate chemical dependency and mental health treatment programs, programs that improve supervision, including pretrial and precharge supervision, and programs to reduce recidivism of controlled substances offenders on probation or supervised release or participating in ~~drug~~ treatment courts or to fund local participation in ~~drug~~ treatment court initiatives approved by the Judicial Council.

Sec. 6. Minnesota Statutes 2016, section 357.42, is amended to read:

357.42 DRUG TREATMENT COURT FEES.

(a) When a court establishes a ~~drug~~ treatment court process, the court may establish one or more fees for services provided to defendants participating in the process.

(b) In each fiscal year, the court shall deposit the ~~drug~~ treatment court participation fees in the special revenue fund and credit the fees to a separate account for the trial courts. The balance in this account is appropriated to the trial courts and does not cancel but is available until expended. Expenditures from this account must be made for ~~drug~~ treatment court purposes.

Sec. 7. Minnesota Statutes 2016, section 358.116, is amended to read:

358.116 COURT DOCUMENTS.

Unless specifically required by court rule, a pleading, motion, affidavit, or other document filed with a court of the Minnesota judicial branch, or presented to a judge or judicial officer in support of a request for a court order, warrant, or other relief, is not required to be notarized. Signing a document filed with the court or presented to a judge or judicial officer constitutes "verification upon oath or affirmation" as defined in section 358.41, clause (3), without administration of an oath under section 358.07, provided that the signature, as defined by court rules, is affixed immediately below a declaration using substantially the following language: "I declare under penalty of perjury that everything I have stated in this document is true and correct." In addition to the signature, the date of signing and the county and state where the document was signed shall be noted on the document. A person who signs knowing that the document is false in any material respect is guilty of perjury under section 609.48, even if the date, county, and state of signing are omitted from the document.

Sec. 8. Minnesota Statutes 2016, section 480.242, subdivision 2, is amended to read:

Subd. 2. **Review of applications; selection of recipients.** At times and in accordance with any procedures as the Supreme Court adopts in the form of court rules, applications for the expenditure of civil legal services funds shall be accepted from qualified legal services programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be

reviewed by the advisory committee, and the advisory committee, subject to review by the Supreme Court, shall distribute the funds available for this expenditure to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. The funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each program, as determined by the Supreme Court on the basis of the most recent national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil and farm legal assistance matters as prioritized by program boards of directors to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations, or (3) to qualified legal services programs to provide family farm legal assistance for financially distressed state farmers. The family farm legal assistance must be directed at farm financial problems including, but not limited to, liquidation of farm property including bankruptcy, farm foreclosure, repossession of farm assets, restructuring or discharge of farm debt, farm credit and general debtor-creditor relations, and tax considerations. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

A person is eligible for legal assistance under this section if the person is an eligible client as defined in section 480.24, subdivision 2, or:

- (1) is a state resident;
- (2) is or has been a farmer or a family shareholder of a family farm corporation within the preceding 24 months;
- (3) has a debt-to-asset ratio greater than 50 percent; and
- ~~(4) has a reportable federal adjusted gross income of \$15,000 or less in the previous year; and~~
- ~~(5) is financially unable to retain legal representation~~ (4) satisfies the income eligibility guidelines established under section 480.243, subdivision 1.

Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal assistance under this section.

Sec. 9. Minnesota Statutes 2016, section 484.70, subdivision 7, is amended to read:

Subd. 7. **Referee duties.** The duties and powers of referees shall be as follows:

- (a) Hear and report all matters assigned by the chief judge.
- (b) Recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of a referee shall be subject to confirmation by a judge.

(c) Upon the conclusion of the hearing in each case, the referee shall transmit to a judge the court file together with recommended findings and orders in writing. The recommended findings and orders of a referee become the findings and orders of the court when confirmed by a judge. The order of the court shall be proof of such confirmation, and also of the fact that the matter was duly referred to the referees.

(d) Review of any recommended order or finding of a referee by a judge may be by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review shall specify the grounds for review and the specific provisions of the recommended findings or orders disputed, and the court, upon receipt of a notice of review, shall set a time and place for a review hearing.

(e) All orders and findings recommended by a referee become an effective order when countersigned by a judge and remain effective during the pendency of a review, including a remand to the referee, unless a judge:

- (1) expressly stays the effect of the order;
- (2) changes the order during the pendency of the review; or
- (3) changes or vacates the order upon completion of the review.

(f) Notwithstanding paragraphs (d) and (e), referee orders and decrees in probate or civil commitment court proceedings, if appealed, must be appealed directly to the Court of Appeals, in the same manner as judicial orders and decrees.

Sec. 10. Minnesota Statutes 2016, section 484.702, is amended by adding a subdivision to read:

Subd. 6. **Expedited child support process.** Hearings and proceedings conducted in the expedited child support process under this section may be reported by use of electronic recording equipment provided that the equipment meets the minimum standards established by the state court administrator. Electronic recording equipment must be operated and monitored by a person who meets the minimum qualifications established by the state court administrator.

Sec. 11. Minnesota Statutes 2016, section 486.05, subdivision 1, is amended to read:

Subdivision 1. **Salaries.** The salary for each court reporter shall be set ~~annually by the district administrator as provided in judicial branch personnel policies and collective bargaining agreements~~ within the range established under section 480.181 as provided in the judicial branch personnel rules.

Sec. 12. Minnesota Statutes 2016, section 486.06, is amended to read:

486.06 CHARGE FOR TRANSCRIPT.

In addition to the salary set in section 486.05, the court reporter may charge for a transcript of a record ordered by any person other than the judge ~~50 cents per original folio thereof and ten cents per folio for each manifold or other copy thereof when so ordered that it can be made with the original transcript. The chief judge of the judicial district may by order establish new transcript fee ceilings annually at a rate set by the chief justice.~~

A court reporter may impose a fee authorized under this section only if the transcript is delivered to the person who ordered it within a reasonable time after it was ordered.

Sec. 13. Minnesota Statutes 2016, section 513.41, is amended to read:

513.41 DEFINITIONS.

As used in sections 513.41 to 513.51:

(1) "Affiliate" means:

(i) a person that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than a person that holds the securities,

(A) as a fiduciary or agent without sole discretionary power to vote the securities; or

(B) solely to secure a debt, if the person has not in fact exercised the power to vote;

(ii) a corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the debtor or a person that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the debtor, other than a person that holds the securities,

(A) as a fiduciary or agent without sole discretionary power to vote the securities; or

(B) solely to secure a debt, if the person has not in fact exercised the power to vote;

(iii) a person whose business is operated by the debtor under a lease or other agreement, or a person substantially all of whose assets are controlled by the debtor; or

(iv) a person that operates the debtor's business under a lease or other agreement or controls substantially all of the debtor's assets.

(2) "Asset" means property of a debtor, but the term does not include:

(i) property to the extent it is encumbered by a valid lien;

(ii) property to the extent it is generally exempt under nonbankruptcy law; or

(iii) an interest in property held in tenancy by the entireties to the extent it is not subject to process by a creditor holding a claim against only one tenant.

(3) "Claim" means a right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured.

(4) "Creditor" means a person that has a claim.

(5) "Debt" means liability on a claim.

(6) "Debtor" means a person that is liable on a claim.

(7) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(8) "Insider" includes:

(i) if the debtor is an individual,

(A) a relative of the debtor or of a general partner of the debtor;

(B) a partnership in which the debtor is a general partner;

(C) a general partner in a partnership described in subitem (B); or

(D) a corporation of which the debtor is a director, officer, or a person in control;

(ii) if the debtor is a corporation,

(A) a director of the debtor;

(B) an officer of the debtor;

(C) a person in control of the debtor;

(D) a partnership in which the debtor is a general partner;

(E) a general partner in a partnership described in subitem (D); or

(F) a relative of a general partner, director, officer, or person in control of the debtor;

(iii) if the debtor is a partnership,

(A) a general partner in the debtor;

(B) a relative of a general partner in, or a general partner of, or a person in control of the debtor;

(C) another partnership in which the debtor is a general partner;

(D) a general partner in a partnership described in subitem (C); or

(E) a person in control of the debtor;

(iv) an affiliate, or an insider of an affiliate as if the affiliate were the debtor; and

(v) a managing agent of the debtor.

(9) "Lien" means a charge against or an interest in property to secure payment of a debt or performance of an obligation, and includes a security interest created by agreement, a judicial lien obtained by legal or equitable process or proceedings, a common-law lien, or a statutory lien.

(10) "Organization" means a person other than an individual.

(11) "Person" means an individual, estate, business or nonprofit entity, public corporation, government or governmental subdivision, agency, or instrumentality, or other legal entity.

(12) "Property" means anything that may be subject of ownership.

(13) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(14) "Relative" means an individual related by consanguinity within the third degree as determined by the common law, a spouse, or an individual related to a spouse within the third degree as so determined, and includes an individual in an adoptive relationship within the third degree.

(15) "Sign" means, with present intent to authenticate or adopt a record:

(i) to execute or adopt a tangible symbol; or

(ii) to attach to or logically associate with the record an electronic symbol, sound, or process.

(16) "Transfer" means every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with an asset or an interest in an asset, and includes payment of money, release, lease, license, and creation of a lien or other encumbrance. Transfer does not include a donation or contribution of money or an asset made to a qualified charitable or religious organization or entity, whether made by a debtor or by any other person and whether or not the donation or contribution requires or results in a payment being made by a debtor to the charitable or religious organization pursuant to a promissory note, stock, bond, debenture, or by any other method, unless the donation or contribution was made within two years of commencement of an action under sections 513.41 to 513.51 against the qualified charitable or religious organization or entity, was made by the debtor, and:

(i) the debtor made the donation or charitable contribution with actual intent to hinder, delay, or defraud any creditor of the debtor; or

(ii) the debtor made the donation or charitable contribution and:

(A) was insolvent at the time of the contribution or would be rendered insolvent by reason of the contribution;

(B) was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction; or

(C) intended to incur, or the charitable or religious organization or entity believed or had reason to believe that the debtor would incur, debts beyond the debtor's ability to pay as the debts become due.

A transfer of a charitable contribution to a qualified charitable or religious organization or entity is not considered a transfer covered under item (ii) if the amount of that contribution did not exceed 15 percent of the gross annual income of the debtor for the year in which the transfer of the contribution was made; or the contribution exceeded that amount but the transfer was consistent with practices of the debtor in making charitable contributions.

Transfer does include a return on investment made directly by a qualified charitable or religious organization or entity. A charitable or religious organization shall not be deemed to have made an investment by reason of accepting the donation or contribution of a promissory note, stock, bond, debenture, or other nonmonetary asset nor by extending or modifying the terms of repayment of the promissory note, stock, bond, debenture, or other similar nonmonetary asset. "Qualified charitable or religious organization or entity" means an organization or entity described in United States Code, title 26, section 170(c)(1), (2), or (3).

(17) "Valid lien" means a lien that is effective against the holder of a judicial lien subsequently obtained by legal or equitable process or proceedings.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to all pending cases and to causes of action arising before, on, or after that date.

Sec. 14. Minnesota Statutes 2016, section 518.179, subdivision 2, is amended to read:

Subd. 2. **Applicable crimes.** This section applies to the following crimes or similar crimes under the laws of the United States, or any other state:

- (1) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (2) manslaughter in the first degree under section 609.20;
- (3) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (4) kidnapping under section 609.25;
- (5) depriving another of custodial or parental rights under section 609.26;
- (6) soliciting, inducing, promoting, or receiving profit derived from prostitution involving a minor under section 609.322;
- (7) criminal sexual conduct in the first degree under section 609.342;
- (8) criminal sexual conduct in the second degree under section 609.343;
- (9) criminal sexual conduct in the third degree under section 609.344, subdivision 1, paragraph (c), (f), or (g);
- (10) solicitation of a child to engage in sexual conduct under section 609.352;
- (11) incest under section 609.365;
- (12) malicious punishment of a child under section 609.377;
- (13) neglect of a child under section 609.378;
- (14) terroristic threats under section 609.713; ~~or~~
- (15) felony stalking under section 609.749, subdivision 4; or
- (16) domestic assault by strangulation under section 609.2247.

Sec. 15. Minnesota Statutes 2016, section 549.09, subdivision 1, is amended to read:

Subdivision 1. **When owed; rate.** (a) When a judgment or award is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict, award, or report until judgment is finally entered shall be computed by the court administrator or arbitrator as provided in paragraph (c) and added to the judgment or award.

(b) Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest on pecuniary damages shall be computed as provided in paragraph (c) from the time of the commencement of the action or a demand for arbitration, or the time of a written notice of claim, whichever occurs first, except as provided herein. The action must be commenced within two years of a written notice of claim for interest to begin to accrue from the time of the notice of claim. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counteroffer within 30 days. After that time, interest on the judgment or award shall

be calculated by the judge or arbitrator in the following manner. The prevailing party shall receive interest on any judgment or award from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from the time when special damages were incurred, if later, until the time of verdict, award, or report only if the amount of its offer is closer to the judgment or award than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment or award than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment or award, whichever is less, and only from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from when the special damages were incurred, if later, until the time the settlement offer was made. Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (2), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact. Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest shall not be awarded on the following:

- (1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;
- (2) judgments or awards for future damages;
- (3) punitive damages, fines, or other damages that are noncompensatory in nature;
- (4) judgments or awards not in excess of the amount specified in section 491A.01; and

(5) that portion of any verdict, award, or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court or arbitrator.

~~(c)(1)(i) For a judgment or award of \$50,000 or less or a judgment or award for or against the state or a political subdivision of the state, regardless of the amount, or a judgment or award in a family court action, regardless of the amount, The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States Treasury bills, calculated on a bank discount basis as provided in this section.~~

On or before the 20th day of December of each year the state court administrator shall determine the rate from the one-year constant maturity treasury yield for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the Federal Reserve System. This yield, rounded to the nearest one percent, or four percent, whichever is greater, shall be the annual interest rate during the succeeding calendar year. The state court administrator shall communicate the interest rates to the court administrators and sheriffs for use in computing the interest on verdicts and shall make the interest rates available to arbitrators.

~~This item applies to any section that references section 549.09 by citation for the purposes of computing an interest rate on any amount owed to or by the state or a political subdivision of the state, regardless of the amount.~~

(ii) The court, in a family court action, may order a lower interest rate or no interest rate if the parties agree or if the court makes findings explaining why application of a lower interest rate or no interest rate is necessary to avoid causing an unfair hardship to the debtor. This item does not apply to child support or spousal maintenance judgments subject to section 548.091.

~~(2) For a judgment or award over \$50,000, other than a judgment or award for or against the state or a political subdivision of the state or a judgment or award in a family court action, the interest rate shall be ten percent per year until paid.~~

~~(3)~~ When a judgment creditor, or the judgment creditor's attorney or agent, has received a payment after entry of judgment, whether the payment is made voluntarily by or on behalf of the judgment debtor, or is collected by legal process other than execution levy where a proper return has been filed with the court administrator, the judgment creditor, or the judgment creditor's attorney, before applying to the court administrator for an execution shall file with the court administrator an affidavit of partial satisfaction. The affidavit must state the dates and amounts of payments made upon the judgment after the most recent affidavit of partial satisfaction filed, if any; the part of each payment that is applied to taxable disbursements and to accrued interest and to the unpaid principal balance of the judgment; and the accrued, but the unpaid interest owing, if any, after application of each payment.

(d) This section does not apply to arbitrations between employers and employees under chapter 179 or 179A. An arbitrator is neither required to nor prohibited from awarding interest under chapter 179 or under section 179A.16 for essential employees.

~~(e) For purposes of this subdivision:~~

~~(1) "state" includes a department, board, agency, commission, court, or other entity in the executive, legislative, or judicial branch of the state; and~~

~~(2) "political subdivision" includes a town, statutory or home rule charter city, county, school district, or any other political subdivision of the state.~~

~~(e) This section does not apply to a judgment or award upon which interest is entitled to be recovered under section 60A.0811.~~

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to judgments and awards entered on or after that date.

Sec. 16. Minnesota Statutes 2016, section 609.48, is amended by adding a subdivision to read:

Subd. 5. **Venue.** A violation of subdivision 1, clause (4), may be prosecuted in the county where the statement, under penalty of perjury, was signed, or the county of the district court in which the statement was filed.

Sec. 17. Minnesota Statutes 2016, section 609.748, subdivision 4, is amended to read:

Subd. 4. **Temporary restraining order; relief by court.** (a) The court may issue a temporary restraining order that provides any or all of the following:

(1) orders the respondent to cease or avoid the harassment of another person; or

(2) orders the respondent to have no contact with another person.

(b) The court may issue an order under paragraph (a) if the petitioner files a petition in compliance with subdivision 3 and if the court finds reasonable grounds to believe that the respondent has engaged in harassment. When a petition alleges harassment as defined by subdivision 1, paragraph (a), clause (1), the petition must further allege an immediate and present danger of harassment before the court may issue a temporary restraining order under this section. When signed by a referee, the temporary order becomes effective upon the referee's signature.

(c) Notice need not be given to the respondent before the court issues a temporary restraining order under this subdivision. A copy of the restraining order must be served on the respondent along with the order for hearing and petition, as provided in subdivision 3. If the respondent is a juvenile, whenever possible, a copy of the restraining order, along with notice of the pendency of the case and the time and place of the hearing, shall also be served by mail at the last known address upon any parent or guardian of the juvenile respondent who is not the petitioner. A temporary restraining order may be entered only against the respondent named in the petition.

(d) The temporary restraining order is in effect until a hearing is held on the issuance of a restraining order under subdivision 5. The court shall hold the hearing on the issuance of a restraining order if the petitioner requests a hearing. The hearing may be continued by the court upon a showing that the respondent has not been served with a copy of the temporary restraining order despite the exercise of due diligence or if service is made by published notice under subdivision 3 and the petitioner files the affidavit required under that subdivision.

(e) If the temporary restraining order has been issued and the respondent requests a hearing, the hearing shall be scheduled by the court upon receipt of the respondent's request. Service of the notice of hearing must be made upon the petitioner not less than five days prior to the hearing. The court shall serve the notice of the hearing upon the petitioner by mail in the manner provided in the Rules of Civil Procedure for pleadings subsequent to a complaint and motions and shall also mail notice of the date and time of the hearing to the respondent. In the event that service cannot be completed in time to give the respondent or petitioner the minimum notice required under this subdivision, the court may set a new hearing date.

(f) A request for a hearing under this subdivision must be made within 45 20 days after the temporary restraining order is issued of the date of completed service of the petition.

Sec. 18. Minnesota Statutes 2016, section 631.52, subdivision 2, is amended to read:

Subd. 2. **Application.** Subdivision 1 applies to the following crimes or similar crimes under the laws of the United States or any other state:

- (1) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (2) manslaughter in the first degree under section 609.20;
- (3) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (4) kidnapping under section 609.25;
- (5) depriving another of custodial or parental rights under section 609.26;
- (6) soliciting, inducing, promoting, or receiving profit derived from prostitution involving a minor under section 609.322;
- (7) criminal sexual conduct in the first degree under section 609.342;
- (8) criminal sexual conduct in the second degree under section 609.343;
- (9) criminal sexual conduct in the third degree under section 609.344, subdivision 1, paragraph (c), (f), or (g);
- (10) solicitation of a child to engage in sexual conduct under section 609.352;
- (11) incest under section 609.365;
- (12) malicious punishment of a child under section 609.377;
- (13) neglect of a child under section 609.378;
- (14) terroristic threats under section 609.713; ~~or~~

(15) felony stalking under section 609.749; or

(16) domestic assault by strangulation under section 609.2247.

Sec. 19. Minnesota Statutes 2016, section 634.36, is amended to read:

634.36 EVIDENCE OF VIDEOTAPES, AUDIOTAPES, OR OTHER RECORDINGS.

In any hearing or trial of a criminal offense or petty misdemeanor or proceeding pursuant to section 169A.53, subdivision 3, evidence of a videotape, audiotape, or electronic or digital recording prepared by a peace officer, using recording equipment in a law enforcement vehicle or on the officer's person, while in the performance of official duties shall not be excluded on the ground that a written transcript of the recording was not prepared and available at or prior to trial. As used in this section, "peace officer" has the meaning given in section 169A.03, subdivision 18.

EFFECTIVE DATE. This section is effective July 1, 2017, and applies to trials and hearings beginning on or after that date.

Sec. 20. **REPEALER.**

Minnesota Statutes 2016, sections 169.685, subdivision 4; 486.05, subdivision 1a; and 525.112, are repealed.

ARTICLE 3
CORRECTIONS AND PUBLIC SAFETY

Section 1. Minnesota Statutes 2016, section 3.739, subdivision 1, is amended to read:

Subdivision 1. **Permissible claims.** Claims and demands arising out of the circumstances described in this subdivision shall be presented to, heard, and determined as provided in subdivision 2:

(1) an injury to or death of an inmate of a state, regional, or local correctional facility or county jail ~~who has been conditionally released and ordered to perform~~ while performing compensated or uncompensated work in the community for a state agency, a political subdivision or public corporation of this state, a nonprofit educational, medical, or social service agency, or a private business or individual, ~~as a condition of the release,~~ while performing the work;

(2) an injury to or death of a person sentenced by a court, granted a suspended sentence by a court, or subject to a court disposition order, and who, ~~under court order,~~ is performing work ~~(a) (i) in restitution, (b) (ii) in lieu of or to work off fines or court ordered, court-ordered costs, or other statutorily authorized correctional fees, (c) (iii) in lieu of incarceration, or (d) (iv) as a term or condition of a sentence, suspended sentence, or disposition order,~~ while performing the work;

(3) an injury to or death of a person, who has been diverted from the court system and who is performing work as described in ~~paragraph~~ clause (1) or (2) under a written agreement signed by the person, and if a juvenile, by a parent or guardian; and

(4) an injury to or death of any person caused by an individual who was performing work as described in ~~paragraph~~ clause (1), (2), or (3).

Sec. 2. Minnesota Statutes 2016, section 152.105, is amended to read:

152.105 DISPOSAL.

Subdivision 1. **Disposal of controlled substances.** Controlled substances listed in section 152.02, subdivisions 3 to 6, may be collected and disposed of only pursuant to the provisions of Code of Federal Regulations, title 21, parts 1300, 1301, 1304, 1305, 1307, and 1317, that are applicable to the disposal of controlled substances. Disposal of controlled substances and legend and nonlegend drugs must also comply with the requirements of section 116.07 governing the disposal of hazardous waste, and the rules promulgated thereunder.

Subd. 2. **Sheriff to maintain collection receptacle.** The sheriff of each county shall maintain or contract for the maintenance of at least one collection receptacle for the disposal of noncontrolled substances, pharmaceutical controlled substances, and other legend drugs, as permitted by federal law. For purposes of this section, "legend drug" has the meaning given in section 151.01, subdivision 17. The collection receptacle must comply with federal law. In maintaining and operating the collection receptacle, the sheriff shall follow all applicable provisions of Code of Federal Regulations, title 21, parts 1300, 1301, 1304, 1305, 1307, and 1317, as amended through May 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 171.015, is amended by adding a subdivision to read:

Subd. 7. **Rulemaking limitation.** (a) Notwithstanding any law to the contrary, the commissioner is prohibited from adopting any final rule that amends, conflicts with, or has the effect of modifying requirements in Minnesota Rules, parts 7410.0100 to 7410.0800.

(b) This subdivision does not constitute authorization for the commissioner to adopt rules absent authority otherwise provided by other law.

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

Sec. 4. Minnesota Statutes 2016, section 241.01, subdivision 3a, is amended to read:

Subd. 3a. **Commissioner, powers and duties.** The commissioner of corrections has the following powers and duties:

(a) To accept persons committed to the commissioner by the courts of this state for care, custody, and rehabilitation.

(b) To determine the place of confinement of committed persons in a correctional facility or other facility of the Department of Corrections and to prescribe reasonable conditions and rules for their employment, conduct, instruction, and discipline within or outside the facility. Inmates shall not exercise custodial functions or have authority over other inmates.

(c) To administer the money and property of the department.

(d) To administer, maintain, and inspect all state correctional facilities.

(e) To transfer authorized positions and personnel between state correctional facilities as necessary to properly staff facilities and programs.

(f) To utilize state correctional facilities in the manner deemed to be most efficient and beneficial to accomplish the purposes of this section, but not to close the Minnesota Correctional Facility-Stillwater or the Minnesota Correctional Facility-St. Cloud without legislative approval. The commissioner may place juveniles and adults at the same state minimum security correctional facilities, if there is total separation of and no regular contact between juveniles and adults, except contact incidental to admission, classification, and mental and physical health care.

(g) To organize the department and employ personnel the commissioner deems necessary to discharge the functions of the department, including a chief executive officer for each facility under the commissioner's control who shall serve in the unclassified civil service and may, under the provisions of section 43A.33, be removed only for cause.

(h) To define the duties of these employees and to delegate to them any of the commissioner's powers, duties and responsibilities, subject to the commissioner's control and the conditions the commissioner prescribes.

(i) To annually develop a comprehensive set of goals and objectives designed to clearly establish the priorities of the Department of Corrections. This report shall be submitted to the governor commencing January 1, 1976. The commissioner may establish ad hoc advisory committees.

(j) The commissioner may not expand the bed capacity of an existing adult male correctional facility or build a new adult male correctional facility, or propose or seek funding for either, unless the commissioner submits to the legislature an outside, independent appraisal estimating the market value of the existing prison facility located in Appleton, Minnesota. The appraisal must have been completed within 90 days of submission to the legislature. This requirement does not apply if the Appleton facility is in use in a manner that makes it unavailable to meet the department's prison capacity needs.

Sec. 5. Minnesota Statutes 2016, section 243.05, subdivision 1, is amended to read:

Subdivision 1. **Conditional release.** (a) The commissioner of corrections may parole any person sentenced to confinement in any state correctional facility for adults under the control of the commissioner of corrections, provided that:

(1) no inmate serving a life sentence for committing murder before May 1, 1980, other than murder committed in violation of clause (1) of section 609.185 who has not been previously convicted of a felony shall be paroled without having served 20 years, less the diminution that would have been allowed for good conduct had the sentence been for 20 years;

(2) no inmate serving a life sentence for committing murder before May 1, 1980, who has been previously convicted of a felony or though not previously convicted of a felony is serving a life sentence for murder in the first degree committed in violation of clause (1) of section 609.185 shall be paroled without having served 25 years, less the diminution which would have been allowed for good conduct had the sentence been for 25 years;

(3) any inmate sentenced prior to September 1, 1963, who would be eligible for parole had the inmate been sentenced after September 1, 1963, shall be eligible for parole; and

(4) any new rule or policy or change of rule or policy adopted by the commissioner of corrections which has the effect of postponing eligibility for parole has prospective effect only and applies only with respect to persons committing offenses after the effective date of the new rule or policy or change.

(b) Upon being paroled and released, an inmate is and remains in the legal custody and under the control of the commissioner, subject at any time to be returned to a facility of the Department of Corrections established by law for the confinement or treatment of convicted persons and the parole rescinded by the commissioner.

(c) The written order of the commissioner of corrections, is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to retake and place in actual custody any person on parole or supervised release. In addition, when it appears necessary in order to prevent escape or enforce discipline, any state parole and probation agent or state correctional investigator may, without order of warrant, take and detain a parolee or person on supervised release or work release and bring the person to the commissioner for action.

(d) The written order of the commissioner of corrections is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to retake and place in actual custody any person on probation under the supervision of the commissioner pursuant to section 609.135. Additionally, when it appears necessary in order to prevent escape or enforce discipline, any state parole and probation agent or state correctional investigator may, without an order, retake and detain a probationer and bring the probationer before the court for further proceedings under section 609.14.

(e) The written order of the commissioner of corrections is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to detain any person on pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

(f) Persons conditionally released, and those on probation under the supervision of the commissioner of corrections pursuant to section 609.135 may be placed within or outside the boundaries of the state at the discretion of the commissioner of corrections or the court, and the limits fixed for these persons may be enlarged or reduced according to their conduct.

(g) Except as otherwise provided in subdivision 1b, in considering applications for conditional release or discharge, the commissioner is not required to hear oral argument from any attorney or other person not connected with an adult correctional facility of the Department of Corrections in favor of or against the parole or release of any inmates. The commissioner may institute inquiries by correspondence, taking testimony, or otherwise, as to the previous history, physical or mental condition, and character of the inmate and, to that end, has the authority to require the attendance of the chief executive officer of any state adult correctional facility and the production of the records of these facilities, and to compel the attendance of witnesses. The commissioner is authorized to administer oaths to witnesses for these purposes.

(h) Unless the district court directs otherwise, state parole and probation agents may require a person who is under the supervision of the commissioner of corrections to perform community work service for violating a condition of probation imposed by the court. Community work service may be imposed for the purpose of protecting the public, to aid the offender's rehabilitation, or both. Agents may impose up to eight hours of community work service for each violation and up to a total of 24 hours per offender per 12-month period, beginning with the date on which community work service is first imposed. The commissioner may authorize an additional 40 hours of community work services, for a total of 64 hours per offender per 12-month period, beginning with the date on which community work service is first imposed. At the time community work service is imposed, parole and probation agents are required to provide written notice to the offender that states:

- (1) the condition of probation that has been violated;
- (2) the number of hours of community work service imposed for the violation; and
- (3) the total number of hours of community work service imposed to date in the 12-month period.

An offender may challenge the imposition of community work service by filing a petition in district court. An offender must file the petition within five days of receiving written notice that community work service is being imposed. If the offender challenges the imposition of community work service, the state bears the burden of showing, by a preponderance of the evidence, that the imposition of community work service is reasonable under the circumstances.

Community work service includes sentencing to service.

(i) Prior to revoking a nonviolent controlled substance offender's parole or probation based on a technical violation, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, a parole or probation agent must identify community options to address and correct

the violation including, but not limited to, inpatient chemical dependency treatment. If a probation or parole agent determines that community options are appropriate, the agent shall seek to restructure the offender's terms of release to incorporate those options. If an offender on probation stipulates in writing to restructure the terms of release, a probation agent must forward a report to the district court containing:

(1) the specific nature of the technical violation of probation;

(2) the recommended restructure to the terms of probation; and

(3) a copy of the offender's signed stipulation indicating that the offender consents to the restructuring of probation.

The recommended restructuring of probation becomes effective when confirmed by a judge. The order of the court shall be proof of such confirmation and amend the terms of the sentence imposed by the court under section 609.135. If a nonviolent controlled substance offender's parole or probation is revoked, the offender's agent must first attempt to place the offender in a local jail. For purposes of this paragraph, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" means any violation of a court order of probation or a condition of parole, except an allegation of a subsequent criminal act that is alleged in a formal complaint, citation, or petition.

Sec. 6. Minnesota Statutes 2016, section 243.17, subdivision 1, is amended to read:

Subdivision 1. **Allowed expenses.** The ~~necessary expenses of sheriffs and other peace officers~~ commissioner of management and budget shall pay out of the state treasury to the commissioner of corrections each fiscal year the amount necessary to offset expenses incurred ~~in conveying to convey~~ convicted persons and children adjudicated delinquent and committed to the custody of the commissioner of corrections to the appropriate adult or juvenile correctional facility as designated by the commissioner of corrections, ~~including per diem and expenses of correctional officers, shall be allowed by the commissioner of management and budget and paid out of the state treasury. The commissioner of management and budget may allow and pay for the necessary expenses incurred by the sheriff, deputy, or other peace officer in going to and returning from the correctional facility and \$10 per day for each correctional officer. Not more than one correctional officer shall be allowed for one prisoner, but one additional correctional officer shall be allowed for every two additional prisoners. All bills shall be in writing, fully itemized, verified, and accompanied by the receipt of the chief executive officer of the facility for the delivery of the convicted or adjudicated persons, in a form prescribed by the commissioner of management and budget. The total amount of payments shall not exceed \$500,000 each fiscal year. Payments shall be made one or two times each fiscal year based on a fee schedule agreed to by the Department of Corrections and the Minnesota Sheriffs' Association.~~

Sec. 7. Minnesota Statutes 2016, section 244.05, subdivision 3, is amended to read:

Subd. 3. **Sanctions for violation.** If an inmate violates the conditions of the inmate's supervised release imposed by the commissioner, the commissioner may:

(1) continue the inmate's supervised release term, with or without modifying or enlarging the conditions imposed on the inmate; or

(2) revoke the inmate's supervised release and reimprison the inmate for the appropriate period of time.

Prior to revoking a nonviolent controlled substance offender's supervised release based on a technical violation, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, the commissioner must identify community options to address and correct the violation including, but

not limited to, inpatient chemical dependency treatment. If the commissioner determines that community options are appropriate, the commissioner shall restructure the inmate's terms of release to incorporate those options. If a nonviolent controlled substance offender's supervised release is revoked, the offender's agent must first attempt to place the offender in a local jail. For purposes of this subdivision, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" means a violation of a condition of supervised release, except an allegation of a subsequent criminal act that is alleged in a formal complaint, citation, or petition.

The period of time for which a supervised release may be revoked may not exceed the period of time remaining in the inmate's sentence, except that if a sex offender is sentenced and conditionally released under Minnesota Statutes 2004, section 609.108, subdivision 5, the period of time for which conditional release may be revoked may not exceed the balance of the conditional release term.

Sec. 8. Minnesota Statutes 2016, section 244.198, is amended by adding a subdivision to read:

Subd. 1a. **Alternatives to incarceration.** At a sanctions conference regarding a nonviolent controlled substance offender, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, a probation agency must identify community options to address and correct the violation including, but not limited to, inpatient chemical dependency treatment. If the agency determines that community options are appropriate, the county probation officer shall recommend a sanction that incorporates those options. For purposes of this subdivision, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5).

Sec. 9. Minnesota Statutes 2016, section 299A.55, subdivision 2, is amended to read:

Subd. 2. **Railroad and pipeline safety account.** (a) A railroad and pipeline safety account is created in the special revenue fund. The account consists of funds collected under subdivision 4 and funds donated, allotted, transferred, or otherwise provided to the account.

(b) \$104,000 is annually appropriated from the railroad and pipeline safety account to the commissioner of the Pollution Control Agency for environmental protection activities related to railroad discharge preparedness under chapter 115E.

(c) \$600,000 in fiscal year 2018 and \$600,000 in fiscal year 2019 are appropriated from the railroad and pipeline safety account to the commissioner of transportation for improving safety at railroad grade crossings.

(d) Following the appropriation in ~~paragraph~~ paragraphs (b) and (c), the remaining money in the account is annually appropriated to the commissioner of public safety for the purposes specified in subdivision 3.

Sec. 10. Minnesota Statutes 2016, section 299C.46, subdivision 6, is amended to read:

Subd. 6. **Orders for protection and no contact orders.** (a) As used in this subdivision, "no contact orders" include orders issued as pretrial orders under section 629.72, subdivision 2, orders under section 629.75, and orders issued as probationary or sentencing orders at the time of disposition in a criminal domestic abuse case.

(b) The data communications network must include orders for protection issued under section 518B.01 ~~and harassment restraining orders, and~~ no contact orders issued against adults and juveniles. A no contact order must be accompanied by a photograph of the offender for the purpose of enforcement of the order, if a photograph is available and verified by the court to be an image of the defendant.

(c) Data from orders for protection, harassment restraining orders, or no contact orders and data entered by law enforcement to assist in the enforcement of those orders are classified as private data on individuals as defined in section 13.02, subdivision 12. Data about the offender can be shared with the victim for purposes of enforcement of the order.

Sec. 11. Minnesota Statutes 2016, section 609.14, is amended by adding a subdivision to read:

Subd. 2a. **Alternatives to incarceration.** (a) A probation agent must present the court with local options to address and correct the violation including, but not limited to, inpatient chemical dependency treatment when the defendant at a summary hearing provided by subdivision 2 is:

- (1) a nonviolent controlled substance offender;
- (2) subject to supervised probation;
- (3) appearing based on a technical violation; and
- (4) admitting or found to have violated any of the conditions of probation.

(b) For purposes of this subdivision, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" has the meaning given in section 244.196, subdivision 6.

Sec. 12. Minnesota Statutes 2016, section 609.475, is amended to read:

609.475 IMPERSONATING OFFICER A MILITARY SERVICE MEMBER, VETERAN, OR PUBLIC OFFICIAL.

Whoever falsely impersonates ~~a police or military officer~~ an active or reserve component military service member, veteran, or public official with intent to ~~mislead another into believing that the impersonator is actually such officer or official~~ wrongfully obtain money, property, or any other tangible benefit is guilty of a misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 13. **[609.4751] IMPERSONATING A PEACE OFFICER.**

Subdivision 1. **Misdemeanor.** Whoever falsely impersonates a peace officer with intent to mislead another into believing that the impersonator is actually an officer is guilty of a misdemeanor.

Subd. 2. **Gross misdemeanor.** Whoever violates subdivision 1 while committing any of the following acts is guilty of a gross misdemeanor:

- (1) gaining access to a public building or government facility that is not open to the public;
- (2) without legal authority, directing or ordering another person to act or refrain from acting;
- (3) violating section 169.64, subdivision 2, 3, or 4, or the siren provisions of section 169.68; or
- (4) operating a motor vehicle marked:

(i) with the word or words "police," "patrolman," "sheriff," "deputy," "trooper," "state patrol," "conservation officer," "agent," or "marshal"; or

(ii) with any lettering, marking, or insignia, or colorable imitation thereof, including, but not limited to, stars, badges, or shields identifying the vehicle as a law enforcement vehicle, and which a reasonable person would believe is a law enforcement vehicle governed under section 169.98, subdivision 1.

Subd. 3. **Felony.** Whoever violates this section within five years of a previous violation of this section is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$4,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 14. Minnesota Statutes 2016, section 609.595, subdivision 1, is amended to read:

Subdivision 1. **Criminal damage to property in the first degree.** Whoever intentionally causes damage to physical property of another without the latter's consent may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if:

(1) the damage to the property caused a reasonably foreseeable risk of bodily harm; or

(2) the property damaged was a public safety motor vehicle, the defendant knew the vehicle was a public safety motor vehicle, and the damage to the vehicle caused a substantial interruption or impairment of public safety service or a reasonably foreseeable risk of bodily harm; or

(3) the property damaged belongs to a common carrier and the damage impairs the service to the public rendered by the carrier; or

~~(3)~~ (4) the damage reduces the value of the property by more than \$1,000 measured by the cost of repair and replacement; or

~~(4)~~ (5) the damage reduces the value of the property by more than \$500 measured by the cost of repair and replacement and the defendant has been convicted within the preceding three years of an offense under this subdivision or subdivision 2.

In any prosecution under clause ~~(3)~~ (4), the value of any property damaged by the defendant in violation of that clause within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2016, section 609.595, subdivision 2, is amended to read:

Subd. 2. **Criminal damage to property in the third degree.** (a) Except as otherwise provided in subdivision 1a, whoever intentionally causes damage to another person's physical property without the other person's consent may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if: (1) the damage reduces the value of the property by more than \$500 but not more than \$1,000 as measured by the cost of repair and replacement; or (2) the damage was to a public safety motor vehicle and the defendant knew the vehicle was a public safety motor vehicle.

(b) Whoever intentionally causes damage to another person's physical property without the other person's consent because of the property owner's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the damage reduces the value of the property by not more than \$500.

(c) In any prosecution under paragraph (a), clause (1), the value of property damaged by the defendant in violation of that paragraph within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 16. Minnesota Statutes 2016, section 609.595, is amended by adding a subdivision to read:

Subd. 4. **Definitions.** (a) As used in this section, "public safety motor vehicle" includes:

(1) marked vehicles used by law enforcement agencies and specially marked vehicles permitted under section 169.98, subdivision 2a, owned or leased by the state or a political subdivision;

(2) fire apparatuses, including fire-suppression support vehicles, owned or leased by the state or a political subdivision;

(3) ambulances owned or leased by the state or a political subdivision;

(4) vehicles owned by ambulance services licensed under section 144E.10 that are equipped and specifically intended for emergency response or providing ambulance services; and

(5) marked vehicles used by conservation officers of the Division of Enforcement and Field Service of the Department of Natural Resources.

(b) As used in subdivision 1, clause (2), and subdivision 2, paragraph (a), clause (2), "damage" includes tampering with a public safety motor vehicle and acts that obstruct or interfere with the vehicle's use.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 17. Minnesota Statutes 2016, section 609.605, is amended by adding a subdivision to read:

Subd. 4a. **Trespass on a school bus.** (a) As used in this subdivision, "school bus" has the meaning given in section 169.011, subdivision 71.

(b) As used in this subdivision, "pupils" means persons in grades prekindergarten through grade 12.

(c) A person who boards a school bus when the bus is on its route or otherwise in operation, or while it has pupils on it, and who refuses to leave the bus on demand of the bus operator, is guilty of a misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to violations committed on or after that date.

Sec. 18. Minnesota Statutes 2016, section 609.74, is amended to read:

609.74 PUBLIC NUISANCE.

(a) Whoever by an act or failure to perform a legal duty intentionally does any of the following is guilty of maintaining a public nuisance, which is a misdemeanor:

(1) maintains or permits a condition which unreasonably annoys, injures or endangers the safety, health, morals, comfort, or repose of any considerable number of members of the public; or

(2) except as provided in paragraph (b), interferes with, obstructs, or renders dangerous for passage, any public highway or right-of-way, or waters used by the public; or

(3) is guilty of any other act or omission declared by law to be a public nuisance and for which no sentence is specifically provided.

(b) It is a gross misdemeanor for a person to interfere with or obstruct traffic that is entering, exiting, or on a freeway or entering, exiting, or on a public roadway within the boundaries of airport property with the intent to interfere with, obstruct, or otherwise disrupt traffic. This paragraph does not apply to the actions of law enforcement or other emergency responders, road or airport authorities, or utility officials, or their agents, employees, or contractors when carrying out duties imposed by law or contract. For purposes of this paragraph: (1) "airport" means an airport that has a control tower and airline service; and (2) "freeway" means any section of a divided highway where the only access and egress for vehicular traffic is from entrance and exit ramps.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 19. Minnesota Statutes 2016, section 609.748, subdivision 3, is amended to read:

Subd. 3. **Contents of petition; hearing; notice.** (a) A petition for relief must allege facts sufficient to show the following:

(1) the name of the alleged harassment victim;

(2) the name of the respondent; and

(3) that the respondent has engaged in harassment.

A petition for relief must state whether the petitioner has had a previous restraining order in effect against the respondent. The petition shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought. The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section and shall advise the petitioner of the right to sue in forma pauperis under section 563.01. The court shall advise the petitioner of the right to request a hearing. If the petitioner does not request a hearing, the court shall advise the petitioner that the respondent may request a hearing and that notice of the hearing date and time will be provided to the petitioner by mail at least five days before the hearing. Upon receipt of the petition and a request for a hearing by the petitioner, the court shall order a hearing. Personal service must be made upon the respondent not less than five days before the hearing. If personal service cannot be completed in time to give the respondent the minimum notice required under this paragraph, the court may set a new hearing date. Nothing in this section shall be construed as requiring a hearing on a matter that has no merit.

(b) Notwithstanding paragraph (a), the order for a hearing and a temporary order issued under subdivision 4 may be served on the respondent by means of a one-week published notice under section 645.11, if:

(1) the petitioner files an affidavit with the court stating that an attempt at personal service made by a ~~sheriff~~ peace officer was unsuccessful because the respondent is avoiding service by concealment or otherwise; and

(2) a copy of the petition and order for hearing and any temporary restraining order has been mailed to the respondent at the respondent's residence or place of business, if the respondent is an organization, or the respondent's residence or place of business is not known to the petitioner.

(c) Regardless of the method of service, if the respondent is a juvenile, whenever possible, the court also shall have notice of the pendency of the case and of the time and place of the hearing served by mail at the last known address upon any parent or guardian of the juvenile respondent who is not the petitioner.

(d) A request for a hearing under this subdivision must be made within 20 days of service of the petition.

Sec. 20. Minnesota Statutes 2016, section 609.748, subdivision 3a, is amended to read:

Subd. 3a. **Filing fee; cost of service.** The filing fees for a restraining order under this section are waived for the petitioner if the petition alleges acts that would constitute a violation of section 609.749, subdivision 2, 3, 4, or 5, or sections 609.342 to 609.3451. The court administrator and ~~the sheriff of any county~~ any peace officer in this state shall perform their duties relating to service of process without charge to the petitioner. The court shall direct payment of the reasonable costs of service of process if served by a private process server when ~~the sheriff~~ a peace officer is unavailable or if service is made by publication. The court may direct a respondent to pay to the court administrator the petitioner's filing fees and reasonable costs of service of process if the court determines that the respondent has the ability to pay the petitioner's fees and costs.

Sec. 21. Minnesota Statutes 2016, section 609.748, subdivision 5, is amended to read:

Subd. 5. **Restraining order.** (a) The court may issue a restraining order that provides any or all of the following:

(1) orders the respondent to cease or avoid the harassment of another person; or

(2) orders the respondent to have no contact with another person.

(b) The court may issue an order under paragraph (a) if all of the following occur:

(1) the petitioner has filed a petition under subdivision 3;

(2) ~~the sheriff~~ a peace officer has served respondent with a copy of the temporary restraining order obtained under subdivision 4, and with notice of the right to request a hearing, or service has been made by publication under subdivision 3, paragraph (b); and

(3) the court finds at the hearing that there are reasonable grounds to believe that the respondent has engaged in harassment.

A restraining order may be issued only against the respondent named in the petition; except that if the respondent is an organization, the order may be issued against and apply to all of the members of the organization. If the court finds that the petitioner has had two or more previous restraining orders in effect against the same respondent or the respondent has violated a prior or existing restraining order on two or more occasions, relief granted by the

restraining order may be for a period of up to 50 years. In all other cases, relief granted by the restraining order must be for a fixed period of not more than two years. When a referee presides at the hearing on the petition, the restraining order becomes effective upon the referee's signature.

(c) An order issued under this subdivision must be personally served upon the respondent.

(d) If the court orders relief for a period of up to 50 years under paragraph (a), the respondent named in the restraining order may request to have the restraining order vacated or modified if the order has been in effect for at least five years and the respondent has not violated the order. Application for relief under this paragraph must be made in the county in which the restraining order was issued. Upon receipt of the request, the court shall set a hearing date. Personal service must be made upon the petitioner named in the restraining order not less than 30 days before the date of the hearing. At the hearing, the respondent named in the restraining order has the burden of proving by a preponderance of the evidence that there has been a material change in circumstances and that the reasons upon which the court relied in granting the restraining order no longer apply and are unlikely to occur. If the court finds that the respondent named in the restraining order has met the burden of proof, the court may vacate or modify the order. If the court finds that the respondent named in the restraining order has not met the burden of proof, the court shall deny the request and no request may be made to vacate or modify the restraining order until five years have elapsed from the date of denial. An order vacated or modified under this paragraph must be personally served on the petitioner named in the restraining order.

Sec. 22. Minnesota Statutes 2016, section 609.748, is amended by adding a subdivision to read:

Subd. 5a. Short-form notification. (a) In lieu of personal service of a harassment restraining order, a peace officer may serve a person with a short-form notification. The short-form notification must include the following clauses: the respondent's name; the respondent's date of birth, if known; the petitioner's name; the names of other protected parties; the date and county in which the temporary restraining order or restraining order was filed; the court file number; the hearing date and time, if known; the conditions that apply to the respondent, either in checklist form or handwritten; and the name of the judge who signed the order.

The short-form notification must be in bold print in the following form:

"The restraining order is now enforceable. You must report to your nearest sheriff's office or county court to obtain a copy of the restraining order. You are subject to arrest and may be charged with a misdemeanor, gross misdemeanor, or felony if you violate any of the terms of the restraining order or this short-form notification."

(b) Upon verification of the identity of the respondent and the existence of an unserved harassment restraining order against the respondent, a law enforcement officer may detain the respondent for a reasonable time necessary to complete and serve the short-form notification.

(c) When service is made by short-form notification, it may be proved by the affidavit of the law enforcement officer making the service.

(d) For service under this section only, service upon an individual may occur at any time, including Sundays and legal holidays.

(e) The superintendent of the Bureau of Criminal Apprehension shall provide the short form to law enforcement agencies.

EFFECTIVE DATE. This section is effective 30 days following publication of a notice on the Bureau of Criminal Apprehension's website that a computer system is available to send harassment restraining order data from the Minnesota judicial branch to law enforcement.

Sec. 23. Minnesota Statutes 2016, section 609.748, is amended by adding a subdivision to read:

Subd. 5b. **Service by others.** In addition to peace officers, corrections officers, including but not limited to probation officers, court services officers, parole officers, and employees of jails or correctional facilities, may serve a temporary restraining order or restraining order.

Sec. 24. Minnesota Statutes 2016, section 609.855, subdivision 2, is amended to read:

Subd. 2. **Unlawful interference with transit operator.** (a) Whoever intentionally commits an act that interferes with or obstructs, or tends to interfere with or obstruct, the operation of a transit vehicle is guilty of ~~unlawful interference with a transit operator~~ a crime and may be sentenced as provided in paragraph (c).

(b) An act ~~that~~ is committed on a transit vehicle that distracts the driver from the safe operation of the vehicle, restricts passenger access to the transit vehicle, or ~~that~~ endangers passengers is a violation of this subdivision if an authorized transit representative has clearly warned the person once to stop the act.

(c) A person who violates this subdivision may be sentenced as follows:

(1) to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both, if the violation was accompanied by force or violence or a communication of a threat of force or violence; or

(2) to imprisonment for not more than ~~90 days~~ one year or to payment of a fine of not more than ~~\$1,000~~ \$3,000, or both, if the violation was not accompanied by force or violence or a communication of a threat of force or violence.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 25. Minnesota Statutes 2016, section 624.714, subdivision 17, is amended to read:

Subd. 17. **Posting; trespass.** (a) A person carrying a firearm on or about his or her person or clothes under a permit or otherwise who remains at a private establishment knowing that the operator of the establishment or its agent has made a reasonable request that firearms not be brought into the establishment may be ordered to leave the premises. A person who fails to leave when so requested is guilty of a petty misdemeanor. The fine for a first offense must not exceed \$25. Notwithstanding section 609.531, a firearm carried in violation of this subdivision is not subject to forfeiture.

(b) As used in this subdivision, the terms in this paragraph have the meanings given.

(1) "Reasonable request" means a request made under the following circumstances:

(i) the requester has prominently posted a conspicuous sign at every entrance to the establishment containing the following language: "(INDICATE IDENTITY OF OPERATOR) BANS GUNS IN THESE PREMISES."; or

(ii) the requester or the requester's agent personally informs the person that guns are prohibited in the premises and demands compliance.

(2) "Prominently" means readily visible and within four feet laterally of the entrance with the bottom of the sign at a height of four to six feet above the floor.

(3) "Conspicuous" means lettering in black arial typeface at least 1-1/2 inches in height against a bright contrasting background that is at least 187 square inches in area.

(4) "Private establishment" means a building, structure, or portion thereof that is owned, leased, controlled, or operated by a nongovernmental entity for a nongovernmental purpose.

(c) The owner or operator of a private establishment may not prohibit the lawful carry or possession of firearms in a parking facility or parking area.

(d) The owner or operator of a private establishment may not prohibit the lawful carry or possession of firearms by a peace officer, as defined in section 626.84, subdivision 1, paragraph (c), within the private establishment or deny the officer access thereto, except when specifically authorized by statute. The owner or operator of the private establishment may require the display of official credentials issued by the agency that employs the peace officer prior to granting the officer entry into the private establishment.

~~(d)~~ (e) This subdivision does not apply to private residences. The lawful possessor of a private residence may prohibit firearms, and provide notice thereof, in any lawful manner.

~~(e)~~ (f) A landlord may not restrict the lawful carry or possession of firearms by tenants or their guests.

~~(f)~~ (g) Notwithstanding any inconsistent provisions in section 609.605, this subdivision sets forth the exclusive criteria to notify a permit holder when otherwise lawful firearm possession is not allowed in a private establishment and sets forth the exclusive penalty for such activity.

~~(g)~~ (h) This subdivision does not apply to:

~~(1) an active licensed peace officer; or~~

~~(2) a security guard acting in the course and scope of employment. The owner or operator of a private establishment may require the display of official credentials issued by the company, which must be licensed by the Private Detective and Protective Agent Services Board, that employs the security guard and the guard's permit card prior to granting the guard entrance into the private establishment.~~

Sec. 26. **[626.8469] TRAINING IN CRISIS RESPONSE, CONFLICT MANAGEMENT, AND CULTURAL DIVERSITY.**

Subdivision 1. In-service training required. Beginning July 1, 2018, the chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in crisis intervention and mental illness crises; conflict management and mediation; and recognizing and valuing community diversity and cultural differences to include implicit bias training to every peace officer and part-time peace officer employed by the agency. The training shall comply with learning objectives developed and approved by the board and shall meet board requirements for board-approved continuing education credit. The training shall consist of at least 16 continuing education credits within an officer's three-year licensing cycle. Each peace officer with a license renewal date after June 30, 2018, is not required to complete this training until the officer's next full three-year licensing cycle.

Subd. 2. Record keeping required. The head of every local and state law enforcement agency shall maintain written records of the agency's compliance with the requirements of subdivision 1. The documentation is subject to periodic review by the board, and shall be made available to the board at its request.

Subd. 3. Licensing sanctions; injunctive relief. The board may impose licensing sanctions and seek injunctive relief under section 214.11 for failure to comply with the requirements of this section.

Sec. 27. Laws 2009, chapter 59, article 3, section 4, subdivision 8, as amended by Laws 2011, chapter 87, section 1, subdivision 8, is amended to read:

Subd. 8. **Report.** (a) By February 1, ~~2013~~ 2019, the commissioner of public safety and each eligible city and county that participates in the diversion program shall report to the legislative committees with jurisdiction over transportation and the judiciary concerning the results of the program. ~~The report must be made electronically and available in print only upon request. At a minimum, the report must include, without limitation, the effect of the program on:~~

(1) recidivism rates for participants in the diversion pilot program;

(2) ~~payment of the~~ information for reinstatement fees, surcharges, restitution, and criminal fines collected in the diversion pilot program to cities, counties, and the state;

(3) educational support provided to participants in the diversion pilot program; ~~and~~

(4) the total number of participants in the diversion pilot program ~~and~~;

(5) the number of participants who have terminated from the pilot program under subdivision 7, paragraph (a), clauses (1) to (3); and

(6) the names of all third-party program administrators and their program fee refund policy, and, for each administrator the amount charged for program fees, and the amount of program fees retained from participants who have terminated from the program.

(b) The report must include recommendations regarding the future of the program and any necessary legislative changes.

Sec. 28. Laws 2009, chapter 59, article 3, section 4, subdivision 9, as amended by Laws 2010, chapter 197, section 1, Laws 2011, chapter 87, section 1, subdivision 9, and Laws 2013, chapter 127, section 60, is amended to read:

Subd. 9. **Sunset.** A city or county participating in this pilot program may accept an individual for diversion into the pilot program until June 30, ~~2017~~ 2019. The third party administering the diversion program may collect and disburse fees collected pursuant to subdivision 6, paragraph (a), clause (2), through December 31, ~~2018~~ 2020, at which time the pilot program under this section expires.

Sec. 29. **ALTERNATIVES TO INCARCERATION PILOT PROGRAM FUND.**

(a) Agencies providing supervision to offenders on probation, parole, or supervised release are eligible for grants to facilitate access to community options including, but not limited to, inpatient chemical dependency treatment for nonviolent controlled substance offenders to address and correct behavior that is, or is likely to result in, a technical violation of the conditions of release. For purposes of this section, "nonviolent controlled substance offender" is a person who meets the criteria described under Minnesota Statutes, section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" means a violation of a court order of probation, condition of parole, or condition of supervised release, except an allegation of a subsequent criminal act that is alleged in a formal complaint, citation, or petition.

(b) The Department of Corrections shall establish criteria for selecting grant recipients and the amount awarded to each grant recipient.

(c) By January 15, 2019, the commissioner of corrections shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over public safety policy and finance. At a minimum, the report must include:

(1) the total number of grants issued under this program;

(2) the average amount of each grant;

(3) the community services accessed as a result of the grants;

(4) a summary of the type of supervision offenders were under when a grant was used to help access a community option;

(5) the number of individuals who completed, and the number who failed to complete, programs accessed as a result of this grant; and

(6) the number of individuals who violated the terms of release following participation in a program accessed as a result of this grant, separating technical violations and new criminal offenses.

ARTICLE 4 COURT-RELATED FEE DECREASES

Section 1. Minnesota Statutes 2016, section 357.021, subdivision 2, is amended to read:

Subd. 2. **Fee amounts.** The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, including any case arising under the tax laws of the state that could be transferred or appealed to the Tax Court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of ~~\$340~~ \$280, except in marriage dissolution actions the fee is ~~\$340~~ \$310.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of ~~\$340~~ \$280, except in marriage dissolution actions the fee is ~~\$340~~ \$310. This subdivision does not apply to the filing of an Application for Discharge of Judgment. Section 548.181 applies to an Application for Discharge of Judgment.

The party requesting a trial by jury shall pay \$100.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$14, and \$8 for an uncertified copy.

(3) Issuing a subpoena, \$16 for each name.

(4) Filing a motion or response to a motion in civil, family, excluding child support, and guardianship cases, ~~\$100~~ \$75.

- (5) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$55.
- (6) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$40.
- (7) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.
- (8) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.
- (9) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopathic physicians, chiropractors, veterinarians, or optometrists, \$5.
- (10) For the filing of each partial, final, or annual account in all trusteeships, \$55.
- (11) For the deposit of a will, \$27.
- (12) For recording notary commission, \$20.
- (13) Filing a motion or response to a motion for modification of child support, a fee of ~~\$100~~ \$50.
- (14) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.
- (15) In addition to any other filing fees under this chapter, a surcharge in the amount of \$75 must be assessed in accordance with section 259.52, subdivision 14, for each adoption petition filed in district court to fund the fathers' adoption registry under section 259.52.

The fees in clauses (3) and (5) need not be paid by a public authority or the party the public authority represents.

Sec. 2. Minnesota Statutes 2016, section 357.022, is amended to read:

357.022 CONCILIATION COURT FEE.

The court administrator in every county shall charge and collect a filing fee of ~~\$65~~ \$50 from every plaintiff and from every defendant when the first paper for that party is filed in any conciliation court action. This section does not apply to conciliation court actions filed by the state. The court administrator shall transmit the fees monthly to the commissioner of management and budget for deposit in the state treasury and credit to the general fund.

Sec. 3. Minnesota Statutes 2016, section 609.748, subdivision 3a, is amended to read:

Subd. 3a. **Filing fee; cost of service.** The filing fees for a restraining order under this section are waived for the petitioner and the respondent if the petition alleges acts that would constitute a violation of section 609.749, subdivision 2, 3, 4, or 5, or sections 609.342 to 609.3451. The court administrator and the sheriff of any county in this state shall perform their duties relating to service of process without charge to the petitioner. The court shall direct payment of the reasonable costs of service of process if served by a private process server when the sheriff is unavailable or if service is made by publication. ~~The court may direct a respondent to pay to the court administrator the petitioner's filing fees and reasonable costs of service of process if the court determines that the respondent has the ability to pay the petitioner's fees and costs.~~

ARTICLE 5
CONTROLLED SUBSTANCES

Section 1. Minnesota Statutes 2016, section 152.02, subdivision 2, is amended to read:

Subd. 2. **Schedule I.** (a) Schedule I consists of the substances listed in this subdivision.

(b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the analogs, isomers, esters, ethers, and salts is possible:

- (1) acetylmethadol;
- (2) allylprodine;
- (3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);
- (4) alphameprodine;
- (5) alphasmethadol;
- (6) alpha-methylfentanyl benzethidine;
- (7) betacetylmethadol;
- (8) betameprodine;
- (9) betamethadol;
- (10) betaprodine;
- (11) clonitazene;
- (12) dextromoramide;
- (13) diampromide;
- (14) diethylambutene;
- (15) difenoxin;
- (16) dimenoxadol;
- (17) dimepheptanol;
- (18) dimethylambutene;
- (19) dioxaphetyl butyrate;
- (20) dipipanone;

- (21) ethylmethylthiambutene;
- (22) etonitazene;
- (23) etoxeridine;
- (24) furethidine;
- (25) hydroxypethidine;
- (26) ketobemidone;
- (27) levomoramide;
- (28) levophenacymorphan;
- (29) 3-methylfentanyl;
- (30) acetyl-alpha-methylfentanyl;
- (31) alpha-methylthiofentanyl;
- (32) benzylfentanyl beta-hydroxyfentanyl;
- (33) beta-hydroxy-3-methylfentanyl;
- (34) 3-methylthiofentanyl;
- (35) thenylfentanyl;
- (36) thiofentanyl;
- (37) para-fluorofentanyl;
- (38) morpheridine;
- (39) 1-methyl-4-phenyl-4-propionoxypiperidine;
- (40) noracymethadol;
- (41) norlevorphanol;
- (42) normethadone;
- (43) norpipanone;
- (44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);
- (45) phenadoxone;
- (46) phenampromide;

- (47) phenomorphan;
- (48) phenoperidine;
- (49) piritramide;
- (50) proheptazine;
- (51) properidine;
- (52) propiram;
- (53) racemoramide;
- (54) tilidine;
- (55) trimeperidine;
- (56) N-(1-Phenethylpiperidin-4-yl)-N-phenylacetamide (acetyl fentanyl);
- (57) 3,4-dichloro-N-[(1R,2R)-2-(dimethylamino)cyclohexyl]-N-methylbenzamide(U47700); and
- (58) N-phenyl-N-[1-(2-phenylethyl)piperidin-4-yl]furan-2-carboxamide(furanylfentanyl).

(c) Opium derivatives. Any of the following substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- (1) acetorphine;
- (2) acetyldihydrocodeine;
- (3) benzylmorphine;
- (4) codeine methylbromide;
- (5) codeine-n-oxide;
- (6) cyprenorphine;
- (7) desomorphine;
- (8) dihydromorphine;
- (9) drotebanol;
- (10) etorphine;
- (11) heroin;
- (12) hydromorphanol;

- (13) methyl-desorphine;
- (14) methyl-dihydromorphine;
- (15) morphine methyl-bromide;
- (16) morphine methyl-sulfonate;
- (17) morphine-n-oxide;
- (18) myrophine;
- (19) nicocodeine;
- (20) nicomorphine;
- (21) normorphine;
- (22) pholcodine; and
- (23) thebacon.

(d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- (1) methylenedioxy amphetamine;
- (2) methylenedioxymethamphetamine;
- (3) methylenedioxy-N-ethylamphetamine (MDEA);
- (4) n-hydroxy-methylenedioxyamphetamine;
- (5) 4-bromo-2,5-dimethoxyamphetamine (DOB);
- (6) 2,5-dimethoxyamphetamine (2,5-DMA);
- (7) 4-methoxyamphetamine;
- (8) 5-methoxy-3, 4-methylenedioxyamphetamine;
- (9) alpha-ethyltryptamine;
- (10) bufotenine;
- (11) diethyltryptamine;
- (12) dimethyltryptamine;

- (13) 3,4,5-trimethoxyamphetamine;
- (14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);
- (15) ibogaine;
- (16) lysergic acid diethylamide (LSD);
- (17) mescaline;
- (18) parahexyl;
- (19) N-ethyl-3-piperidyl benzilate;
- (20) N-methyl-3-piperidyl benzilate;
- (21) psilocybin;
- (22) psilocyn;
- (23) tenocyclidine (TPCP or TCP);
- (24) N-ethyl-1-phenyl-cyclohexylamine (PCE);
- (25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);
- (26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);
- (27) 4-chloro-2,5-dimethoxyamphetamine (DOC);
- (28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);
- (29) 4-iodo-2,5-dimethoxyamphetamine (DOI);
- (30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);
- (31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);
- (32) 4-methyl-2,5-dimethoxyphenethylamine (2C-D);
- (33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);
- (34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);
- (35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);
- (36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);
- (37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);
- (38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-f][1]benzofuran-4-yl)ethanamine (2-CB-FLY);

- (39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);
- (40) alpha-methyltryptamine (AMT);
- (41) N,N-diisopropyltryptamine (DiPT);
- (42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);
- (43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);
- (44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);
- (45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);
- (46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);
- (47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);
- (48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);
- (49) 5-methoxy- α -methyltryptamine (5-MeO-AMT);
- (50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);
- (51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);
- (52) ~~5-methoxy-N-methyl-N-propyltryptamine~~ 5-methoxy-N-methyl-N-isopropyltryptamine (5-MeO-MiPT);
- (53) 5-methoxy- α -ethyltryptamine (5-MeO-AET);
- (54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);
- (55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);
- (56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);
- (57) methoxetamine (MXE);
- (58) 5-iodo-2-aminoindane (5-IAI);
- (59) 5,6-methylenedioxy-2-aminoindane (MDAI);
- (60) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25B-NBOMe);
- (61) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25C-NBOMe);
- (62) 2-(4-iodo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25I-NBOMe);
- (63) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);
- (64) 2-(4-Ethylthio-2,5-dimethoxyphenyl)ethanamine (2C-T-2);

- (65) N,N-Dipropyltryptamine (DPT);
- (66) 3-[1-(Piperidin-1-yl)cyclohexyl]phenol (3-HO-PCP);
- (67) N-ethyl-1-(3-methoxyphenyl)cyclohexanamine (3-MeO-PCE);
- (68) 4-[1-(3-methoxyphenyl)cyclohexyl]morpholine (3-MeO-PCMo);
- (69) 1-[1-(4-methoxyphenyl)cyclohexyl]-piperidine (methoxydine, 4-MeO-PCP);
- (70) 2-(2-Chlorophenyl)-2-(ethylamino)cyclohexan-1-one (N-Ethylorketamine, ethketamine, NENK); ~~and~~
- (71) methylenedioxy-N,N-dimethylamphetamine (MDDMA);
- (72) 3-(2-Ethyl(methyl)aminoethyl)-1H-indol-4-yl (4-AcO-MET); and
- (73) 2-Phenyl-2-(methylamino)cyclohexanone (deschloroketamine).

(e) Peyote. All parts of the plant presently classified botanically as *Lophophora williamsii* Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

(f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- (1) mecloqualone;
- (2) methaqualone;
- (3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;
- (4) flunitrazepam; and
- (5) 2-(2-Methoxyphenyl)-2-(methylamino)cyclohexanone (2-MeO-2-deschloroketamine, methoxyketamine).

(g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- (1) aminorex;
- (2) cathinone;
- (3) fenethylamine;

- (4) methcathinone;
- (5) methylaminorex;
- (6) N,N-dimethylamphetamine;
- (7) N-benzylpiperazine (BZP);
- (8) methylmethcathinone (mephedrone);
- (9) 3,4-methylenedioxy-N-methylcathinone (methylone);
- (10) methoxymethcathinone (methedrone);
- (11) methylenedioxypropylamphetamine (MDPV);
- (12) 3-fluoro-N-methylcathinone (3-FMC);
- (13) methylethcathinone (MEC);
- (14) 1-benzofuran-6-ylpropan-2-amine (6-APB);
- (15) dimethylmethcathinone (DMMC);
- (16) fluoroamphetamine;
- (17) fluoromethamphetamine;
- (18) α -methylaminobutyrophenone (MABP or buphedrone);
- (19) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)butan-1-one (butylone);
- (20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);
- (21) 1-(naphthalen-2-yl)-2-(pyrrolidin-1-yl) pentan-1-one (naphthylpyrovalerone or naphyrone);
- (22) (alpha-pyrrolidinopentiophenone (alpha-PVP);
- (23) (RS)-1-(4-methylphenyl)-2-(1-pyrrolidinyl)-1-hexanone (4-Me-PHP or MPHP);
- (24) 2-(1-pyrrolidinyl)-hexanophenone (Alpha-PHP);
- (25) 4-methyl-N-ethylcathinone (4-MEC);
- (26) 4-methyl-alpha-pyrrolidinopropiophenone (4-MePPP);
- (27) 2-(methylamino)-1-phenylpentan-1-one (pentedrone);
- (28) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)pentan-1-one (pentylone);
- (29) 4-fluoro-N-methylcathinone (4-FMC);

- (30) 3,4-methylenedioxy-N-ethylcathinone (ethylone);
- (31) alpha-pyrrolidinobutiophenone (α -PBP);
- (32) 5-(2-Aminopropyl)-2,3-dihydrobenzofuran (5-APDB);
- (33) 1-phenyl-2-(1-pyrrolidinyl)-1-heptanone (PV8);
- (34) 6-(2-Aminopropyl)-2,3-dihydrobenzofuran (6-APDB); ~~and~~
- (35) 4-methyl-alpha-ethylaminopentiophenone (4-MEAPP);
- (36) 4'-chloro-alpha-pyrrolidinopropiophenone (4-chloro-PPP);
- (37) 1-(1,3-Benzodioxol-5-yl)-2-(dimethylamino)butan-1-one (dibutylone, bk-DMBDB); and

(38) any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:

- (i) by substitution in the ring system to any extent with alkyl, alkylenedioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;
- (ii) by substitution at the 3-position with an acyclic alkyl substituent;
- (iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or
- (iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

(h) Marijuana, tetrahydrocannabinols, and synthetic cannabinoids. Unless specifically excepted or unless listed in another schedule, any natural or synthetic material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

(1) marijuana;

(2) tetrahydrocannabinols naturally contained in a plant of the genus *Cannabis*, synthetic equivalents of the substances contained in the cannabis plant or in the resinous extractives of the plant, or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

(3) synthetic cannabinoids, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-naphthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

- (B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);
- (C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);
- (D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);
- (E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);
- (F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);
- (G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);
- (H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);
- (I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);
- (J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

(ii) Naphthylmethylindeles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindeles include, but are not limited to:

- (A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);
- (B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methane (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylindenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

- (A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);
- (B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);

(C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);

(D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).

(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:

(A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl]-phenol (CP 55,940).

(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);

(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);

(C) (4-methoxyphenyl-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);

(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

(C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de]-1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2);

(D) (1-pentylindol-3-yl)-(2,2,3,3-tetramethylcyclopropyl)methanone (UR-144);

(E) (1-(5-fluoropentyl)-1H-indol-3-yl)(2,2,3,3-tetramethylcyclopropyl)methanone (XLR-11);

(F) 1-pentyl-N-tricyclo[3.3.1.1^{3,7}]dec-1-yl-1H-indazole-3-carboxamide (AKB-48(APINACA));

(G) N-((3s,5s,7s)-adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide (5-Fluoro-AKB-48);

(H) 1-pentyl-8-quinolinyl ester-1H-indole-3-carboxylic acid (PB-22);

(I) 8-quinolinyl ester-1-(5-fluoropentyl)-1H-indole-3-carboxylic acid (5-Fluoro PB-22);

- (J) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-pentyl-1H-indazole-3-carboxamide (AB-PINACA);
- (K) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-[(4-fluorophenyl)methyl]-1H-indazole-3-carboxamide (AB-FUBINACA);
- (L) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-(cyclohexylmethyl)-1H-indazole-3-carboxamide (AB-CHMINACA);
- (M) (S)-methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3-methylbutanoate (5-fluoro-AMB);
- (N) [1-(5-fluoropentyl)-1H-indazol-3-yl](naphthalen-1-yl) methanone (THJ-2201);
- (O) (1-(5-fluoropentyl)-1H-benzo[d]imidazol-2-yl)(naphthalen-1-yl)methanone (FUBIMINA);
- (P) (7-methoxy-1-(2-morpholinoethyl)-N-((1S,2S,4R)-1,3,3-trimethylbicyclo [2.2.1]heptan-2-yl)-1H-indole-3-carboxamide (MN-25 or UR-12);
- (Q) (S)-N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)-1H-indole-3-carboxamide (5-fluoro-ABICA);
- (R) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)-1H-indole-3-carboxamide;
- (S) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide;
- (T) methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate;
- (U) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)-1H-indazole-3-carboxamide (MAB-CHMINACA);
- (V) N-(1-Amino-3,3-dimethyl-1-oxo-2-butanyl)-1-pentyl-1H-indazole-3-carboxamide (ADB-PINACA);
- (W) methyl (1-(4-fluorobenzyl)-1H-indazole-3-carbonyl)-L-valinate (FUB-AMB);
- (X) N-[(1S)-2-amino-2-oxo-1-(phenylmethyl)ethyl]-1-(cyclohexylmethyl)-1H-Indazole-3-carboxamide. (APP-CHMINACA); ~~and~~
- (Y) quinolin-8-yl 1-(4-fluorobenzyl)-1H-indole-3-carboxylate (FUB-PB-22); ~~and~~
- (Z) methyl N-[1-(cyclohexylmethyl)-1H-indole-3-carbonyl]valinate (MMB-CHMICA).

(i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2016, section 152.02, subdivision 12, is amended to read:

Subd. 12. **Coordination of controlled substance regulation with federal law and state statute.** (a) If any substance is designated, rescheduled, or deleted as a controlled substance under federal law ~~and notice thereof is given to the state Board of Pharmacy, the state Board of Pharmacy shall~~ may similarly and temporarily control the substance under this chapter, ~~after the expiration of 30 days from publication in the Federal Register of a final order designating a substance as a controlled substance or rescheduling or deleting a substance. Such order shall be filed with the secretary of state. If within that 30 day period, the state Board of Pharmacy objects to inclusion, rescheduling, or deletion, it shall publish the reasons for objection and afford all interested parties an opportunity to be heard. At the conclusion of the hearing, the state Board of Pharmacy shall publish its decision, which shall be~~

subject to the provisions of chapter 14 by issuing an order and causing it to be published in the State Register and filed with the secretary of state. In issuing the order, the board is not required to engage in rulemaking. The order expires no later than 12 months after the date of issue and may not be renewed. After issuing the order, the board may permanently schedule the substance only by exercising the authority granted to it under subdivision 8.

~~In exercising the authority granted by this chapter, the state Board of Pharmacy shall be subject to the provisions of chapter 14.~~

(b) The state Board of Pharmacy shall annually submit a report to the legislature on or before December 1 that specifies what changes the board made to the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250, in the preceding 12 months. The report must also specify any orders issued by the board under this subdivision. The report must include specific recommendations for amending the controlled substance schedules contained in subdivisions 2 to 6, so that they conform with the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250, and with the federal schedules.

Sec. 3. Minnesota Statutes 2016, section 152.02, is amended by adding a subdivision to read:

Subd. 14. **Procedural requirements.** Except as otherwise permitted in this section, the Board of Pharmacy is subject to the provisions of chapter 14 in exercising the authority granted by this chapter."

Delete the title and insert:

"A bill for an act relating to public safety; modifying certain provisions relating to courts, public safety, corrections, crime, and controlled substances; requesting reports; providing for penalties; appropriating money for public safety, courts, corrections, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Sentencing Guidelines, Peace Officer Standards and Training (POST) Board, and Private Detective Board; amending Minnesota Statutes 2016, sections 2.722, subdivision 1; 3.739, subdivision 1; 13.69, subdivision 1; 152.02, subdivisions 2, 12, by adding a subdivision; 152.105; 171.015, by adding a subdivision; 241.01, subdivision 3a; 243.05, subdivision 1; 243.17, subdivision 1; 243.49; 244.05, subdivision 3; 244.198, by adding a subdivision; 271.21, subdivision 2; 299A.55, subdivision 2; 299A.707, subdivision 2; 299C.46, subdivision 6; 357.021, subdivision 2; 357.022; 357.42; 358.116; 480.242, subdivision 2; 484.70, subdivision 7; 484.702, by adding a subdivision; 486.05, subdivision 1; 486.06; 513.41; 518.179, subdivision 2; 549.09, subdivision 1; 609.14, by adding a subdivision; 609.475; 609.48, by adding a subdivision; 609.595, subdivisions 1, 2, by adding a subdivision; 609.605, by adding a subdivision; 609.74; 609.748, subdivisions 3, 3a, 4, 5, by adding subdivisions; 609.855, subdivision 2; 624.714, subdivision 17; 631.52, subdivision 2; 634.36; Laws 2009, chapter 59, article 3, section 4, subdivisions 8, as amended, 9, as amended; proposing coding for new law in Minnesota Statutes, chapters 609; 626; repealing Minnesota Statutes 2016, sections 169.685, subdivision 4; 486.05, subdivision 1a; 525.112."

We request the adoption of this report and repassage of the bill.

Senate Conferees: WARREN LIMMER, JERRY RELPH, MARK JOHNSON and BRUCE D. ANDERSON.

House Conferees: TONY CORNISH, BRIAN JOHNSON, NICK ZERWAS and PEGGY SCOTT.

The Speaker called Albright to the Chair.

Cornish moved that the report of the Conference Committee on S. F. No. 803 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Cornish motion and the roll was called. There were 73 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Albright	Dean, M.	Heintzeman	Loon	Petersburg	Uglen
Anderson, P.	Dettmer	Hertaus	Loonan	Peterson	Urdahl
Anderson, S.	Drazkowski	Hoppe	Lucero	Pierson	Vogel
Anselmo	Fabian	Howe	Lueck	Poston	West
Backer	Fenton	Jessup	McDonald	Pugh	Whelan
Bahr, C.	Franke	Johnson, B.	Miller	Quam	Wills
Baker	Franson	Jurgens	Nash	Rarick	Zerwas
Barr, R.	Garofalo	Kiel	Neu	Runbeck	Spk. Daudt
Bennett	Green	Knobloch	Newberger	Schomacker	
Christensen	Grossell	Koznick	Nornes	Scott	
Cornish	Gruenhagen	Kresha	O'Driscoll	Smith	
Daniels	Gunther	Layman	O'Neill	Swedzinski	
Davids	Haley	Lohmer	Peppin	Torkelson	

Those who voted in the negative were:

Allen	Ecklund	Johnson, C.	Mahoney	Omar	Sundin
Applebaum	Fischer	Johnson, S.	Marquart	Pelowski	Thissen
Becker-Finn	Flanagan	Koegel	Masin	Pinto	Wagenius
Bernardy	Freiberg	Kunesh-Podein	Maye Quade	Poppe	Ward
Bly	Hamilton	Lee	Metsa	Pryor	Youakim
Carlson, A.	Hansen	Lesch	Moran	Rosenthal	
Carlson, L.	Hausman	Liebling	Murphy, E.	Sandstede	
Clark	Hilstrom	Lien	Murphy, M.	Sauke	
Considine	Hornstein	Lillie	Nelson	Schultz	
Dehn, R.	Hortman	Loeffler	Olson	Slocum	

The motion prevailed.

S. F. No. 803, A bill for an act relating to public safety; appropriating money for public safety, courts, corrections, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Sentencing Guidelines, Peace Officer Standards and Training (POST) Board, Private Detective Board, and Human Rights; lowering certain court-related fees; amending Minnesota Statutes 2016, sections 13.69, subdivision 1; 271.21, subdivision 2; 357.021, subdivision 2; 609.748, subdivision 3a.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 75 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Albright	Dean, M.	Haley	Loeffler	O'Neill	Swedzinski
Anderson, P.	Dettmer	Heintzeman	Lohmer	Peppin	Torkelson
Anderson, S.	Drazkowski	Hertaus	Loon	Petersburg	Uglen
Anselmo	Erickson	Hoppe	Loonan	Peterson	Urdahl
Backer	Fabian	Howe	Lucero	Pierson	Vogel
Bahr, C.	Fenton	Jessup	Lueck	Poston	West
Baker	Franke	Johnson, B.	McDonald	Pugh	Whelan
Barr, R.	Franson	Jurgens	Miller	Quam	Wills
Bennett	Garofalo	Kiel	Nash	Rarick	Zerwas
Christensen	Green	Knoblach	Neu	Runbeck	Spk. Daudt
Cornish	Grossell	Koznick	Newberger	Schomacker	
Daniels	Gruenhagen	Kresha	Nornes	Scott	
Davids	Gunther	Layman	O'Driscoll	Smith	

Those who voted in the negative were:

Allen	Dehn, R.	Hornstein	Lien	Murphy, M.	Sandstede
Applebaum	Ecklund	Hortman	Lillie	Nelson	Sauke
Becker-Finn	Fischer	Johnson, C.	Mahoney	Olson	Schultz
Bernardy	Flanagan	Johnson, S.	Marquart	Omar	Slocum
Bly	Freiberg	Koegel	Masin	Pelowski	Sundin
Carlson, A.	Hamilton	Kunesh-Podein	Maye Quade	Pinto	Thissen
Carlson, L.	Hansen	Lee	Metsa	Poppe	Wagenius
Clark	Hausman	Lesch	Moran	Pryor	Ward
Considine	Hilstrom	Liebling	Murphy, E.	Rosenthal	Youakim

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

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

H. F. No. 4, A bill for an act relating to financing and operation of state and local government; making changes to individual income, corporate franchise, estate, property, sales and use, excise, mineral, tobacco, gambling, special, local, and other miscellaneous taxes and tax-related provisions; modifying provisions related to taxpayer empowerment, local government aids, credits, refunds, in perpetuity payments on land purchases, tax increment financing, and public finance; providing for new income tax subtractions, additions, and credits; establishing a first-time home buyer savings account program; providing for conformity to federal tax extenders by administrative action; modifying the education credit; providing a credit for donations to fund K-12 scholarships; modifying residency definitions; providing estate tax conformity; modifying property tax exemptions, classifications, and refunds; allowing a reverse referendum for property tax levies under certain circumstances; establishing school building bond agricultural tax credit; modifying state general levy; modifying certain local government aids; modifying sales tax definitions and exemptions; providing sales tax exemptions; clarifying the appropriation for sales tax refunds; establishing sales tax collection duties for marketplace providers and certain retailers; dedicating certain sales tax revenues; providing exemptions from sales taxes and property taxes for a Major League Soccer stadium; authorizing certain tax increment financing authority; prohibiting municipalities from taxing paper or plastic bags; modifying county levy authority; authorizing certain local taxes; requiring voter approval for certain

transportation sales taxes; restricting rail project expenditures; modifying provisions related to taconite; repealing political contribution refund; modifying taxes on tobacco products and cigarettes; providing for a private letter ruling program; modifying tax administration procedures; dedicating transportation-related taxes; modifying vehicle taxes and fees; making minor policy, technical, and conforming changes; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 13.4967, by adding a subdivision; 13.51, subdivision 2; 40A.18, subdivision 2; 69.021, subdivision 5; 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; 97A.056, subdivisions 1a, 3, by adding subdivisions; 116P.02, subdivision 1, by adding subdivisions; 116P.08, subdivisions 1, 4; 123B.63, subdivision 3; 126C.17, subdivision 9; 127A.45, subdivisions 10, 13; 128C.24; 168.013, subdivision 1a, by adding a subdivision; 169.011, by adding a subdivision; 205.10, subdivision 1; 205A.05, subdivision 1; 216B.36; 216B.46; 237.19; 270.071, subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision; 270.074, subdivision 1; 270.078, subdivision 1; 270.12, by adding a subdivision; 270.82, subdivision 1; 270A.03, subdivisions 5, 7; 270B.14, subdivision 1, by adding subdivisions; 270C.13, subdivision 1; 270C.171, subdivision 1; 270C.30; 270C.31, by adding a subdivision; 270C.33, subdivisions 5, 8, by adding subdivisions; 270C.34, subdivisions 1, 2; 270C.35, subdivisions 3, 4, by adding a subdivision; 270C.38, subdivision 1; 270C.445, subdivisions 2, 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding a subdivision; 270C.446, subdivisions 2, 3, 4, 5; 270C.447, subdivisions 1, 2, 3, by adding a subdivision; 270C.72, subdivision 4; 270C.89, subdivision 1; 271.06, subdivisions 2, 2a, 6, 7; 271.08, subdivision 1; 271.18; 272.02, subdivisions 9, 10, 23, 86, by adding a subdivision; 272.0211, subdivision 1; 272.0213; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295, subdivision 4, by adding a subdivision; 272.115, subdivisions 1, 2, 3; 272.162; 273.061, subdivision 7; 273.0755; 273.08; 273.121, by adding a subdivision; 273.124, subdivisions 3a, 13, 13d, 14, 21; 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.135, subdivision 1; 273.1392; 273.1393; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.014, subdivision 3; 274.13, subdivision 1; 274.135, subdivision 3; 275.025, subdivisions 1, 2, 4, by adding a subdivision; 275.065, subdivisions 1, 3; 275.066; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.60; 275.62, subdivision 2; 276.017, subdivision 3; 276.04, subdivisions 1, 2; 278.01, subdivision 1; 279.01, subdivisions 1, 2, 3; 279.37, by adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3; 282.01, subdivisions 1a, 1d, 4, 6, by adding a subdivision; 282.016; 282.018, subdivision 1; 282.02; 282.241, subdivision 1; 282.322; 287.08; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.10, subdivision 1; 289A.11, subdivision 1; 289A.12, subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.40, subdivision 1; 289A.50, subdivisions 1, 2a, 7; 289A.60, subdivisions 1, 13, 28, by adding a subdivision; 289A.63, by adding a subdivision; 290.01, subdivisions 6, 7; 290.0131, by adding subdivisions; 290.0132, subdivisions 4, 14, 21, by adding subdivisions; 290.0133, by adding a subdivision; 290.06, subdivision 22, by adding subdivisions; 290.067, subdivisions 1, 2b; 290.0672, subdivision 1; 290.0674, subdivisions 1, 2, by adding a subdivision; 290.068, subdivisions 1, 2, 3, 6a; 290.0685, subdivision 1; 290.091, subdivision 2; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1; 290A.03, subdivisions 3, 11, 13; 290A.10; 290A.19; 290C.03; 291.005, subdivision 1, as amended; 291.016, subdivisions 2, 3; 291.03, subdivisions 1, 9, 11; 291.075; 295.54, subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 7, 12, 33, 42, by adding a subdivision; 296A.02, by adding a subdivision; 296A.07, subdivision 1; 296A.08, subdivision 2; 296A.16, subdivision 2; 296A.22, subdivision 9; 296A.26; 297A.66, subdivisions 1, 2, 4, by adding a subdivision; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, subdivisions 5, 9, 19, 35a; 297A.70, subdivisions 4, 12, 14, by adding subdivisions; 297A.71, subdivision 44, by adding subdivisions; 297A.75, subdivisions 1, 2, 3, 5; 297A.815, subdivision 3; 297A.82, subdivisions 4, 4a; 297A.94; 297A.992, subdivision 6a; 297A.993, subdivisions 1, 2, by adding subdivisions; 297B.07; 297D.02; 297E.02, subdivisions 3, 6, 7; 297E.04, subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.01, subdivision 13a; 297F.05, subdivisions 1, 3, 3a, 4a; 297F.09, subdivision 1; 297F.23; 297G.09, subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.20, by adding a subdivision; 297I.30, subdivision 7, by adding a subdivision; 297I.60, subdivision 2; 298.01, subdivisions 3, 4, 4c; 298.225, subdivision 1; 298.24, subdivision 1; 298.28, subdivisions 2, 3, 5; 366.095, subdivision 1; 383B.117, subdivision 2; 398A.10, subdivisions 3, 4; 410.32; 412.221, subdivision 2; 412.301; 414.09, subdivision 2; 426.19, subdivision 2; 447.045, subdivisions 2, 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision 1; 462.353, subdivision 4; 469.053, subdivision 5; 469.101, subdivision 1; 469.107, subdivision 2;

469.169, by adding a subdivision; 469.174, subdivision 12; 469.175, subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.190, subdivisions 1, 5; 469.319, subdivision 5; 471.57, subdivision 3; 471.571, subdivision 3; 471.572, subdivisions 2, 4; 473.39, by adding subdivisions; 473H.09; 473H.17, subdivision 1a; 475.59; 475.60, subdivision 2; 477A.011, subdivisions 34, 45; 477A.0124, subdivision 2; 477A.013, subdivisions 1, 8, 9, by adding a subdivision; 477A.10; 477A.11, by adding subdivisions; 477A.19, by adding subdivisions; 504B.285, subdivision 1; 504B.365, subdivision 3; 559.202, subdivision 2; 609.5316, subdivision 3; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as amended; article 3, section 51; Laws 1999, chapter 243, article 4, sections 17, subdivisions 3, 5, by adding a subdivision; 18, subdivision 1, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivisions 2, as amended, 4, as amended; Laws 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended; Laws 2014, chapter 308, article 6, sections 8, subdivision 1; 9; article 9, section 94; Laws 2016, chapter 187, section 5; proposing coding for new law in Minnesota Statutes, chapters 11A; 16A; 16B; 41B; 88; 103C; 116P; 117; 174; 222; 270C; 273; 274; 275; 281; 289A; 290; 290B; 290C; 293; 297A; 416; 459; 462A; 471; 473; 477A; proposing coding for new law as Minnesota Statutes, chapter 462D; repealing Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 136A.129; 205.10, subdivision 3; 270.074, subdivision 2; 270C.445, subdivision 1; 270C.447, subdivision 4; 270C.9901; 281.22; 289A.10, subdivision 1a; 289A.12, subdivision 18; 289A.18, subdivision 3a; 289A.20, subdivision 3a; 290.06, subdivisions 23, 36; 290.067, subdivision 2; 290.9743; 290.9744; 290C.02, subdivisions 5, 9; 290C.06; 291.03, subdivisions 8, 9, 10, 11; 297A.992, subdivision 12; 297F.05, subdivision 1a; 477A.085; 477A.20; Minnesota Rules, parts 4503.1400, subpart 4; 8092.1400; 8092.2000; 8100.0700; 8125.1300, subpart 3.

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

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 861, A bill for an act relating to transportation finance; establishing the budget for transportation activities; modifying various provisions governing transportation finance and policy; establishing a fund; requiring reports; appropriating money; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2016, sections 16A.88, subdivision 2; 53C.01, subdivision 2; 115A.908, subdivision 2; 117.189; 160.18, by adding a subdivision; 161.081, subdivision 3; 161.088, subdivisions 4, 5, 7; 161.115, subdivision 190; 161.14, by adding subdivisions; 161.321, subdivision 6; 161.38, by adding a subdivision; 161.44, subdivisions 5, 6a, by adding a subdivision; 162.145, subdivision 2; 168.021, subdivisions 1, 2, 2a; 168.27, by adding a subdivision; 168.33, subdivision 2; 168A.09, subdivision 1; 169.011, subdivision 34; 169.18, subdivisions 5, 7; 169.345, subdivisions 1, 3; 169.442, subdivision 5; 169.443, subdivision 2; 169.444, subdivision 2; 169.449, subdivision 1; 169.4501, subdivisions 1, 2; 169.4503, subdivisions 4, 7, 14, 23, 30; 169.64, subdivision 8; 169.865, subdivision 3; 171.02, subdivision 2b; 171.06, subdivision 2a; 171.061, subdivision 3; 171.12, subdivision 6; 173.02, subdivisions 18, 23, by adding subdivisions; 173.06, subdivision 1; 173.07, subdivision 1; 173.08, by adding subdivisions; 173.13, subdivision 11; 173.16, by adding subdivisions; 174.03, subdivisions 1a, 1c, by adding a subdivision; 174.50, subdivisions 5, 6b, 6c, 7; 174.56, subdivisions 1, 2, by adding a subdivision; 174.93; 219.166; 219.20, subdivision 1; 221.031, by adding a subdivision; 222.49; 222.50, subdivision 6, by adding a subdivision; 299D.03, subdivision 6; 473.13, subdivision 1; 473.146, subdivision 3; 473.388, subdivision 4; 473.39, by adding a subdivision; 473.3994, by adding subdivisions; 473.4051, subdivision 3; Laws 2015, chapter 75, article 1, section 3, subdivision 3;

proposing coding for new law in Minnesota Statutes, chapters 168; 169; 173; 174; 219; 398A; 471; 473; repealing Minnesota Statutes 2016, sections 161.115, subdivision 32; 169.4502, subdivision 5; 473.4051, subdivision 2; Minnesota Rules, parts 8810.0800, subpart 3; 8810.1300, subpart 4.

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

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1564.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1564, A bill for an act relating to transportation; designating a segment of marked Trunk Highway 65 in Isanti County as Chip A. Imker Memorial Highway; amending Minnesota Statutes 2016, section 161.14, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Ways and Means.

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 Wednesday, May 17, 2017 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 575 and 1227.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Peppin from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 238, A bill for an act relating to firearms; clarifying law on use of force in defense of home and person; codifying and extending Minnesota's self-defense and defense of home laws; eliminating the common law duty to retreat in cases of self-defense outside the home; expanding the boundaries of dwelling for purposes of

self-defense; creating a presumption in the case of a person entering a dwelling or occupied vehicle by stealth or force; extending the rights available to a person in that person's dwelling to a person defending against entry of that person's occupied vehicle; amending Minnesota Statutes 2016, section 609.065.

Reported the same back with the recommendation that the bill be placed on the General Register.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

Peppin from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 565, A bill for an act relating to retirement; benefit and contribution changes for Minnesota statewide and major local public employee retirement plans; increasing contribution rates; reducing certain postretirement adjustment increase rates; modifying investment return assumptions; extending amortization target dates; reducing deferred annuities augmentation; requiring a study on postretirement adjustments; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, Public Employees Retirement Association, and St. Paul Teachers Retirement Fund Association; clarifying refund repayment procedures; modifying executive director credentials; clarifying service requirements; revising appeal procedures; modifying service credit purchase procedures; establishing new procedures for disability applications due to private disability insurance requirements; clarifying disability benefit payment provisions; modifying annual benefit limitations for federal tax code compliance; authorizing use of IRS correction procedures; clarifying benefit offsets for certain refund payments; clarifying police and fire plan coverage for certain Hennepin Healthcare System supervisors; modifying various economic actuarial assumptions; authorizing the transfer of assets and members from the voluntary statewide volunteer firefighter retirement plan to a volunteer firefighter relief association; adopting recommendations of the Volunteer Firefighter Relief Association Working Group; increasing relief association lump-sum service pension maximums; lowering certain vesting requirements for Eden Prairie Volunteer Firefighters Relief Association; modifying the Brook Park volunteer firefighters service pension level; permitting alternative allocation of fire state aid for city of Austin; establishing a tire state aid work group; modifying various Department of Human Services and Department of Corrections employment classifications eligible for correctional retirement coverage; modifying the calculation of annuities under the Minnesota State Retirement System unclassified program; revising augmentation interest rates for certain terminated privatized employees; adopting definition of the Hometown Heroes Act related to public safety officer death benefits; allowing service credit purchase and Rule of 90 eligibility for certain Minnesota Department of Transportation employees; authorizing MnSCU employees to elect retroactive and prospective TRA coverage; authorizing MnSCU employee to transfer past service from IRAP to PERA; increasing maximum employer contribution to a supplemental laborers pension fund; authorizing certain additional sources of retirement plan funding; making technical and conforming changes; amending Minnesota Statutes 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14, subdivision 2a; 352.01, subdivisions 2a, 13a; 352.017, subdivision 2; 352.03, subdivisions 5, 6; 352.04, subdivisions 2, 3, 8, 9; 352.113, subdivisions 2, 4, 14; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding subdivisions; 352.23; 352.27; 352.91, subdivisions 3f, 3g, by adding a subdivision; 352.92, subdivisions 1, 2, by adding a subdivision; 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c; 352B.08, by adding a subdivision; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.02, subdivisions 1, 3; 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.06, subdivision 1; 352D.085, subdivision 1; 352D.11, subdivision 2; 352D.12; 352F.04, subdivisions 1, 2, by adding a subdivision; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162; 353.03, subdivision 3; 353.27, subdivisions 3c, 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.29, subdivisions 4, 7; 353.30, subdivisions 3c, 5; 353.32, subdivisions 1, 4; 353.34, subdivisions 2, 3; 353.35, subdivision 1; 353.37, subdivision 1; 353.64,

subdivision 10; 353.65, subdivisions 2, 3, by adding a subdivision; 353F.02, subdivision 5a; 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05; 353F.057; 353F.06; 353F.07; 353G.01, subdivision 9, by adding a subdivision; 353G.02, subdivision 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11, subdivision 1; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.42, subdivisions 2, 3; 354.436, subdivision 3; 354.44, subdivisions 3, 6, 9; 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.49, subdivision 2; 354.50, subdivision 2; 354.51, subdivision 5; 354.512; 354.52, subdivisions 4, 4d; 354.53, subdivision 5; 354.55, subdivision 11; 354.66, subdivision 2; 354.72, subdivision 1; 354A.011, subdivisions 3a, 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096; 354A.12, subdivisions 1, 1a, 2a, 3a, 3c, 7; 354A.29, subdivision 7; 354A.31, subdivisions 3, 7; 354A.34; 354A.35, subdivision 2; 354A.37, subdivisions 2, 3; 354A.38; 356.195, subdivision 2; 356.215, subdivisions 8, 9, 11; 356.24, subdivision 1; 356.30, subdivision 1; 356.32, subdivision 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, by adding a subdivision; 356.44; 356.47, subdivisions 1, 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 423A.02, subdivisions 3, 5; 424A.001, subdivisions 2, 3, 10, by adding a subdivision; 424A.002, subdivision 1; 424A.01, subdivisions 1, 5, 6, by adding subdivisions; 424A.015, subdivision 1, by adding a subdivision; 424A.016, subdivision 2; 424A.02, subdivisions 1, 3, 3a, 7; 424A.04, subdivision 1; 424A.07; 424A.091, subdivision 3; 424A.094, subdivision 3; 424A.10, subdivision 1; 424B.20, subdivision 4; 490.121, subdivisions 4, 25, 26; 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 353F; 353G; 356; 424A; repealing Minnesota Statutes 2016, sections 3A.12; 352.04, subdivision 11; 352.045; 352.72; 352B.30; 353.0161; 353.27, subdivision 3b; 353.34, subdivision 6; 353.71; 354.42, subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.12, subdivision 2c; 354A.29, subdivisions 8, 9; 354A.39; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13.

Reported the same back with the recommendation that the bill be re-referred to the Committee on State Government Finance.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 238 was read for the second time.

MOTIONS AND RESOLUTIONS

Franson moved that the name of Poston be added as an author on H. F. No. 2621. The motion prevailed.

Dean, M., moved that the name of Newberger be added as an author on H. F. No. 2658. The motion prevailed.

Thissen moved that the name of Theis be added as an author on H. F. No. 2661. The motion prevailed.

Clark moved that the names of Youakim and Masin be added as authors on H. F. No. 2664. The motion prevailed.

ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 10:00 a.m., Tuesday, May 16, 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., Tuesday, May 16, 2017.

PATRICK D. MURPHY, Chief Clerk, House of Representatives