

STATE OF MINNESOTA

NINETY-FIRST SESSION — 2019

 FORTY-SIXTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 2, 2019

The House of Representatives convened at 10:30 a.m. and was called to order by Liz Olson, Speaker pro tempore.

Prayer was offered by Pastor Dan Erickson, Chisholm Baptist Church, Chisholm, Minnesota.

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

The roll was called and the following members were present:

Acomb	Dettmer	Heinrich	Lippert	Neu	Schultz
Anderson	Drazkowski	Heintzeman	Lislegard	Noor	Scott
Backer	Ecklund	Her	Loeffler	Nornes	Stephenson
Bahner	Edelson	Hertaus	Long	O'Driscoll	Sundin
Bahr	Elkins	Hornstein	Lucero	Olson	Swedzinski
Becker-Finn	Erickson	Howard	Lueck	O'Neill	Tabke
Bennett	Fabian	Huot	Mahoney	Pelowski	Theis
Bernardy	Fischer	Johnson	Mann	Persell	Torkelson
Bierman	Franson	Jurgens	Mariani	Petersburg	Urdahl
Boe	Freiberg	Kiel	Marquart	Pierson	Vang
Brand	Garofalo	Klevorn	Masin	Pinto	Vogel
Cantrell	Gomez	Koegel	McDonald	Poppe	Wagenius
Carlson, A.	Green	Kotyza-Witthuhn	Mekeland	Poston	Wazlawik
Carlson, L.	Grossell	Koznick	Miller	Pryor	Winkler
Christensen	Gruenhagen	Kresha	Moller	Quam	Wolgamott
Clafin	Gunther	Kunesh-Podein	Moran	Richardson	Xiong, J.
Considine	Haley	Layman	Morrison	Robbins	Xiong, T.
Daniels	Halverson	Lee	Munson	Runbeck	Youakim
Daudt	Hamilton	Lesch	Murphy	Sandell	Zerwas
Davnie	Hansen	Liebling	Nash	Sandstede	Spk. Hortman
Dehn	Hassan	Lien	Nelson, M.	Sauke	
Demuth	Hausman	Lillie	Nelson, N.	Schomacker	

A quorum was present.

Albright, Baker, Davids and West were excused.

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

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Carlson, L., from the Committee on Ways and Means to which was referred:

H. F. No. 2542, A bill for an act relating to housing; modifying the Minnesota Bond Allocation Act relating to housing bonds; amending Minnesota Statutes 2018, sections 474A.02, by adding subdivisions; 474A.061, subdivisions 1, 2a, by adding a subdivision; 474A.091, subdivisions 2, 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2018, section 326B.815, subdivision 1, is amended to read:

Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092, an initial or renewed residential contractor, residential remodeler, or residential roofer license is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured home installers under section 327B.041 is ~~\$300~~ \$180 for a three-year period.

(b) All initial and renewal licenses, except for manufactured home installer licenses, shall be effective for two years and shall expire on March 31 of the year after the year in which the application is made.

(c) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of residential contractor, residential remodeler, and residential roofer licenses from one year to two years. By June 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer licenses shall be two-year licenses.

Sec. 2. Minnesota Statutes 2018, section 327.31, is amended by adding a subdivision to read:

Subd. 23. **Modular home.** For the purposes of this section, "modular home" means a single-family dwelling constructed in accordance with applicable standards adopted in Minnesota Rules, chapter 1360 or 1361, and attached to a foundation designed to the State Building Code.

Sec. 3. **[327.335] PLACEMENT OF MODULAR HOMES.**

A modular home may be placed in a manufactured home park as defined in section 327.14, subdivision 3. A modular home placed in a manufactured home park is a manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and duties under those chapters apply. A modular home may not be placed in a manufactured home park without prior written approval of the park owner. Nothing in this section shall be construed to inhibit the application of zoning, subdivision, architectural, or esthetic requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes and manufactured home parks. A modular home placed in a manufactured home park under this section shall be assessed and taxed as a manufactured home.

Sec. 4. Minnesota Statutes 2018, section 327B.041, is amended to read:

327B.041 MANUFACTURED HOME INSTALLERS.

(a) Manufactured home installers are subject to all of the fees in section 326B.092 and the requirements of sections 326B.802 to 326B.885, except for the following:

(1) manufactured home installers are not subject to the continuing education requirements of sections 326B.0981, 326B.099, and 326B.821, but are subject to the continuing education requirements established in rules adopted under section 327B.10;

(2) the examination requirement of section 326B.83, subdivision 3, for manufactured home installers shall be satisfied by successful completion of a written examination administered and developed specifically for the examination of manufactured home installers. The examination must be administered and developed by the commissioner. The commissioner and the state building official shall seek advice on the grading, monitoring, and updating of examinations from the Minnesota Manufactured Housing Association;

(3) a local government unit may not place a surcharge on a license fee, and may not charge a separate fee to installers;

(4) a dealer or distributor who does not install or repair manufactured homes is exempt from licensure under sections 326B.802 to 326B.885;

(5) the exemption under section 326B.805, subdivision 6, clause (5), does not apply; and

(6) manufactured home installers are not subject to the contractor recovery fund in section 326B.89.

(b) The commissioner may waive all or part of the requirements for licensure as a manufactured home installer for any individual who holds an unexpired license or certificate issued by any other state or other United States jurisdiction if the licensing requirements of that jurisdiction meet or exceed the corresponding licensing requirements of the department and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. ~~For the purposes of calculating fees under section 326B.092, licensure as a manufactured home installer is a business license.~~

Sec. 5. Minnesota Statutes 2018, section 327C.01, is amended by adding a subdivision to read:

Subd. 8a. Representative acting on behalf of residents. "Representative acting on behalf of residents" means a representative who is authorized to represent residents in the purchase of property for the purposes of this chapter, and has gained that authorization by obtaining the signature of support from at least one resident who is a signatory to the home's lot lease agreement as defined by section 327C.01, subdivision 9, from at least 51 percent of the occupied homes in a manufactured home park. The signature of a resident who is a signatory to the home's lot lease agreement asserting that they are a resident of that manufactured home park shall be presumptive evidence of the claim and shall be exclusive to only one representative acting on behalf of residents.

Sec. 6. Minnesota Statutes 2018, section 327C.095, subdivision 1, is amended to read:

Subdivision 1. **Conversion of use; minimum notice.** (a) At least ~~nine~~ 12 months before the conversion of all or a portion of a manufactured home park to another use, or before closure of a manufactured home park or cessation of use of the land as a manufactured home park, the park owner must prepare a closure statement and provide a copy to the commissioners of health and the housing finance agency, the local planning agency, and a resident of each manufactured home where the residential use is being converted. The closure statement must include the following language in a font no smaller than 14 point: "YOU MAY BE ENTITLED TO COMPENSATION FROM THE MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND ADMINISTERED BY THE MINNESOTA HOUSING FINANCE AGENCY." A resident may not be required to vacate until ~~60~~ 90 days after the conclusion of the public hearing required under subdivision 4. If a lot is available in another section of the park that will continue to be operated as a park, the park owner must allow the resident to relocate the home to that lot unless the home, because of its size or local ordinance, is not compatible with that lot.

(b) Closure statements issued more than 24 months prior to the park closure must contain a closure date. If the closure does not take place within 24 months and the original statement does not contain a closure date, the statement must be reissued to the commissioners of health and the Housing Finance Agency, the local planning agency, and a resident of each manufactured home where the residential use is being converted.

Sec. 7. Minnesota Statutes 2018, section 327C.095, subdivision 2, is amended to read:

Subd. 2. **Notice of hearing; proposed change in land use.** If the planned conversion or cessation of operation requires a variance or zoning change, the municipality local government authority must mail a notice at least ten days before the hearing to a resident of each manufactured home in the park stating the time, place, and purpose of the public hearing. The park owner shall provide the municipality local government authority with a list of the names and addresses of at least one resident of each manufactured home in the park at the time application is made for a variance or zoning change.

Sec. 8. Minnesota Statutes 2018, section 327C.095, subdivision 3, is amended to read:

Subd. 3. **Closure statement.** Upon receipt of the closure statement from the park owner, the local planning agency shall submit the closure statement to the governing body of the municipality local government authority and request the governing body to schedule a public hearing. The municipality local government authority must mail a notice at least ten days before the hearing to a resident of each manufactured home in the park stating the time, place, and purpose of the public hearing. The park owner shall provide the municipality local government authority with a list of the names and addresses of at least one resident of each manufactured home in the park at the time the closure statement is submitted to the local planning agency.

Sec. 9. Minnesota Statutes 2018, section 327C.095, subdivision 4, is amended to read:

Subd. 4. **Public hearing; relocation compensation; neutral third party.** (a) The governing body of the affected municipality local government authority shall hold a public hearing to review the closure statement and any impact that the park closing may have on the displaced residents and the park owner. At the time of, and in the notice for, the public hearing, displaced residents must be informed that they may be eligible for payments from the Minnesota manufactured home relocation trust fund under section 462A.35 as compensation for reasonable relocation costs under subdivision 13, paragraphs (a) and (e).

(b) The governing body of the municipality local government authority may also require that other parties, including the municipality local government authority, but excluding the park owner or its purchaser, involved in the park closing provide additional compensation to residents to mitigate the adverse financial impact of the park closing upon the residents.

(c) At the public hearing, the municipality local government authority shall appoint a neutral third party, to be agreed upon by both the manufactured home park owner and manufactured home owners, whose hourly cost must be reasonable and paid from the Minnesota manufactured home relocation trust fund. The neutral third party shall act as a paymaster and arbitrator, with decision-making authority to resolve any questions or disputes regarding any contributions or disbursements to and from the Minnesota manufactured home relocation trust fund by either the manufactured home park owner or the manufactured home owners. If the parties cannot agree on a neutral third party, the municipality will local government authority shall make a determination.

(d) At the public hearing, the governing body of the local government authority shall determine if any ordinance was in effect on May 26, 2007, that would provide compensation to displaced residents and provide this information to the third party neutral to determine the applicable amount of compensation under subdivision 13, paragraph (f).

Sec. 10. Minnesota Statutes 2018, section 327C.095, subdivision 6, is amended to read:

Subd. 6. **Intent to convert use of park at time of purchase.** (a) Before the execution of an agreement to purchase a manufactured home park, the purchaser must notify the park owner, in writing, if the purchaser intends to close the manufactured home park or convert it to another use within one year of the execution of the agreement. If so, the park owner shall provide a resident of each manufactured home with a 45-day written notice of the purchaser's intent to close the park or convert it to another use and may not enter into a purchase agreement for the sale of the park other than with a representative acting on behalf of residents, until the 45 days have expired. The notice must state that the park owner will promptly provide information on the cash price and the terms and conditions of the purchaser's offer to residents requesting the information. The notice must be sent by first class mail to a resident of each manufactured home in the park and made available in alternative formats or translations if requested by a resident and the request is a reasonable accommodation due to a disability of an adult resident or because there is not an adult resident who is able to speak the language the notice is provided in. The notice period begins on the postmark date affixed to the notice and ends 45 days after it begins. During the notice period required in this subdivision, ~~the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park~~ a representative acting on behalf of residents shall have the right to make an offer to meet the cash price and execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community to agree to material terms and conditions set forth in the purchaser's offer and to execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community. The park owner must ~~accept the offer if it meets~~ in good faith negotiate a purchase agreement meeting the cash price and the same terms and conditions set forth in the purchaser's offer except that the seller is not obligated to provide owner financing. For purposes of this section, cash price means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1, paragraph (d). The purchase agreement must permit the representative a commercially reasonable due diligence period with access by the representative to all information reasonably necessary to make an informed decision regarding the purchase. The representative may be required to enter into a confidentiality agreement regarding the information.

(b) A representative acting on behalf of residents must provide ten percent of the offer price as earnest money upon gaining the required number of signatures to represent the residents in the purchase of a manufactured home park. The earnest money is refundable after six months; however, the earnest money may become nonrefundable if the representative acting on behalf of residents is unable to complete the purchase, and the original purchaser withdraws the offer during the 45-day period in paragraph (a), and the manufactured home park is sold to another purchaser for a lower price within six months of the notice to residents in paragraph (a), then the park owner will be compensated from the earnest money for the difference between the offer made by the original purchaser and the actual lower purchase price.

(c) In the event of a sale to a representative acting on behalf of residents, the representative must certify to the commissioner of commerce that the property will be preserved as a manufactured home park for ten years from the date of the sale.

Sec. 11. Minnesota Statutes 2018, section 327C.095, subdivision 7, is amended to read:

Subd. 7. ~~Intent to convert~~ **Conversion of use of park after purchase.** ~~If the purchaser~~ residents of a manufactured home park ~~decides to convert the park to another use within one year after the purchase of the park,~~ the purchaser must offer the park for purchase by the residents of the park have not been provided the written notice of intent to close the park required by subdivision 6, the purchaser may not provide residents with the notice required by subdivision 1 until 12 months after the date of purchase. For purposes of this subdivision, the date of purchase is the date of the transfer of the title to the purchaser. ~~The purchaser must provide a resident of each manufactured home with a written notice of the intent to close the park and all of the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at~~

~~least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park shall have 45 days to execute an agreement for the purchase of the park at a cash price equal to the original purchase price paid by the purchaser plus any documented expenses relating to the acquisition and improvement of the park property, together with any increase in value due to appreciation of the park. The purchaser must execute the purchase agreement at the price specified in this subdivision and pay the cash price within 90 days of the date of the purchase agreement. The notice must be sent by first class mail to a resident of each manufactured home in the park. The notice period begins on the postmark date affixed to the notice and ends 45 days after it begins.~~

Sec. 12. Minnesota Statutes 2018, section 327C.095, subdivision 9, is amended to read:

Subd. 9. **Effect of noncompliance.** If a manufactured home park is finally sold or converted to another use in violation of subdivision 6 or 7, the residents ~~do not have any continuing right to purchase the park as a result of that sale or conversion. A violation of subdivision 6 or 7 is subject to~~ have a right to any remedy provided in section 8.31, ~~except that relief shall be limited so that questions of marketability of title shall not be affected.~~

Sec. 13. Minnesota Statutes 2018, section 327C.095, subdivision 11, is amended to read:

Subd. 11. **Affidavit of compliance.** After a park is sold, a ~~park owner or other person with personal knowledge~~ bona fide purchaser acting in good faith may record an affidavit with the county recorder or registrar of titles in the county in which the park is located certifying compliance with subdivision 6 ~~or 7~~ or that ~~subdivisions~~ subdivision 6 and 7 are is not applicable. The affidavit may be used as ~~proof of the facts stated in the affidavit. A person acquiring an interest in a park or a title insurer or attorney who prepares, furnishes, or examines evidence of title may rely on the truth and accuracy of statements made in the affidavit and is not required to inquire further as to the park owner's compliance with subdivisions 6 and 7. When an affidavit is recorded, the right to purchase provided under subdivisions 6 and 7 terminate, and if registered property, the registrar of titles shall delete the memorials of the notice and affidavit from future certificates of title~~ presumptive evidence of compliance.

Sec. 14. Minnesota Statutes 2018, section 327C.095, subdivision 12, is amended to read:

Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured park owner shall, upon the change in use, pay to the commissioner of management and budget for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the ~~Minnesota~~ Housing Finance Agency under subdivision 13, paragraph (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner's expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;

(5) the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park is the result of a taking or exercise of the power of eminent domain by a governmental entity or public utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home is a resident, but came to reside in the manufactured home park after the mailing date of the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than ~~\$1,000,000~~ \$3,000,000 as of June 30 of each year, the commissioner of management and budget shall assess each manufactured home park owner by mail the total amount of \$15 for each licensed lot in their park, payable on or before September 15 of that year. The commissioner of management and budget shall deposit any payments in the Minnesota manufactured home relocation trust fund. On or before July 15 of each year, the commissioner of management and budget shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year, information about the collection, an invoice for all licensed lots, and a sample form for the park owners to collect information on which park residents have been accounted for. If assessed under this paragraph, the park owner may recoup the cost of the \$15 assessment as a lump sum or as a monthly fee of no more than \$1.25 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b), and deduct from the assessment accordingly.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by the neutral third party, on behalf of the ~~Minnesota~~ Housing Finance Agency, or by action in a court of appropriate jurisdiction. The court may award a prevailing party reasonable attorney fees, court costs, and disbursements.

Sec. 15. Minnesota Statutes 2018, section 327C.095, subdivision 13, is amended to read:

Subd. 13. Change in use, relocation expenses; payments by park owner. (a) If a manufactured home owner is required to relocate due to the conversion of all or a portion of a manufactured home park to another use, the closure of a manufactured home park, or cessation of use of the land as a manufactured home park under subdivision 1, and the manufactured home owner complies with the requirements of this section, the manufactured home owner is entitled to payment from the Minnesota manufactured home relocation trust fund equal to the manufactured home owner's actual relocation costs for relocating the manufactured home to a new location within a ~~25-mile~~ 50-mile radius of the park that is being closed, up to a maximum of \$7,000 for a single-section and \$12,500 for a multisection manufactured home. The actual relocation costs must include the reasonable cost of taking down, moving, and setting up the manufactured home, including equipment rental, utility connection and disconnection charges, minor repairs, modifications necessary for transportation of the home, necessary moving permits and insurance, moving costs for any appurtenances, which meet applicable local, state, and federal building and construction codes.

(b) A manufactured home owner is not entitled to compensation under paragraph (a) if the manufactured home park owner is not required to make a payment to the Minnesota manufactured home relocation trust fund under subdivision 12, paragraph (b).

(c) Except as provided in paragraph (e), in order to obtain payment from the Minnesota manufactured home relocation trust fund, the manufactured home owner shall submit to the neutral third party and the ~~Minnesota~~ Housing Finance Agency, with a copy to the park owner, an application for payment, which includes:

- (1) a copy of the closure statement under subdivision 1;
- (2) a copy of the contract with a moving or towing contractor, which includes the relocation costs for relocating the manufactured home;
- (3) a statement with supporting materials of any additional relocation costs as outlined in subdivision 1;
- (4) a statement certifying that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), apply to the manufactured home owner;
- (5) a statement from the manufactured park owner that the lot rental is current ~~and that the annual \$15 payments to the Minnesota manufactured home relocation trust fund have been paid when due~~; and
- (6) a statement from the county where the manufactured home is located certifying that personal property taxes for the manufactured home are paid through the end of that year.

(d) If the neutral third party has acted reasonably and does not approve or deny payment within 45 days after receipt of the information set forth in paragraph (c), the payment is deemed approved. Upon approval and request by the neutral third party, the ~~Minnesota~~ Housing Finance Agency shall issue two checks in equal amount for 50 percent of the contract price payable to the mover and towing contractor for relocating the manufactured home in the amount of the actual relocation cost, plus a check to the home owner for additional certified costs associated with third-party vendors, that were necessary in relocating the manufactured home. The moving or towing contractor shall receive 50 percent upon execution of the contract and 50 percent upon completion of the relocation and approval by the manufactured home owner. The moving or towing contractor may not apply the funds to any other purpose other than relocation of the manufactured home as provided in the contract. A copy of the approval must be forwarded by the neutral third party to the park owner with an invoice for payment of the amount specified in subdivision 12, paragraph (a).

(e) In lieu of collecting a relocation payment from the Minnesota manufactured home relocation trust fund under paragraph (a), the manufactured home owner may collect an amount from the fund after reasonable efforts to relocate the manufactured home have failed due to the age or condition of the manufactured home, or because there are no manufactured home parks willing or able to accept the manufactured home within a 25-mile radius. A manufactured home owner may tender title of the manufactured home in the manufactured home park to the manufactured home park owner, and collect an amount to be determined by an independent appraisal. The appraiser must be agreed to by both the manufactured home park owner and the manufactured home owner. If the appraised market value cannot be determined, the tax market value, averaged over a period of five years, can be used as a substitute. The maximum amount that may be reimbursed under the fund is \$8,000 for a single-section and \$14,500 for a multisection manufactured home. The minimum amount that may be reimbursed under the fund is \$2,000 for a single section and \$4,000 for a multisection manufactured home. The manufactured home owner shall deliver to the manufactured home park owner the current certificate of title to the manufactured home duly endorsed by the owner of record, and valid releases of all liens shown on the certificate of title, and a statement from the county where the manufactured home is located evidencing that the personal property taxes have been paid. The manufactured home owner's application for funds under this paragraph must include a document certifying that the manufactured home cannot be relocated, that the lot rental is current, that the annual \$15 payments to the Minnesota manufactured home relocation trust fund have been paid when due, that the manufactured home owner has chosen to tender title under this section, and that the park owner agrees to make a payment to the commissioner of management and budget in the amount established in subdivision 12, paragraph (a), less any documented costs submitted to the neutral third

party, required for demolition and removal of the home, and any debris or refuse left on the lot, not to exceed \$1,000. The manufactured home owner must also provide a copy of the certificate of title endorsed by the owner of record, and certify to the neutral third party, with a copy to the park owner, that none of the exceptions to receipt of compensation under subdivision 12, paragraph (b), clauses (1) to (6), apply to the manufactured home owner, and that the home owner will vacate the home within 60 days after receipt of payment or the date of park closure, whichever is earlier, provided that the monthly lot rent is kept current.

(f) ~~The Minnesota Housing Finance Agency must make a determination of the amount of payment a manufactured home owner would have been entitled to under a local ordinance in effect on May 26, 2007.~~ Notwithstanding paragraph (a), the manufactured home owner's compensation for relocation costs from the fund under section 462A.35, is the greater of the amount provided under this subdivision, or the amount under the local ordinance in effect on May 26, 2007, that is applicable to the manufactured home owner. Nothing in this paragraph is intended to increase the liability of the park owner.

(g) Neither the neutral third party nor the ~~Minnesota~~ Minnesota Housing Finance Agency shall be liable to any person for recovery if the funds in the Minnesota manufactured home relocation trust fund are insufficient to pay the amounts claimed. The ~~Minnesota~~ Minnesota Housing Finance Agency shall keep a record of the time and date of its approval of payment to a claimant.

(h) The agency shall report to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee by January 15 of each year on the Minnesota manufactured home relocation trust fund, including the account balance, payments to claimants, the amount of any advances to the fund, the amount of any insufficiencies encountered during the previous calendar year, and any administrative charges or expenses deducted from the trust fund balance. If sufficient funds become available, the ~~Minnesota~~ Minnesota Housing Finance Agency shall pay the manufactured home owner whose unpaid claim is the earliest by time and date of approval.

Sec. 16. Minnesota Statutes 2018, section 327C.095, is amended by adding a subdivision to read:

Subd. 16. Reporting of licensed manufactured home parks. The Department of Health or, if applicable, local units of government that have entered into a delegation of authority agreement with the Department of Health as provided in section 145A.07 shall provide, by March 31 of each year, a list of names and addresses of the manufactured home parks licensed in the previous year, and for each manufactured home park, the current licensed owner, the owner's address, the number of licensed manufactured home lots, and other data as they may request for the Department of Management and Budget to invoice each licensed manufactured home park in Minnesota.

Sec. 17. Minnesota Statutes 2018, section 428A.11, subdivision 4, is amended to read:

Subd. 4. **Housing improvements.** "Housing improvements" has the meaning given in the city's enabling ordinance. Housing improvements may include improvements to common elements of a condominium or other common interest community or to a manufactured home park.

Sec. 18. Minnesota Statutes 2018, section 428A.11, subdivision 6, is amended to read:

Subd. 6. **Housing unit.** "Housing unit" means real property and improvements thereon consisting of a one-dwelling unit, or an apartment or unit as described in chapter 515, 515A, or 515B, respectively, or a manufactured home in a manufactured home park that is occupied by a person or family for use as a residence.

Sec. 19. Minnesota Statutes 2018, section 462A.05, is amended by adding a subdivision to read:

Subd. 42. **30-year affordability covenants.** The agency may impose rent, income, or rent and income restrictions on a multifamily rental housing development as a condition of agency financing as required in this chapter, or as a condition of an allocation or award of federal low-income housing tax credits. If the agency imposes

rent, income, or rent and income restrictions on a multifamily rental housing development, the rent, income, or rent and income restrictions must be contained in a covenant running with the land for at least 30 years. The agency may waive this requirement if it determines a waiver is necessary to finance an affordable multifamily rental housing development that furthers the policies in this chapter.

EFFECTIVE DATE. This section is effective July 1, 2020, and applies on or after that date to any multifamily rental housing development for which the agency allocates low-income housing tax credits or funding, or with which the agency enters into a financing or grant agreement.

Sec. 20. Minnesota Statutes 2018, section 462A.2035, subdivision 1a, is amended to read:

Subd. 1a. **Individual assistance grants.** 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~~ United States Department of Housing and Urban Development's Manufactured Housing Code in effect at the time of the sale, not to exceed \$10,000 per home.

Sec. 21. Minnesota Statutes 2018, section 462A.2035, subdivision 1b, is amended to read:

Subd. 1b. **Manufactured home park infrastructure grants.** Eligible recipients may use manufactured home park infrastructure grants under this program for:

(1) acquisition of and improvements in manufactured home parks; and

(2) infrastructure, including storm shelters and community facilities.

Sec. 22. Minnesota Statutes 2018, section 462A.222, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) Projects will be awarded tax credits in two competitive rounds on an annual basis. The date for applications for each round must be determined by the agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the project satisfies the requirements of the allocating agency's qualified allocation plan. For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds for the project, or the issuer of the bonds for the project is located outside the jurisdiction of a city or county that has received reserved tax credits, the applicable allocation plan is the agency's qualified allocation plan.

~~(d) To maximize the resources available for and increase the supply of affordable housing in Minnesota by leveraging the benefits to Minnesota from the use of tax-exempt bonds to finance multifamily housing and to allow local units of government more flexibility to address specific affordable housing needs in their communities, the~~

agency shall make residential rental housing projects financed with an allocation of tax-exempt bonds under chapter 474A the highest strategic priority for tax credits under the agency's qualified allocation plan under section 42(m)(1)(D) of the Internal Revenue Code of 1986, as amended.

~~(2) For projects eligible for an allocation of tax credits under section 42(h)(4) of the Internal Revenue Code of 1986, as amended, the agency's qualified allocation plan and other related agency guidance and requirements:~~

~~(i) shall not include any selection criteria other than (A) the criteria of section 42(m)(1)(C) of the Internal Revenue Code of 1986, as amended, and (B) whether the project has received an allocation of tax exempt bonds under chapter 474A, with subitem (B) as the most important criteria;~~

~~(ii) shall grant projects receiving an allocation of tax exempt bonds under chapter 474A the highest possible preference and, to the extent applicable, ahead of any preference described in section 42(m)(1)(B) of the Internal Revenue Code of 1986, as amended;~~

~~(iii) shall exclude any per unit cost limitations, cost reasonableness, or other similar restrictions for residential rental housing projects financed with an allocation of tax exempt bonds under chapter 474A; and~~

~~(iv) shall not adopt or impose any additional rules, requirements, regulations, or restrictions other than those required by section 42 of the Internal Revenue Code of 1986, as amended, regarding the allocation of credits.~~

~~Each developer of a residential rental housing project that has received an allocation of tax exempt bonds under chapter 474A and the proposed issuer of such tax exempt bonds shall have standing to challenge the agency's qualified allocation plan for failure to comply with this clause.~~

~~In the event of any conflict or inconsistency between this paragraph and section 462A.04, the provisions of this paragraph shall govern and control. The provisions of paragraph (d) shall not apply to any allocating agency other than the agency.~~

(e) For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) in the metropolitan area:

(i) new construction or substantial rehabilitation of projects in which, for the term of the extended use period, at least 75 percent of the total tax credit units are single-room occupancy, efficiency, or one bedroom units and which are affordable by households whose income does not exceed 30 percent of the median income;

(ii) new construction or substantial rehabilitation family housing projects that are not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period, at least 75 percent of the tax credit units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms; or

(iii) substantial rehabilitation projects in neighborhoods targeted by the city for revitalization;

(2) outside the metropolitan area, projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application;

(3) projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period, a percentage of the units are set aside and rented to persons:

(i) with a serious and persistent mental illness as defined in section 245.462, subdivision 20, paragraph (c);

(ii) with a developmental disability as defined in United States Code, title 42, section 6001, paragraph (5), as amended through December 31, 1990;

(iii) who have been assessed as drug dependent persons as defined in section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in section 254A.02, subdivision 2;

(iv) with a brain injury as defined in section 256B.093, subdivision 4, paragraph (a); or

(v) with permanent physical disabilities that substantially limit one or more major life activities, if at least 50 percent of the units in the project are accessible as provided under Minnesota Rules, chapter 1340;

(4) projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of tax credits is necessary to prevent conversion to market rate use or to remedy physical deterioration of the project which would result in loss of existing federal subsidies; or

(5) projects financed by the Farmers Home Administration, or its successor agency, which meet statewide distribution goals.

(f) Before the date for applications for the final round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to a unified pool for allocation by the agency on a statewide basis.

(g) Unused portions of the state ceiling for low-income housing tax credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation.

(h) If an allocating agency determines, at any time after the initial commitment or allocation for a specific project, that a project is no longer eligible for all or a portion of the low-income housing tax credits committed or allocated to the project, the credits must be transferred to the agency to be reallocated pursuant to the procedures established in paragraphs (f) to (h); provided that if the tax credits for which the project is no longer eligible are from the current year's annual ceiling and the allocating agency maintains a waiting list, the allocating agency may continue to commit or allocate the credits until not later than the date of applications for the final round, at which time any uncommitted credits must be transferred to the agency.

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

Sec. 23. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 1a. Aggregate bond limitation. "Aggregate bond limitation" means up to 55 percent of the reasonably expected aggregate basis of a residential rental project and the land on which the project is or will be located.

Sec. 24. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 1b. AMI. "AMI" means the area median income for the applicable county or metropolitan area as published by the Department of Housing and Urban Development, as adjusted for household size.

Sec. 25. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 12a. LIHTC. "LIHTC" means low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended.

Sec. 26. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 21a. **Preservation project.** "Preservation project" means any residential rental project, regardless of whether or not the project is restricted to persons of a certain age or older, that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, and (1) receives federal project-based rental assistance, or (2) is funded through a loan from or guaranteed by the United States Department of Agriculture's Rural Development Program. In addition, to qualify as a preservation project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 27. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 30. **30 percent AMI residential rental project.** "30 percent AMI residential rental project" means a residential rental project that does not otherwise qualify as a preservation project, is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units, and in which:

(1) all the residential units of the project:

(i) are reserved for tenants whose income, on average, is 30 percent of AMI or less;

(ii) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and

(iii) are subject to rent and income restrictions for a period of not less than 30 years; or

(2)(i) is located outside of the metropolitan area as defined in section 473.121, subdivision 2, and within a county or metropolitan area that has a current median area gross income that is less than the statewide area median income for Minnesota;

(ii) all of the units of the project are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and

(iii) all of the units of the project are subject to the applicable rent and income restrictions for a period of not less than 30 years.

In addition, to qualify as a 30 percent AMI residential project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

For purposes of this subdivision, "on average" means the average of the applicable income limitation level for a project determined on a unit-by-unit basis for example, a project with one-half of its units subject to income limitations of not greater than 20 percent AMI and one-half subject to income limitations of not greater than 40 percent AMI would be subject to an income limitation on average of not greater than 30 percent AMI.

Sec. 28. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 31. **50 percent AMI residential rental project.** "50 percent AMI residential rental project" means a residential rental project that does not qualify as a preservation project or 30 percent AMI residential rental project, is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units, and in which all the residential units of the project:

(1) are reserved for tenants whose income, on average, is 50 percent of AMI or less;

(2) are rent-restricted in accordance with section 42(g)(2) of the Internal Revenue Code of 1986, as amended; and

(3) are subject to rent and income restrictions for a period of not less than 30 years.

In addition, to qualify as a 50 percent AMI residential rental project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

For purposes of this subdivision, "on average" means the average of the applicable income limitation level for a project determined on a unit-by-unit basis for example, a project with one-half of its units subject to income limitations of not greater than 40 percent AMI and one-half subject to income limitations of not greater than 60 percent AMI would be subject to an income limitation on average of not greater than 50 percent AMI.

Sec. 29. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 32. **100 percent LIHTC project.** "100 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from 100 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, or 50 percent AMI residential rental project. In addition, to qualify as a 100 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 30. Minnesota Statutes 2018, section 474A.02, is amended by adding a subdivision to read:

Subd. 33. **20 percent LIHTC project.** "20 percent LIHTC project" means a residential rental project that is expected to generate low-income housing tax credits under section 42 of the Internal Revenue Code of 1986, as amended, from at least 20 percent of its residential units and does not otherwise qualify as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project. In addition, to qualify as a 20 percent LIHTC project, the amount of bonds requested in the application must not exceed the aggregate bond limitation.

Sec. 31. Minnesota Statutes 2018, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **Under federal tax law; allocations.** At the beginning of each calendar year after December 31, 2001, the commissioner shall determine the aggregate dollar amount of the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

- (1) \$74,530,000 to the small issue pool;
- (2) \$122,060,000 to the housing pool, of which 31 percent of the adjusted allocation is reserved until the last Monday in ~~July~~ June for single-family housing programs;
- (3) \$12,750,000 to the public facilities pool; and
- (4) amounts to be allocated as provided in subdivision 2a.

If the annual volume cap is greater or less than the amount of bonding authority allocated under clauses (1) to (4) and subdivision 2a, paragraph (a), clauses (1) to (4), the allocation must be adjusted so that each adjusted allocation is the same percentage of the annual volume cap as each original allocation is of the total bonding authority originally allocated.

Sec. 32. Minnesota Statutes 2018, section 474A.04, subdivision 1a, is amended to read:

Subd. 1a. **Entitlement reservations.** Any amount returned by an entitlement issuer before ~~July 15~~ the third Monday in June shall be reallocated through the housing pool. Any amount returned on or after ~~July 15~~ the third Monday in June shall be reallocated through the unified pool. An amount returned after the last Monday in November shall be reallocated to the Minnesota Housing Finance Agency.

Sec. 33. Minnesota Statutes 2018, section 474A.061, subdivision 1, is amended to read:

Subdivision 1. **Allocation application; small issue pool and public facilities pool.** (a) For any requested allocations from the small issue pool and the public facilities pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in July June, or in the amount of two percent of the requested allocation on or after the last Monday in July June, and (5) a public purpose scoring worksheet for manufacturing project and enterprise zone facility project applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing for residential rental project applications and whether the project is restricted to persons who are 55 years of age or older. The issuer must pay the application deposit ~~by a check made payable~~ to the Department of Management and Budget. The Minnesota Housing Finance Agency, the Minnesota Rural Finance Authority, and the Minnesota Office of Higher Education may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation ~~from the public facilities pool under this subdivision~~ unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. ~~An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation any unused bonding authority carried forward from a previous year.~~ For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. ~~This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on their behalf.~~

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 34. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision to read:

Subd. 1a. **Allocation application; housing pool.** (a) For any requested allocations from the housing pool, an issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code, (3) an application deposit in the amount of two percent of the requested allocation, (4) a sworn statement from the applicant identifying the project as either a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project, and (5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation. The issuer must pay the application deposit to the Department of Management and Budget. The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the housing pool unless it either has permanently issued bonds equal to any amount of bonding authority carried forward from a previous year or has returned for reallocation any unused bonding authority carried forward from a previous year. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6. This paragraph does not apply to an application from the Minnesota Housing Finance Agency for an allocation under subdivision 2a for cities who choose to have the agency issue bonds on the city's behalf.

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 35. Minnesota Statutes 2018, section 474A.061, subdivision 2a, is amended to read:

Subd. 2a. **Housing pool allocation.** (a) Commencing on the second Tuesday in January and continuing on each Monday through ~~July 15~~ the third Monday in June, the commissioner shall allocate available bonding authority from the housing pool to applications received on or before the Monday of the preceding week for residential rental projects that meet the eligibility criteria under section 474A.047. Allocations of available bonding authority from the housing pool for eligible residential rental projects shall be awarded in the following order of priority: ~~(1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects. Prior to May 15, no allocation shall be made to a project restricted to persons who are 55 years of age or older.~~

(1) preservation projects;

(2) 30 percent AMI residential rental projects;

(3) 50 percent AMI residential rental projects;

(4) 100 percent LIHTC projects;

(5) 20 percent LIHTC projects; and

(6) other residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitation.

If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within 120 days of the allocation or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July 15. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be randomly awarded by lot but only for projects that can receive the full amount of their respective requested allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph and the project applies for an allocation of bonds again in the same calendar year or to the next successive housing pool, the project shall be fully funded up to its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority. An issuer that receives an allocation under this paragraph must issue obligations equal to all or a portion of the allocation received on or before 180 days of the allocation. If an issuer that receives an allocation under this paragraph does not issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the housing pool or to the unified pool after July 1.

(b) After January 1, and through January 15, The Minnesota Housing Finance Agency may accept applications from cities for single-family housing programs which meet program requirements as follows:

(1) the housing program must meet a locally identified housing need and be economically viable;

(2) the adjusted income of home buyers may not exceed 80 percent ~~of the greater of statewide or area median income as published by the Department of Housing and Urban Development, adjusted for household size~~ AMI;

(3) house price limits may not exceed the federal price limits established for mortgage revenue bond programs. Data on the home purchase price amount, mortgage amount, income, household size, and race of the households served in the previous year's single-family housing program, if any, must be included in each application; and

(4) for applicants who choose to have the agency issue bonds on their behalf, an application fee pursuant to section 474A.03, subdivision 4, and an application deposit equal to one percent of the requested allocation must be submitted to the Minnesota Housing Finance Agency before the agency forwards the list specifying the amounts allocated to the commissioner under paragraph (d). The agency shall submit the city's application fee and application deposit to the commissioner when requesting an allocation from the housing pool.

Applications by a consortium shall include the name of each member of the consortium and the amount of allocation requested by each member.

~~(e) Any amounts remaining in the housing pool after July 15 are available for single-family housing programs for cities that applied in January and received an allocation under this section in the same calendar year. For a city that chooses to issue bonds on its own behalf or pursuant to a joint powers agreement, the agency must allot available bonding authority based on the formula in paragraphs (d) and (f). Allocations will be made loan by loan, on a first come, first served basis among cities on whose behalf the Minnesota Housing Finance Agency issues bonds.~~

~~Any city that received an allocation pursuant to paragraph (f) in the same calendar year that wishes to issue bonds on its own behalf or pursuant to a joint powers agreement for an amount becoming available for single family housing programs after July 15 shall notify the Minnesota Housing Finance Agency by July 15. The Minnesota Housing Finance Agency shall notify each city making a request of the amount of its allocation within three business days after July 15. The city must comply with paragraph (f).~~

(c) For purposes of paragraphs (a) to (h), "city" means a county or a consortium of local government units that agree through a joint powers agreement to apply together for single-family housing programs, and has the meaning given it in section 462C.02, subdivision 6. "Agency" means the Minnesota Housing Finance Agency.

(d) The total amount of allocation for mortgage bonds for one city is limited to the lesser of: (i) the amount requested, or (ii) the product of the total amount available for mortgage bonds from the housing pool, multiplied by the ratio of each applicant's population as determined by the most recent estimate of the city's population released by the state demographer's office to the total of all the applicants' population, except that each applicant shall be allocated a minimum of \$100,000 regardless of the amount requested or the amount determined under the formula in clause (ii). If a city applying for an allocation is located within a county that has also applied for an allocation, the city's population will be deducted from the county's population in calculating the amount of allocations under this paragraph.

Upon determining the amount of each applicant's allocation, the agency shall forward to the commissioner a list specifying the amounts allotted to each application with all application fees and deposits from applicants who choose to have the agency issue bonds on their behalf.

~~Total allocations from the housing pool for single family housing programs may not exceed 31 percent of the adjusted allocation to the housing pool until after July 15.~~

(e) The agency may issue bonds on behalf of participating cities. The agency shall request an allocation from the commissioner for all applicants who choose to have the agency issue bonds on their behalf and the commissioner shall allocate the requested amount to the agency. The agency may request an allocation at any time after the second Tuesday in January and through the last Monday in ~~July~~ June. After awarding an allocation and receiving a notice of issuance for the mortgage bonds issued on behalf of the participating cities, the commissioner shall transfer the application deposits to the Minnesota Housing Finance Agency to be returned to the participating cities. The Minnesota Housing Finance Agency shall return any application deposit to a city that paid an application deposit under paragraph (b), clause (4), but was not part of the list forwarded to the commissioner under paragraph (d).

(f) A city may choose to issue bonds on its own behalf or through a joint powers agreement and may request an allocation from the commissioner by forwarding an application with an application fee pursuant to section 474A.03, subdivision 4, and a one percent application deposit to the commissioner no later than the Monday of the week preceding an allocation. If the total amount requested by all applicants exceeds the amount available in the pool, the city may not receive a greater allocation than the amount it would have received under the list forwarded by the Minnesota Housing Finance Agency to the commissioner. No city may request or receive an allocation from the commissioner until the list under paragraph (d) has been forwarded to the commissioner. A city must request an allocation from the commissioner no later than the last Monday in ~~July~~ June. No city may receive an allocation from the housing pool for mortgage bonds which has not first applied to the Minnesota Housing Finance Agency. The commissioner shall allocate the requested amount to the city or cities subject to the limitations under this paragraph.

If a city issues mortgage bonds from an allocation received under this paragraph, the issuer must provide for the recycling of funds into new loans. If the issuer is not able to provide for recycling, the issuer must notify the commissioner in writing of the reason that recycling was not possible and the reason the issuer elected not to have the Minnesota Housing Finance Agency issue the bonds. "Recycling" means the use of money generated from the repayment and prepayment of loans for further eligible loans or for the redemption of bonds and the issuance of current refunding bonds.

(g) No entitlement city or county or city in an entitlement county may apply for or be allocated authority to issue mortgage bonds or use mortgage credit certificates from the housing pool. No city in an entitlement county may apply for or be allocated authority to issue residential rental bonds from the housing pool or the unified pool.

(h) A city that does not use at least 50 percent of its allotment by the date applications are due for the first allocation that is made from the housing pool for single-family housing programs in the immediately succeeding calendar year may not apply to the housing pool for a single-family mortgage bond or mortgage credit certificate program allocation that exceeds the amount of its allotment for the preceding year that was used by the city in the immediately preceding year or receive an allotment from the housing pool in the succeeding calendar year that exceeds the amount of its allotment for the preceding year that was used in the preceding year. The minimum allotment is \$100,000 for an allocation made prior to July ~~15~~ 1, regardless of the amount used in the preceding calendar year, except that a city whose allocation in the preceding year was the minimum amount of \$100,000 and who did not use at least 50 percent of its allocation from the preceding year is ineligible for an allocation in the immediate succeeding calendar year. Each local government unit in a consortium must meet the requirements of this paragraph.

Sec. 36. Minnesota Statutes 2018, section 474A.061, subdivision 2b, is amended to read:

Subd. 2b. **Small issue pool allocation.** Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner shall allocate available bonding authority from the small issue pool to applications received on or before the Monday of the preceding week for manufacturing projects

and enterprise zone facility projects. From the second Tuesday in January through the last Monday in ~~July~~ June, the commissioner shall reserve \$5,000,000 of the available bonding authority from the small issue pool for applications for agricultural development bond loan projects of the Minnesota Rural Finance Authority.

Beginning in calendar year 2002, on the second Tuesday in January through the last Monday in ~~July~~ June, the commissioner shall reserve \$10,000,000 of available bonding authority in the small issue pool for applications for student loan bonds of or on behalf of the Minnesota Office of Higher Education. The total amount of allocations for student loan bonds from the small issue pool may not exceed \$10,000,000 per year.

The commissioner shall reserve \$10,000,000 until the day after the last Monday in February, \$10,000,000 until the day after the last Monday in April, and \$10,000,000 until the day after the last Monday in June in the small issue pool for enterprise zone facility projects and manufacturing projects. The amount of allocation provided to an issuer for a specific enterprise zone facility project or manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045.

If there are two or more applications for manufacturing and enterprise zone facility projects from the small issue pool and there is insufficient bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045, with those projects receiving the greatest number of points receiving allocation first. If two or more applications receive an equal number of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Sec. 37. Minnesota Statutes 2018, section 474A.061, subdivision 2c, is amended to read:

Subd. 2c. **Public facilities pool allocation.** From the beginning of the calendar year and continuing for a period of 120 days, the commissioner shall reserve \$5,000,000 of the available bonding authority from the public facilities pool for applications for public facilities projects to be financed by the Western Lake Superior Sanitary District. Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in ~~July~~ June, the commissioner shall allocate available bonding authority from the public facilities pool to applications for eligible public facilities projects received on or before the Monday of the preceding week. If there are two or more applications for public facilities projects from the pool and there is insufficient available bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Sec. 38. Minnesota Statutes 2018, section 474A.061, subdivision 4, is amended to read:

Subd. 4. **Return of allocation; deposit refund for small issue pool or public facilities pool.** (a) For any requested allocations from the small issue pool or the public facilities pool, if an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 120 days of allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 120-day period since allocation has expired prior to the last Monday in ~~July~~ June, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 120-day period since allocation has expired on or after the last Monday in ~~July~~ June, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this ~~section~~ subdivision within 120 days of allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving allocation.

(c) No refund shall be available for allocations returned 120 or more days after receiving the allocation or beyond the last Monday in November.

Sec. 39. Minnesota Statutes 2018, section 474A.061, is amended by adding a subdivision to read:

Subd. 7. Return of allocation; deposit refund for housing pool. (a) For any requested allocations from the housing pool, if an issuer that receives an allocation under this section determines that it will not permanently issue obligations equal to all or a portion of the allocation received under this section within the time period provided under section 474A.061, subdivision 2a, paragraph (a), or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has expired prior to the last Monday in June, the amount of allocation is canceled and returned for reallocation through the housing pool. If the issuer notifies the department or the time period provided under section 474A.061, subdivision 2a, paragraph (a), has expired on or after the last Monday in June, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this subdivision within 180 days of allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 45 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 46 and 90 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 91 and 180 days of receiving allocation.

(c) No refund shall be available for allocations returned 180 or more days after receiving the allocation or beyond the last Monday in November.

Sec. 40. Minnesota Statutes 2018, section 474A.062, is amended to read:

474A.062 MINNESOTA OFFICE OF HIGHER EDUCATION ~~120-DAY~~ ISSUANCE EXEMPTION.

The Minnesota Office of Higher Education is exempt from ~~the 120-day~~ any time limitation on issuance requirements of bonds set forth in this chapter and may carry forward allocations for student loan bonds, subject to carryforward notice requirements of section 474A.131, subdivision 2.

Sec. 41. Minnesota Statutes 2018, section 474A.091, subdivision 1, is amended to read:

Subdivision 1. **Unified pool amount.** On the day after the last Monday in ~~July~~ June any bonding authority remaining unallocated from the small issue pool, the housing pool, and the public facilities pool is transferred to the unified pool and must be reallocated as provided in this section.

Sec. 42. Minnesota Statutes 2018, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

~~(3) the type of qualified bonds to be issued, (4) an application deposit in the amount of two percent of the requested allocation, (5) a public purpose scoring worksheet for manufacturing and enterprise zone applications, and (6) for residential rental projects, a statement from the applicant or bond counsel as to whether the project preserves existing federally subsidized housing and whether the project is restricted to persons who are 55 years of age or older;~~

(4) a sworn statement from the applicant identifying the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project; and

(5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation.

The issuer must pay the application deposit ~~by check to the Department of Management and Budget~~. An entitlement issuer may not apply for an allocation for ~~public facility bonds, residential rental project bonds, or mortgage bonds~~ under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before 180 days of the allocation. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

~~(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.~~

Sec. 43. Minnesota Statutes 2018, section 474A.091, is amended by adding a subdivision to read:

Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) the type of qualified bonds to be issued;

(4) an application deposit in the amount of two percent of the requested allocation; and

(5) a public purpose scoring worksheet for manufacturing and enterprise zone applications.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 44. Minnesota Statutes 2018, section 474A.091, subdivision 3, is amended to read:

Subd. 3. Allocation procedure. (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in ~~August~~ **July** through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

(1) applications for residential rental project bonds;

(2) applications for small issue bonds for manufacturing projects; and

(3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

(1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;

(2) applications for mortgage bonds;

(3) applications for public facility projects funded by public facility bonds;

(4) applications for small issue bonds for manufacturing projects;

(5) applications for small issue bonds for agricultural development bond loan projects;

(6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;

(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects for which the amount of bonds requested in their respective applications do not exceed the aggregate bond limitations; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; and (6) other residential rental projects. If there are two or more applications for residential rental projects at the same priority level and there is insufficient bonding authority to provide allocations for all the projects in any one allocation period, available bonding authority shall be randomly awarded by lot but only for projects that received the full amount of their respective requested

allocations. If a residential rental project does not receive any of its requested allocation pursuant to this paragraph and the project applies in the next successive housing pool or the next successive unified pool for an allocation of bonds, the project shall be fully funded up to its original application request for bonding authority before any new project, applying in the same allocation period, that has an equal priority shall receive bonding authority.

(g) From the first Monday in ~~August~~ July through the last Monday in November, \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent ~~such~~ the amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

(1) \$10,000,000 for any one city; or

(2) \$20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed \$25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 45. Minnesota Statutes 2018, section 474A.091, subdivision 5, is amended to read:

Subd. 5. **Return of allocation; deposit refund.** (a) If an issuer that receives an allocation under this section determines that it will not permanently issue obligations equal to all or a portion of the allocation received under this section within ~~120 the applicable number of days~~ or after the allocation required in this chapter or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the ~~120-day~~ applicable period since allocation has expired prior to the last Monday in November, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department on or after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota Housing Finance Agency. To encourage a competitive application process, the commissioner shall reserve, for new applications, the amount of allocation that is canceled and returned for reallocation under this section for a minimum of seven calendar days.

(b) An issuer that returns for reallocation all or a portion of an allocation for all types of bonds other than residential rental project bonds received under this section within 120 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 120 days of receiving the allocation.

(c) An issuer that returns for reallocation all or a portion of an allocation for residential rental project bonds received under this section within 180 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 45 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 46 and 90 days of receiving the allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 91 and 180 days of receiving the allocation.

~~(d)~~ (d) No refund of the application deposit shall be available for allocations returned on or after the last Monday in November.

Sec. 46. Minnesota Statutes 2018, section 474A.131, subdivision 1, is amended to read:

Subdivision 1. **Notice of issue.** (a) Each issuer ~~that issues bonds~~ with an allocation received under this chapter shall provide a notice of issue to the department on forms provided by the department stating:

(1) the date of issuance of the bonds;

(2) the title of the issue;

(3) the principal amount of the bonds;

(4) the type of qualified bonds under federal tax law;

(5) the dollar amount of the bonds issued that were subject to the annual volume cap; and

(6) for entitlement issuers, whether the allocation is from current year entitlement authority or is from carryforward authority.

For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. A penalty of one-half of the amount of the application deposit not to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not provided to the department within five business days after issuance or before 4:30 p.m. on the last business day in December, whichever occurs first. Within 30 days after receipt of a notice of issue the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if a two percent application deposit was made, less any penalty amount.

(b) If an issuer that receives an allocation under this chapter for a residential rental project issues obligations as provided in this chapter, the commissioner shall refund 50 percent of any application deposit previously paid within 30 days of the issuance of the obligations and the remaining 50 percent will be refunded within 30 days after the date on which:

(1) final Internal Revenue Service Forms 8609 are provided to the commissioner with respect to preservation projects, 30 percent AMI residential rental projects, 50 percent AMI residential rental projects, 100 percent LIHTC projects, or 20 percent LIHTC projects, or

(2) the issuer provides a certification and any other reasonable documentation requested by the commissioner evidencing that construction of the project has been completed.

If the issuer receives an allocation under this chapter for a residential rental project and fails to issue the bonds within the time permitted by federal law, the application deposit shall be forfeited.

Sec. 47. Minnesota Statutes 2018, section 474A.131, subdivision 1b, is amended to read:

Subd. 1b. **Deadline for issuance of qualified bonds.** If an issuer fails to notify the department before 4:30 p.m. on the last business day in December of the permanent issuance of obligations pursuant to an allocation received for any qualified bond project or issuance of an entitlement allocation, the allocation is canceled and the bonding authority is allocated to the Minnesota Housing Finance Agency for carryforward by the commissioner under section 474A.091, subdivision 6.

Sec. 48. Minnesota Statutes 2018, section 474A.14, is amended to read:

474A.14 NOTICE OF AVAILABLE AUTHORITY.

The department shall provide at its official website a written notice of the amount of bonding authority in the housing, small issue, and public facilities pools as soon after January 1 as possible. The department shall provide at its official website a written notice of the amount of bonding authority available for allocation in the unified pool as soon after ~~August~~ July 1 as possible.

Sec. 49. Minnesota Statutes 2018, section 474A.21, is amended to read:

474A.21 APPROPRIATION; RECEIPTS.

Any fees collected by the department under sections 474A.01 to 474A.21 must be deposited in a separate account in the general fund. The amount necessary to refund application deposits is appropriated to the department from the separate account in the general fund for that purpose. The interest accruing on application deposits and any application deposit not refunded as provided under section 474A.061, subdivision 4 or 7, or 474A.091, subdivision 5, or forfeited as provided under section 474A.131, subdivision 1, paragraph (b), or subdivision 2, must be deposited in the housing trust fund account under section 462A.201.

Sec. 50. Minnesota Statutes 2018, section 484.014, subdivision 2, is amended to read:

Subd. 2. **Discretionary expungement.** The court may order expungement of an eviction case court file ~~only upon motion of a defendant and decision by the court, if the court finds that the plaintiff's case is sufficiently without basis in fact or law, which may include lack of jurisdiction over the case, that~~ if the court makes the following findings: (1) the eviction case court file is no longer a reasonable predictor of future tenant behavior; and (2) the expungement is clearly in the interests of justice and those interests are not outweighed by the public's interest in knowing about the record.

Sec. 51. Minnesota Statutes 2018, section 484.014, subdivision 3, is amended to read:

Subd. 3. **Mandatory expungement.** The court shall order expungement of an eviction case:

(1) commenced solely on the grounds provided in section 504B.285, subdivision 1, clause (1), if the court finds that the defendant occupied real property that was subject to contract for deed cancellation or mortgage foreclosure and:

(1) (i) the time for contract cancellation or foreclosure redemption has expired and the defendant vacated the property prior to commencement of the eviction action; or

(2) (ii) the defendant was a tenant during the contract cancellation or foreclosure redemption period and did not receive a notice under section 504B.285, subdivision 1a, 1b, or 1c, to vacate on a date prior to commencement of the eviction case;

(2) if the defendant prevailed on the merits;

(3) if the court dismissed the plaintiff's complaint for any reason;

(4) if the parties to the action have agreed to an expungement;

(5) if the court finds an eviction was ordered at least three years prior to the date the expungement was filed; or

(6) upon motion of a defendant, if the case is settled and the defendant fulfills the terms of the settlement.

Sec. 52. Minnesota Statutes 2018, section 504B.111, is amended to read:

504B.111 WRITTEN LEASE REQUIRED; PENALTY.

A landlord of a residential building with 12 or more residential units must have a written lease for each unit rented to a residential tenant. The written lease must identify the specific unit the residential tenant will occupy before the residential tenant signs the lease. Notwithstanding any other state law or city ordinance to the contrary, a landlord may ask for the tenant's full name and date of birth on the lease and application. A landlord who fails to provide a lease, as required under this section, is guilty of a petty misdemeanor.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to leases entered into or renewed on or after that date.

Sec. 53. **[504B.146] LEASE DURATION NOTICE.**

A written lease for a residential unit must identify the lease start date and lease end date. If the lease requires the tenant to move in or out of the residential unit on a date other than the first or last day of the month, the lease must indicate the amount of the prorated rent, if applicable. The information required by this section must be provided on the first page of the lease.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to leases entered into or renewed on or after that date.

Sec. 54. **[504B.147] TIME PERIOD FOR NOTICE TO QUIT OR RENT INCREASE.**

Subdivision 1. **Application.** This section applies to a residential lease that provides a time period for the landlord to give notice to quit the premises or notice of a rent increase that is different than the time period the tenant is required to give for notice of intention to quit the premises. For purposes of this section, "notice to quit" includes a notice of nonrenewal of a lease.

Subd. 2. **Tenant option to choose notice period.** The tenant may give notice of an intention to quit the premises using either:

(1) the time period provided in the lease for the tenant to give a notice of intention to quit the premises; or

(2) the time period provided in the lease for the landlord to give a notice to quit the premises or notice of a rent increase.

Subd. 3. **Landlord notice requirements.** The landlord may not give a notice to quit the premises or notice of a rent increase that is shorter than the time period the lease provides for the tenant to give notice of an intention to quit the premises.

Subd. 4. **No waiver.** The requirements of this section may not be waived or modified by the parties to a residential lease. Any provision, whether oral or written, of a lease or other agreement by which any provision of this section is waived by a tenant is contrary to public policy and void.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to leases entered into or renewed on or after that date.

Sec. 55. Minnesota Statutes 2018, section 504B.206, subdivision 3, is amended to read:

Subd. 3. Liability for rent; termination of tenancy. (a) A tenant who is a sole tenant and is terminating a lease under subdivision 1 is responsible for the rent payment for the full month in which the tenancy terminates. The tenant forfeits all claims for the return of the security deposit under section 504B.178 and is relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. In a sole tenancy, the tenancy terminates on the date specified in the notice provided to the landlord as required under subdivision 1.

(b) In a tenancy with multiple tenants, one of whom is terminating the lease under subdivision 1, any lease governing all tenants is terminated at the ~~latter~~ later of the end of the month or the end of the rent interval in which one tenant terminates the lease under subdivision 1. All tenants are responsible for the rent payment for the full month in which the tenancy terminates. Upon termination, all tenants forfeit all claims for the return of the security deposit under section 504B.178 and are relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. Any tenant whose tenancy was terminated under this paragraph may reapply to enter into a new lease with the landlord.

(c) This section does not affect a tenant's liability for delinquent, unpaid rent or other amounts owed to the landlord before the lease was terminated by the tenant under this section.

Sec. 56. Minnesota Statutes 2018, section 504B.321, is amended by adding a subdivision to read:

Subd. 3. **Nonpublic record.** An eviction action is not accessible to the public until the court enters a final judgment.

Sec. 57. **ADVANCES TO MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.**

(a) The Minnesota Housing Finance Agency or Department of Management and Budget as determined by the commissioner of management and budget, is authorized to advance up to \$400,000 from state appropriations or other resources to the Minnesota manufactured home relocation trust fund established under Minnesota Statutes, section 462A.35, if the account balance in the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section 327C.095, subdivision 13.

(b) The Minnesota Housing Finance Agency or Department of Management and Budget shall be reimbursed from the Minnesota manufactured home relocation trust fund for any money advanced by the agency under paragraph (a) to the fund. Approved claims for payment to manufactured home owners shall be paid prior to the money being advanced by the agency or the department to the fund.

Sec. 58. **REPEALER.**

Minnesota Statutes 2018, section 327C.095, subdivision 8, is repealed."

Delete the title and insert:

"A bill for an act relating to housing; modifying the Minnesota Bond Allocation Act relating to housing bonds; modifying manufactured home park lot rentals and sales; modifying Housing Finance Agency tax credit allocations; allowing for expungement of certain eviction cases; mandating certain terms in residential lease agreements; classifying certain eviction data; expanding housing improvement areas; amending Minnesota Statutes 2018, sections 326B.815, subdivision 1; 327.31, by adding a subdivision; 327B.041; 327C.01, by adding a subdivision; 327C.095, subdivisions 1, 2, 3, 4, 6, 7, 9, 11, 12, 13, by adding a subdivision; 428A.11, subdivisions 4, 6; 462A.05, by adding a subdivision; 462A.2035, subdivisions 1a, 1b; 462A.222, subdivision 3; 474A.02, by adding subdivisions; 474A.03, subdivision 1; 474A.04, subdivision 1a; 474A.061, subdivisions 1, 2a, 2b, 2c, 4, by adding subdivisions; 474A.062; 474A.091, subdivisions 1, 2, 3, 5, by adding a subdivision; 474A.131, subdivisions 1, 1b; 474A.14; 474A.21; 484.014, subdivisions 2, 3; 504B.111; 504B.206, subdivision 3; 504B.321, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 327; 504B; repealing Minnesota Statutes 2018, section 327C.095, subdivision 8."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Carlson, L., from the Committee on Ways and Means to which was referred:

H. F. No. 2849, A bill for an act relating to higher education; providing student relief from Argosy University closure; requiring a report.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **RELIEF FOR STUDENTS AFFECTED BY ARGOSY UNIVERSITY CLOSURE.**

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

(b) "Argosy" means Argosy Education Group LLC as well as any parent, subsidiary, or related organization, or any legal representative of such an organization, including a court-appointed receiver.

(c) "Argosy University, Twin Cities" means the Argosy University campus located in Minnesota that closed on March 8, 2019.

(d) "Eligible student" means a student who meets the eligibility requirements in subdivision 2.

(e) Unless otherwise specified, terms used in this section have the meanings given in Minnesota Statutes, chapter 136A.

Subd. 2. **Eligibility.** A student is eligible for assistance under this section if the student:

(1) was enrolled at Argosy University, Twin Cities, during the academic term that began on January 17, 2019, and because of that enrollment:

(i) was awarded a state grant under Minnesota Statutes, section 136A.121, and, as of March 8, 2019, had not received refunds on financial aid in excess of tuition and fees due to them as a direct result of actions or omissions by Argosy;

(ii) was awarded a postsecondary child care grant under Minnesota Statutes, section 136A.125, and had not received the grant funds by March 8, 2019; or

(iii) borrowed from the SELF loan program under Minnesota Statutes, sections 136A.15 to 136A.1701, and had SELF loan disbursements made to Argosy on or after January 1, 2019; or

(2) was enrolled at Argosy University, Twin Cities, during the summer or fall terms of the 2018-2019 academic year, and because of that enrollment:

(i) was awarded an Indian scholarship under Minnesota Statutes, section 136A.126, and had unresolved problems with refunds or credits of aid as of March 8, 2019;

(ii) was awarded Minnesota GI Bill educational assistance under Minnesota Statutes, section 197.791, and had unresolved problems with refunds or credits of aid as of March 8, 2019; or

(iii) borrowed from the SELF loan program under Minnesota Statutes, sections 136A.15 to 136A.1701, had SELF loan disbursements made to Argosy, and had unresolved problems with refunds due to the student or the lender as of March 8, 2019.

Subd. 3. **Authorized actions.** (a) Notwithstanding any law to the contrary in Minnesota Statutes, chapter 136A, the commissioner may establish procedures sufficient to take the following actions, where appropriate, to assist eligible students:

(1) make direct payments of state grant refunds in excess of tuition and fees to students at their last known addresses;

(2) make direct payments of postsecondary child care grant awards to students at their last known addresses;

(3) reverse disbursements of SELF loans made on or after January 1, 2019;

(4) reverse disbursements of SELF loans to settle any unresolved refunds due to the lender; and

(5) inform recipients of an Indian scholarship or GI Bill award that they have the option to request payments directly and, where applicable, make such payments to the students.

(b) The commissioner may require an eligible student under this section to assign or subrogate to the Office of Higher Education any claims against Argosy arising from a state financial aid award or SELF loan.

(c) The commissioner must establish a deadline of no later than October 31, 2019, after which payments to students will no longer be processed.

(d) The commissioner shall post to the Office of Higher Education website any procedures and related deadlines established under this section. The commissioner must also provide this information in a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education.

(e) Procedures established under this subdivision are exempt from Minnesota Statutes, chapter 14, and Minnesota Statutes, sections 14.385 and 14.386, do not apply.

Subd. 4. Report required. By November 30, 2019, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding actions taken under this section. The report must include an explanation of:

(1) the current state of the Argosy closure matter, including any unresolved problems;

(2) all teach outs, articulation agreements, and transfer options available for students affected by the Argosy closure;

(3) any payments made to eligible students under this section;

(4) any SELF loan disbursement reversals completed under this section;

(5) any other action the Office of Higher Education has taken with regard to Argosy; and

(6) suggested legislative action to prevent future school closures and provide additional assistance to students affected by school closures.

Subd. 5. Expiration. This section expires June 30, 2020.

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 student relief from Argosy University closure; requiring a report."

With the recommendation that when so amended the bill be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson, L., from the Committee on Ways and Means to which was referred:

S. F. No. 278, A bill for an act relating to health care; creating licensure and regulations for pharmacy benefit managers; appropriating money; amending Minnesota Statutes 2018, section 151.21, subdivision 7, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 62W; repealing Minnesota Statutes 2018, sections 151.214, subdivision 2; 151.60; 151.61; 151.62; 151.63; 151.64; 151.65; 151.66; 151.67; 151.68; 151.69; 151.70; 151.71.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[62Q.83] PRESCRIPTIONS FOR SPECIALTY DRUGS.**

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

(b) "Health plan company" has the meaning given in section 62Q.01, subdivision 4, but also includes a county-based purchasing plan participating in a public program under chapter 256B or 256L, and in an integrated health partnership under section 256B.0755.

(c) "Mail order pharmacy" means a pharmacy whose primary business is to receive prescriptions by mail, fax, or through electronic submissions, dispense prescription drugs to enrollees through the use of United States mail or other common carrier services, and provide consultation with patients by telephone or electronically rather than face-to-face.

(d) "Pharmacy benefit manager" has the meaning provided in section 151.71, subdivision 1, paragraph (c).

(e) "Retail pharmacy" means a chain pharmacy, a supermarket pharmacy, an independent pharmacy, or a network of independent pharmacies, licensed under chapter 151, that dispenses prescription drugs to the public.

(f) "Specialty drug" means a prescription drug that:

(1) is not routinely made available to enrollees of a health plan company or its contracted pharmacy benefit manager through dispensing by a retail pharmacy, regardless if the drug is meant to be self-administered;

(2) must usually be obtained from specialty or mail order pharmacies; and

(3) has special storage, handling, or distribution requirements that typically cannot be met by a retail pharmacy.

Subd. 2. **Prompt filling of specialty drug prescriptions.** A health plan company or its contracted pharmacy benefit manager that requires or provides financial incentives for enrollees to use a mail order pharmacy to fill a prescription for a specialty drug must ensure through contract and other means that the mail order pharmacy dispenses the prescription drug to the enrollee in a timely manner, such that the enrollee receives the filled prescription within five business days of the date of transmittal to the mail order pharmacy. The health plan company or contracted pharmacy benefit manager may grant an exemption from this requirement if the mail order pharmacy can document that the specialty drug was out of stock due to a delay in shipment by the specialty drug manufacturer or prescription drug wholesaler. If an exemption is granted, the health plan company or pharmacy benefit manager shall notify the enrollee within 24 hours of granting the exemption and, if medically necessary, shall provide the enrollee with an emergency supply of the specialty drug.

EFFECTIVE DATE. This section is effective January 1, 2020, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 2. **[62W.01] CITATION.**

This chapter may be cited as the "Minnesota Pharmacy Benefit Manager Licensure and Regulation Act."

Sec. 3. **[62W.02] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the following terms have the meanings given.

Subd. 2. **Aggregate retained rebate.** "Aggregate retained rebate" means the percentage of all rebates received by a pharmacy benefit manager from a drug manufacturer for drug utilization that is not passed on to the pharmacy benefit manager's health carrier's clients.

Subd. 3. **Claims processing service.** "Claims processing service" means the administrative services performed in connection with the processing and adjudicating of claims relating to pharmacy services that includes:

- (1) receiving payments for pharmacy services;
- (2) making payments to pharmacists or pharmacies for pharmacy services; or
- (3) both clause (1) and clause (2).

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 5. **Enrollee.** "Enrollee" means a natural person covered by a health plan and includes an insured, policyholder, subscriber, contract holder, member, covered person, or certificate holder.

Subd. 6. **Health carrier.** "Health carrier" has the meaning given in section 62A.011, subdivision 2.

Subd. 7. **Health plan.** "Health plan" means a policy, contract, certificate, or agreement defined in section 62A.011, subdivision 3.

Subd. 8. **Mail order pharmacy.** "Mail order pharmacy" means a pharmacy whose primary business is to receive prescriptions by mail, fax, or through electronic submissions, dispense prescription drugs to enrollees through the use of the United States mail or other common carrier services, and provide consultation with patients electronically rather than face-to-face.

Subd. 9. **Maximum allowable cost price.** "Maximum allowable cost price" means the maximum amount that a pharmacy benefit manager will reimburse a pharmacy for a group of therapeutically and pharmaceutically equivalent multiple source drugs. The maximum allowable cost price does not include a dispensing or professional fee.

Subd. 10. **Multiple source drugs.** "Multiple source drugs" means a therapeutically equivalent drug that is available from at least two manufacturers.

Subd. 11. **Network pharmacy.** "Network pharmacy" means a retail or other licensed pharmacy provider that directly contracts with a pharmacy benefit manager.

Subd. 12. **Other prescription drug or device services.** "Other prescription drug or device services" means services other than claims processing services, provided directly or indirectly, whether in connection with or separate from claims processing services, including:

- (1) negotiating rebates, discounts, or other financial incentives and arrangements with drug manufacturers;
- (2) disbursing or distributing rebates;
- (3) managing or participating in incentive programs or arrangements for pharmacy services;
- (4) negotiating or entering into contractual arrangements with pharmacists or pharmacies, or both;
- (5) developing prescription drug formularies;

(6) designing prescription benefit programs; or

(7) advertising or promoting services.

Subd. 13. Pharmacist. "Pharmacist" means an individual with a valid license issued by the Board of Pharmacy under chapter 151.

Subd. 14. Pharmacy. "Pharmacy" or "pharmacy provider" means a place of business licensed by the Board of Pharmacy under chapter 151 in which prescription drugs are prepared, compounded, or dispensed, or under the supervision of a pharmacist.

Subd. 15. Pharmacy benefit manager. (a) "Pharmacy benefit manager" means a person, business, or other entity that contracts with a plan sponsor to perform pharmacy benefits management, including but not limited to:

(1) contracting directly or indirectly with pharmacies to provide prescription drugs to enrollees or other covered individuals;

(2) administering a prescription drug benefit;

(3) processing or paying pharmacy claims;

(4) creating or updating prescription drug formularies;

(5) making or assisting in making prior authorization determinations on prescription drugs;

(6) administering rebates on prescription drugs; or

(7) establishing a pharmacy network.

(b) "Pharmacy benefit manager" does not include the Department of Human Services.

Subd. 16. Plan sponsor. "Plan sponsor" means a group purchaser as defined under section 62J.03; an employer in the case of an employee health benefit plan established or maintained by a single employer; or an employee organization in the case of a health plan established or maintained by an employee organization, an association, joint board trustees, a committee, or other similar group that establishes or maintains the health plan. This term includes a person or entity acting for a pharmacy benefit manager in a contractual or employment relationship in the performance of pharmacy benefits management. Plan sponsor does not include the Department of Human Services.

Subd. 17. Specialty drug. "Specialty drug" means a prescription drug that:

(1) cannot be routinely dispensed at a majority of retail pharmacies;

(2) is used to treat chronic and complex, or rare, medical conditions; and

(3) meets a majority of the following criteria:

(i) requires special handling or storage;

(ii) requires complex and extended patient education or counseling;

(iii) requires intensive monitoring;

(iv) requires clinical oversight; and

(v) requires product support services.

Subd. 18. **Retail pharmacy.** "Retail pharmacy" means a chain pharmacy, a supermarket pharmacy, an independent pharmacy, or a network of independent pharmacies, licensed under chapter 151, that dispenses prescription drugs to the public.

Subd. 19. **Rebates.** "Rebates" means all price concessions paid by a drug manufacturer to a pharmacy benefit manager or plan sponsor, including discounts and other price concessions that are based on the actual or estimated utilization of a prescription drug. Rebates also include price concessions based on the effectiveness of a prescription drug as in a value-based or performance-based contract.

Sec. 4. **[62W.03] LICENSE TO DO BUSINESS.**

Subdivision 1. **General.** (a) Beginning January 1, 2020, no person shall perform, act, or do business in this state as a pharmacy benefits manager unless the person has a valid license issued under this chapter by the commissioner of commerce.

(b) A license issued in accordance with this chapter is nontransferable.

Subd. 2. **Application.** (a) A pharmacy benefit manager seeking a license shall apply to the commissioner of commerce on a form prescribed by the commissioner. The application form must include at a minimum the following information:

(1) the name, address, and telephone number of the pharmacy benefit manager;

(2) the name and address of the pharmacy benefit manager agent for service of process in this state;

(3) the name, address, official position, and professional qualifications of each person responsible for the conduct of affairs of the pharmacy benefit manager, including all members of the board of directors, board of trustees, executive committee, or other governing board or committee; the principal officers in the case of a corporation; or the partners or members in the case of a partnership or association; and

(4) a statement reasonably describing the geographic area or areas to be served and the type or types of enrollees to be served.

(b) Each application for licensure must be accompanied by a nonrefundable fee of \$8,500 and evidence of financial responsibility in the amount of \$1,000,000 to be maintained at all times by the pharmacy benefit manager during its licensure period. The fees collected under this subdivision shall be deposited in the general fund.

(c) Within 30 days of receiving an application, the commissioner may require additional information or submissions from an applicant and may obtain any document or information reasonably necessary to verify the information contained in the application. Within 90 days after receipt of a completed application, evidence of financial responsibility, the network adequacy report required under section 62W.05, and the applicable license fee, the commissioner shall review the application and issue a license if the applicant is deemed qualified under this section. If the commissioner determines the applicant is not qualified, the commissioner shall notify the applicant and shall specify the reason or reasons for the denial.

Subd. 3. **Renewal.** (a) A license issued under this chapter is valid for a period of one year. To renew a license, an applicant must submit a completed renewal application on a form prescribed by the commissioner, the network adequacy report required under section 62W.05, and a renewal fee of \$8,500. The commissioner may request a renewal applicant to submit additional information to clarify any new information presented in the renewal application. The fees collected under this paragraph shall be deposited in the general fund.

(b) A renewal application submitted after the renewal deadline date must be accompanied by a nonrefundable late fee of \$500. The fees collected under this paragraph shall be deposited in the general fund.

(c) The commissioner shall deny the renewal of a license for any of the following reasons:

(1) the pharmacy benefit manager is operating in a financially hazardous condition relative to its financial condition and the services it administers for health carriers;

(2) the pharmacy benefit manager has been determined by the commissioner to be in violation or noncompliance with the requirements of state law or the rules promulgated under this chapter; or

(3) the pharmacy benefit manager has failed to timely submit a renewal application and the information required under paragraph (a).

In lieu of a denial of a renewal application, the commissioner may permit the pharmacy benefit manager to submit to the commissioner a corrective action plan to cure or correct deficiencies.

Subd. 4. **Oversight.** (a) The commissioner may suspend, revoke, or place on probation a pharmacy benefit manager license issued under this chapter for any of the following circumstances:

(1) the pharmacy benefit manager has engaged in fraudulent activity that constitutes a violation of state or federal law;

(2) the commissioner has received consumer complaints that justify an action under this subdivision to protect the safety and interests of consumers;

(3) the pharmacy benefit manager fails to pay an application license or renewal fee; and

(4) the pharmacy benefit manager fails to comply with a requirement set forth in this chapter.

(b) The commissioner may issue a license subject to restrictions or limitations, including the types of services that may be supplied or the activities in which the pharmacy benefit manager may be engaged.

Subd. 5. **Penalty.** If a pharmacy benefit manager acts without a license, the pharmacy benefit manager may be subject to a fine of \$5,000 per day for the period the pharmacy benefit manager is found to be in violation. Any penalties collected under this subdivision shall be deposited in the general fund.

Subd. 6. **Rulemaking.** The commissioner may adopt rules to implement this section.

Subd. 7. **Enforcement.** The commissioner shall enforce this chapter under the provisions of chapter 45.

Sec. 5. **[62W.04] PHARMACY BENEFIT MANAGER GENERAL BUSINESS PRACTICES.**

(a) A pharmacy benefit manager has a fiduciary duty to a health carrier and must discharge that duty in accordance with the provisions of state and federal law.

(b) A pharmacy benefit manager must perform its duties with care, skill, prudence, diligence, and professionalism. A pharmacy benefit manager must exercise good faith and fair dealing in the performance of its contractual duties. A provision in a contract between a pharmacy benefit manager and a health carrier or a network pharmacy that attempts to waive or limit this obligation is void.

(c) A pharmacy benefit manager must notify a health carrier in writing of any activity, policy, or practice of the pharmacy benefit manager that directly or indirectly presents a conflict of interest with the duties imposed in this section.

Sec. 6. [62W.05] PHARMACY BENEFIT MANAGER NETWORK ADEQUACY.

(a) A pharmacy benefit manager must provide an adequate and accessible pharmacy network for the provision of prescription drugs as defined under section 62K.10. Mail order pharmacies must not be included in the calculations of determining the adequacy of the pharmacy benefit manager's pharmacy network under section 62K.10.

(b) A pharmacy benefit manager must submit to the commissioner a pharmacy network adequacy report describing the pharmacy network and pharmacy accessibility in this state, with the pharmacy benefit manager's license application and renewal, in a manner prescribed by the commissioner.

(c) A pharmacy benefit manager may apply for a waiver of the requirements in paragraph (a) if it is unable to meet the statutory requirements. A waiver application must be submitted on a form provided by the commissioner and must (1) demonstrate with specific data that the requirement of paragraph (a) is not feasible in a particular service area or part of a service area, and (2) include information as to the steps that were and will be taken to address the network inadequacy. The waiver shall automatically expire after three years. If a renewal of the waiver is sought, the commissioner shall take into consideration steps that have been taken to address network adequacy.

(d) The pharmacy benefit manager must establish a pharmacy network service area consistent with the requirements under section 62K.13 for every pharmacy network subject to review under this section.

Sec. 7. [62W.06] PHARMACY BENEFIT MANAGER TRANSPARENCY.

Subdivision 1. **Transparency to plan sponsors.** (a) Beginning in the second quarter after the effective date of a contract between a pharmacy benefit manager and a plan sponsor, the pharmacy benefit manager must disclose, upon the request of the plan sponsor, the following information with respect to prescription drug benefits specific to the plan sponsor:

(1) the aggregate wholesale acquisition costs from a drug manufacturer or wholesale drug distributor for each therapeutic category of prescription drugs;

(2) the aggregate amount of rebates received by the pharmacy benefit manager by therapeutic category of prescription drugs. The aggregate amount of rebates must include any utilization discounts the pharmacy benefit manager receives from a drug manufacturer or wholesale drug distributor;

(3) any other fees received from a drug manufacturer or wholesale drug distributor;

(4) whether the pharmacy benefit manager has a contract, agreement, or other arrangement with a drug manufacturer to exclusively dispense or provide a drug to a plan sponsor's employees or enrollees, and the application of all consideration or economic benefits collected or received pursuant to the arrangement;

(5) prescription drug utilization information for the plan sponsor's employees or enrollees that is not specific to any individual employee or enrollee;

(6) de-identified claims level information in electronic format that allows the plan sponsor to sort and analyze the following information for each claim:

(i) the drug and quantity for each prescription;

(ii) whether the claim required prior authorization;

(iii) patient cost-sharing paid on each prescription;

(iv) the amount paid to the pharmacy for each prescription, net of the aggregate amount of fees or other assessments imposed on the pharmacy, including point-of-sale and retroactive charges;

(v) any spread between the net amount paid to the pharmacy in item (iv) and the amount charged to the plan sponsor;

(vi) identity of the pharmacy for each prescription;

(vii) whether the pharmacy is, or is not, under common control or ownership with the pharmacy benefit manager;

(viii) whether the pharmacy is, or is not, a preferred pharmacy under the plan;

(ix) whether the pharmacy is, or is not, a mail order pharmacy; and

(x) whether enrollees are required by the plan to use the pharmacy;

(7) the aggregate amount of payments made by the pharmacy benefit manager to pharmacies owned or controlled by the pharmacy benefit manager;

(8) the aggregate amount of payments made by the pharmacy benefit manager to pharmacies not owned or controlled by the pharmacy benefit manager; and

(9) the aggregate amount of the fees imposed on, or collected from, network pharmacies or other assessments against network pharmacies, including point-of-sale fees and retroactive charges, and the application of those amounts collected pursuant to the contract with the plan sponsor.

Subd. 2. Transparency report to the commissioner. (a) Beginning June 1, 2020, and annually thereafter, each pharmacy benefit manager must submit to the commissioner of commerce a transparency report containing data from the prior calendar year. The report must contain the following information:

(1) the aggregate wholesale acquisition costs from a drug manufacturer or wholesale drug distributor for each therapeutic category of prescription drugs for all of the pharmacy benefit manager's health carrier clients and for each health carrier client, and these costs net of all rebates and other fees and payments, direct or indirect, from all sources;

(2) the aggregate amount of all rebates that the pharmacy benefit manager received from all drug manufacturers for all of the pharmacy benefit manager's health carrier clients and for each health carrier client. The aggregate amount of rebates must include any utilization discounts the pharmacy benefit manager receives from a drug manufacturer or wholesale drug distributor;

(3) the aggregate of all fees from all sources, direct or indirect, that the pharmacy benefit manager received for all of the pharmacy benefit manager's health carrier clients, and the amount of these fees for each health carrier client separately;

(4) the aggregate retained rebates and other fees, as listed in clause (3), that the pharmacy benefit manager received from all sources, direct or indirect, that were not passed through to the health carrier;

(5) the aggregate retained rebate and fees percentage;

(6) the highest, lowest, and mean aggregate retained rebate and fees percentage for all of the pharmacy benefit manager's health carrier clients and for each health carrier client; and

(7) de-identified claims level information in electronic format that allows the commissioner to sort and analyze the following information for each claim:

(i) the drug and quantity for each prescription;

(ii) whether the claim required prior authorization;

(iii) patient cost-sharing paid on each prescription;

(iv) the amount paid to the pharmacy for each prescription, net of the aggregate amount of fees or other assessments imposed on the pharmacy, including point-of-sale and retroactive charges;

(v) any spread between the net amount paid to the pharmacy in item (iv) and the amount charged to the plan sponsor;

(vi) identity of the pharmacy for each prescription;

(vii) whether the pharmacy is, or is not, under common control or ownership with the pharmacy benefit manager;

(viii) whether the pharmacy is, or is not, a preferred pharmacy under the plan;

(ix) whether the pharmacy is, or is not, a mail order pharmacy; and

(x) whether enrollees are required by the plan to use the pharmacy.

(b) Within 60 days upon receipt of the transparency report, the commissioner shall publish the report from each pharmacy benefit manager on the Department of Commerce's website, with the exception of data considered trade secret information under section 13.37.

(c) For purposes of this subdivision, the aggregate retained rebate and fee percentage must be calculated for each health carrier for rebates and fees in the previous calendar year as follows:

(1) the sum total dollar amount of rebates and fees from all drug manufacturers for all utilization of enrollees of a health carrier that was not passed through to the health carrier; and

(2) divided by the sum total dollar amount of all rebates and fees received from all sources, direct or indirect, for all enrollees of a health carrier.

Subd. 3. **Penalty.** The commissioner may impose civil penalties of not more than \$1,000 per day per violation of this section.

Sec. 8. **[62W.07] PHARMACY OWNERSHIP INTEREST; SPECIALTY PHARMACY SERVICES; NONDISCRIMINATION.**

(a) A pharmacy benefit manager that has an ownership interest either directly or indirectly, or through an affiliate or subsidiary, in a pharmacy must disclose to a plan sponsor that contracts with the pharmacy benefit manager any difference between the amount paid to a pharmacy and the amount charged to the plan sponsor.

(b) A pharmacy benefit manager or a pharmacy benefit manager's affiliates or subsidiaries must not own or have an ownership interest in a patient assistance program or a mail order specialty pharmacy, unless the pharmacy benefit manager, affiliate, or subsidiary agrees to fair competition, no self-dealing, and no interference with prospective economic advantage, and establishes a firewall between the administrative functions and the mail order pharmacy.

(c) A pharmacy benefit manager or health carrier is prohibited from penalizing, requiring, or providing financial incentives, including variations in premiums, deductibles, co-payments, or coinsurance, to an enrollee as an incentive to use a retail pharmacy, mail order pharmacy, specialty pharmacy, or other network pharmacy provider in which a pharmacy benefit manager has an ownership interest or that has an ownership interest in a pharmacy benefit manager.

(d) A pharmacy benefit manager or health carrier is prohibited from imposing limits, including quantity limits or refill frequency limits, on a patient's access to medication that differ based solely on whether the health carrier or pharmacy benefit manager has an ownership interest in a pharmacy or the pharmacy has an ownership interest in the pharmacy benefit manager.

(e) A pharmacy benefit manager must not require pharmacy accreditation standards or recertification requirements to participate in a network that are inconsistent with, more stringent than, or in addition to federal and state requirements for licensure as a pharmacy in this state.

(f) A pharmacy benefit manager or health carrier must not prohibit an entity authorized to participate in the federal 340B Drug Pricing Program under section 340B of the Public Health Service Act, United States Code, title 42, chapter 6A, or a pharmacy under contract with such an entity to provide pharmacy services from participating in the pharmacy benefit manager's or health carrier's provider network. A pharmacy benefit manager or health carrier must not reimburse an entity or a pharmacy under contract with such an entity participating in the federal 340B Drug Pricing Program differently than other similarly situated pharmacies. A pharmacy benefit manager that contracts with a managed care plan or county-based purchasing plan under contract with the commissioner of human services under chapter 256B or 256L must comply with this paragraph only if the entity or contracted pharmacy can identify all claims eligible for 340B drugs at the time of initial claims submission at the point of sale. This paragraph does not preclude a pharmacy benefit manager that contracts with a managed care plan or county-based purchasing plan under contract with the commissioner of human services under chapter 256B or 256L from reimbursing an entity or pharmacy identified in this paragraph at a lower rate for any prescription drug purchased by the entity or pharmacy through the federal 340B Drug Pricing Program.

Sec. 9. **[62W.08] MAXIMUM ALLOWABLE COST PRICING.**

(a) With respect to each contract and contract renewal between a pharmacy benefit manager and a pharmacy, the pharmacy benefits manager must:

(1) provide to the pharmacy, at the beginning of each contract and contract renewal, the sources utilized to determine the maximum allowable cost pricing of the pharmacy benefit manager;

(2) update any maximum allowable cost price list at least every seven business days, noting any price changes from the previous list, and provide a means by which network pharmacies may promptly review current prices in an electronic, print, or telephonic format within one business day at no cost to the pharmacy;

(3) maintain a procedure to eliminate products from the list of drugs subject to maximum allowable cost pricing in a timely manner in order to remain consistent with changes in the marketplace;

(4) ensure that the maximum allowable cost prices are not set below sources utilized by the pharmacy benefits manager; and

(5) upon request of a network pharmacy, disclose the sources utilized for setting maximum allowable cost price rates on each maximum allowable cost price list included under the contract and identify each maximum allowable cost price list that applies to the network pharmacy. A pharmacy benefit manager must make the list of the maximum allowable costs available to a contracted pharmacy in a format that is readily accessible and usable to the network pharmacy.

(b) A pharmacy benefit manager must not place a prescription drug on a maximum allowable cost list unless the drug is available for purchase by pharmacies in this state from a national or regional drug wholesaler and is not obsolete.

(c) Each contract between a pharmacy benefit manager and a pharmacy must include a process to appeal, investigate, and resolve disputes regarding maximum allowable cost pricing that includes:

(1) a 15-business-day limit on the right to appeal following the initial claim;

(2) a requirement that the appeal be investigated and resolved within seven business days after the appeal is received; and

(3) a requirement that a pharmacy benefit manager provide a reason for any appeal denial and identify the national drug code of a drug that may be purchased by the pharmacy at a price at or below the maximum allowable cost price as determined by the pharmacy benefit manager.

(d) If an appeal is upheld, the pharmacy benefit manager must make an adjustment to the maximum allowable cost price no later than one business day after the date of determination. The pharmacy benefit manager must make the price adjustment applicable to all similarly situated network pharmacy providers as defined by the plan sponsor.

Sec. 10. **[62W.09] PHARMACY AUDITS.**

Subdivision 1. Procedure and process for conducting and reporting an audit. (a) Unless otherwise prohibited by federal requirements or regulations, any entity conducting a pharmacy audit must follow the following procedures:

(1) a pharmacy must be given notice 14 days before an initial on-site audit is conducted;

(2) an audit that involves clinical or professional judgment must be conducted by or in consultation with a licensed pharmacist; and

(3) each pharmacy shall be audited under the same standards and parameters as other similarly situated pharmacies.

(b) Unless otherwise prohibited by federal requirements or regulations, for any entity conducting a pharmacy audit the following items apply:

(1) the period covered by the audit may not exceed 24 months from the date that the claim was submitted to or adjudicated by the entity, unless a longer period is required under state or federal law;

(2) if an entity uses random sampling as a method for selecting a set of claims for examination, the sample size must be appropriate for a statistically reliable sample. Notwithstanding section 151.69, the auditing entity shall provide the pharmacy a masked list that provides a prescription number or date range that the auditing entity is seeking to audit;

(3) an on-site audit may not take place during the first five business days of the month unless consented to by the pharmacy;

(4) auditors may not enter the pharmacy area unless escorted where patient-specific information is available and to the extent possible must be out of sight and hearing range of the pharmacy customers;

(5) any recoupment will not be deducted against future remittances until after the appeals process and both parties have received the results of the final audit;

(6) a pharmacy benefit manager may not require information to be written on a prescription unless the information is required to be written on the prescription by state or federal law. Recoupment may be assessed for items not written on the prescription if:

(i) additional information is required in the provider manual; or

(ii) the information is required by the Food and Drug Administration (FDA); or

(iii) the information is required by the drug manufacturer's product safety program; and

(iv) the information in item (i), (ii), or (iii) is not readily available for the auditor at the time of the audit; and

(7) the auditing company or agent may not receive payment based on a percentage of the amount recovered. This section does not prevent the entity conducting the audit from charging or assessing the responsible party, directly or indirectly, based on amounts recouped if both of the following conditions are met:

(i) the plan sponsor and the entity conducting the audit have a contract that explicitly states the percentage charge or assessment to the plan sponsor; and

(ii) a commission to an agent or employee of the entity conducting the audit is not based, directly or indirectly, on amounts recouped.

(c) An amendment to pharmacy audit terms in a contract between a pharmacy benefit manager and a pharmacy must be disclosed to the pharmacy at least 60 days prior to the effective date of the proposed change.

Subd. 2. **Requirement for recoupment or chargeback.** For recoupment or chargeback, the following criteria apply:

(1) audit parameters must consider consumer-oriented parameters based on manufacturer listings;

(2) a pharmacy's usual and customary price for compounded medications is considered the reimbursable cost unless the pricing methodology is outlined in the pharmacy provider contract;

(3) a finding of overpayment or underpayment must be based on the actual overpayment or underpayment and not a projection based on the number of patients served having a similar diagnosis or on the number of similar orders or refills for similar drugs;

(4) the entity conducting the audit shall not use extrapolation in calculating the recoupment or penalties for audits unless required by state or federal law or regulations;

(5) calculations of overpayments must not include dispensing fees unless a prescription was not actually dispensed, the prescriber denied authorization, the prescription dispensed was a medication error by the pharmacy, or the identified overpayment is solely based on an extra dispensing fee;

(6) an entity may not consider any clerical or record-keeping error, such as a typographical error, scrivener's error, or computer error regarding a required document or record as fraud, however such errors may be subject to recoupment;

(7) in the case of errors that have no actual financial harm to the patient or plan, the pharmacy benefit manager must not assess any chargebacks. Errors that are a result of the pharmacy failing to comply with a formal corrective action plan may be subject to recovery; and

(8) interest may not accrue during the audit period for either party, beginning with the notice of the audit and ending with the final audit report.

Subd. 3. **Documentation.** (a) To validate the pharmacy record and delivery, the pharmacy may use authentic and verifiable statements or records including medication administration records of a nursing home, assisted living facility, hospital, physician, or other authorized practitioner or additional audit documentation parameters located in the provider manual.

(b) Any legal prescription that meets the requirements in this chapter may be used to validate claims in connection with prescriptions, refills, or changes in prescriptions, including medication administration records, faxes, e-prescriptions, or documented telephone calls from the prescriber or the prescriber's agents.

Subd. 4. **Appeals process.** The entity conducting the audit must establish a written appeals process which must include appeals of preliminary reports and final reports.

Subd. 5. **Audit information and reports.** (a) A preliminary audit report must be delivered to the pharmacy within 60 days after the conclusion of the audit.

(b) A pharmacy must be allowed at least 45 days following receipt of the preliminary audit to provide documentation to address any discrepancy found in the audit.

(c) A final audit report must be delivered to the pharmacy within 120 days after receipt of the preliminary audit report or final appeal, whichever is later.

(d) An entity shall remit any money due to a pharmacy or pharmacist as a result of an underpayment of a claim within 45 days after the appeals process has been exhausted and the final audit report has been issued.

Subd. 6. **Disclosure to plan sponsor.** Where contractually required, an auditing entity must provide a copy to the plan sponsor of its claims that were included in the audit, and any recouped money shall be returned to the plan sponsor.

Subd. 7. **Applicability of other laws and regulations.** This section does not apply to any investigative audit that involves suspected fraud, willful misrepresentation, abuse, or any audit completed by Minnesota health care programs.

Subd. 8. **Definitions.** For purposes of this section, "entity" means a pharmacy benefits manager or any person or organization that represents these companies, groups, or organizations.

Sec. 11. **[62W.10] SYNCHRONIZATION.**

(a) For purposes of this section, "synchronization" means the coordination of prescription drug refills for a patient taking two or more medications for one or more chronic conditions, to allow the patient's medications to be refilled on the same schedule for a given period of time.

(b) A contract between a pharmacy benefit manager and a pharmacy must allow for synchronization of prescription drug refills for a patient on at least one occasion per year, if the following criteria are met:

(1) the prescription drugs are covered under the patient's health plan or have been approved by a formulary exceptions process;

(2) the prescription drugs are maintenance medications as defined by the health plan and have one or more refills available at the time of synchronization;

(3) the prescription drugs are not Schedule II, III, or IV controlled substances;

(4) the patient meets all utilization management criteria relevant to the prescription drug at the time of synchronization;

(5) the prescription drugs are of a formulation that can be safely split into short-fill periods to achieve synchronization; and

(6) the prescription drugs do not have special handling or sourcing needs that require a single, designated pharmacy to fill or refill the prescription.

(c) When necessary to permit synchronization, the pharmacy benefit manager must apply a prorated, daily patient cost-sharing rate to any prescription drug dispensed by a pharmacy under this section. The dispensing fee must not be prorated, and all dispensing fees shall be based on the number of prescriptions filled or refilled.

(d) Synchronization may be requested by the patient or by the patient's parent or legal guardian. For purposes of this paragraph, legal guardian includes but is not limited to a guardian of an incapacitated person appointed pursuant to chapter 524.

Sec. 12. **[62W.11] GAG CLAUSE PROHIBITION.**

(a) No contract between a pharmacy benefit manager or health carrier and a pharmacy or pharmacist shall prohibit, restrict, or penalize a pharmacy or pharmacist from disclosing to an enrollee any health care information that the pharmacy or pharmacist deems appropriate regarding the nature of treatment; the risks or alternatives; the availability of alternative therapies, consultations, or tests; the decision of utilization reviewers or similar persons to authorize or deny services; the process that is used to authorize or deny health care services or benefits; or information on financial incentives and structures used by the health carrier or pharmacy benefit manager.

(b) A pharmacy or pharmacist must provide to an enrollee information regarding the enrollee's total cost for each prescription drug dispensed where part or all of the cost of the prescription is being paid or reimbursed by the employer-sponsored plan or by a health carrier or pharmacy benefit manager, in accordance with section 151.214, subdivision 1.

(c) A pharmacy benefit manager or health carrier must not prohibit a pharmacist or pharmacy from discussing information regarding the total cost for pharmacy services for a prescription drug, including the patient's co-payment amount, the pharmacy's own usual and customary price of the prescription, and the net amount the pharmacy will receive from all sources for dispensing the prescription drug, once the claim has been completed by the pharmacy benefit manager or the patient's health carrier.

(d) A pharmacy benefit manager or health carrier must not prohibit a pharmacist or pharmacy from discussing the availability of any therapeutically equivalent alternative prescription drugs or alternative methods for purchasing the prescription drug, including but not limited to paying out-of-pocket the pharmacy's usual and customary price when that amount is less expensive to the enrollee than the amount the enrollee is required to pay for the prescription drug under the enrollee's health plan.

Sec. 13. **[62W.12] POINT OF SALE.**

No pharmacy benefit manager or health carrier shall require an enrollee to make a payment at the point of sale for a covered prescription drug in an amount greater than the lesser of:

(1) the applicable co-payment for the prescription drug;

(2) the allowable claim amount for the prescription drug;

(3) the amount an enrollee would pay for the prescription drug if the enrollee purchased the prescription drug without using a health plan or any other source of prescription drug benefits or discounts; or

(4) the amount the pharmacy will be reimbursed for the prescription drug from the pharmacy benefit manager or health carrier.

Sec. 14. **[62W.13] RETROACTIVE ADJUSTMENTS.**

No pharmacy benefit manager shall retroactively adjust a claim for reimbursement submitted by a pharmacy for a prescription drug, unless the adjustment is a result of a:

(1) pharmacy audit conducted in accordance with section 62W.09; or

(2) technical billing error.

Sec. 15. Minnesota Statutes 2018, section 151.21, subdivision 7, is amended to read:

Subd. 7. **Drug formulary.** ~~This section~~ Subdivision 3 does not apply when a pharmacist is dispensing a prescribed drug to persons covered under a managed health care plan that maintains a mandatory or closed drug formulary.

Sec. 16. Minnesota Statutes 2018, section 151.21, is amended by adding a subdivision to read:

Subd. 7a. **Coverage by substitution.** (a) When a pharmacist receives a prescription order by paper or hard copy, by electronic transmission, or by oral instruction from the prescriber, in which the prescriber has not expressly indicated that the prescription is to be dispensed as communicated and the drug prescribed is not covered under the purchaser's health plan or prescription drug plan, the pharmacist may dispense a therapeutically equivalent and interchangeable prescribed drug or biological product that is covered under the purchaser's plan, if the pharmacist has a written protocol with the prescriber that outlines the class of drugs of the same generation and designed for the same indication that can be substituted and the required communication between the pharmacist and the prescriber.

(b) The pharmacist must inform the purchaser if the pharmacist is dispensing a drug or biological product other than the specific drug or biological product prescribed and the reason for the substitution.

(c) The pharmacist must communicate to the prescriber the name and manufacturer of the substituted drug that was dispensed and the reason for the substitution, in accordance with the written protocol.

Sec. 17. **SEVERABILITY.**

If any provision of the amendments to Minnesota Statutes, sections 62Q.83, 62W.01 to 62W.13, and 151.21, subdivisions 7 and 7a, are held invalid or unenforceable, the remainder of the sections are not affected and the provisions of the sections are severable.

Sec. 18. **INTERPRETATION.**

If an appropriation in this act is enacted more than once in the 2019 regular legislative session, the appropriation must be given effect only once.

Sec. 19. **APPROPRIATION.**

\$277,000 in fiscal year 2020 and \$274,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of commerce for licensing activities under Minnesota Statutes, chapter 62W.

Sec. 20. **REPEALER.**

Minnesota Statutes 2018, sections 151.214, subdivision 2; 151.60; 151.61; 151.62; 151.63; 151.64; 151.65; 151.66; 151.67; 151.68; 151.69; 151.70; and 151.71, are repealed."

Delete the title and insert:

"A bill for an act relating to health care; modifying requirements for specialty drug prescriptions; creating licensure and regulations for pharmacy benefit managers; appropriating money; amending Minnesota Statutes 2018, section 151.21, subdivision 7, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62Q; proposing coding for new law as Minnesota Statutes, chapter 62W; repealing Minnesota Statutes 2018, sections 151.214, subdivision 2; 151.60; 151.61; 151.62; 151.63; 151.64; 151.65; 151.66; 151.67; 151.68; 151.69; 151.70; 151.71."

With the recommendation that when so amended the bill be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 2542 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schultz and Olson introduced:

H. F. No. 2865, A bill for an act relating to state lands; clarifying certain property rights in the city of Duluth.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Huot introduced:

H. F. No. 2866, A bill for an act relating to health; authorizing persons trained as emergency medical technicians to remove and transport dead human bodies; amending Minnesota Statutes 2018, sections 149A.01, subdivision 3; 149A.90, subdivision 4.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Long and Hornstein introduced:

H. F. No. 2867, A bill for an act relating to insurance; requiring the coverage for infertility treatment; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time and referred to the Committee on Commerce.

Winkler 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 Halverson.

Dettmer and Hortman were excused for the remainder of today's session.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Winkler from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 2849, A bill for an act relating to higher education; providing student relief from Argosy University closure; requiring a report.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Government Operations.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

Winkler from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 278, A bill for an act relating to health care; creating licensure and regulations for pharmacy benefit managers; appropriating money; amending Minnesota Statutes 2018, section 151.21, subdivision 7, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 62W; repealing Minnesota Statutes 2018, sections 151.214, subdivision 2; 151.60; 151.61; 151.62; 151.63; 151.64; 151.65; 151.66; 151.67; 151.68; 151.69; 151.70; 151.71.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. No. 278 was read for the second time.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Winkler from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Monday, May 6, 2019 and established a prefiling requirement for amendments offered to the following bills:

H. F. No. 2542; S. F. Nos. 1703 and 1547; and H. F. No. 2051.

CALENDAR FOR THE DAY

H. F. No. 1487, A bill for an act relating to elections; making technical and policy changes to provisions related to elections administration including provisions related to voting, voter registration, polling places, ballots, recounts, contests, candidates, and various other election-related provisions; amending Minnesota Statutes 2018, sections 5B.06; 201.071, subdivisions 1, 2, 3, 8; 201.12, subdivision 2; 201.121, subdivision 3; 201.13, subdivision 3; 201.1611, subdivision 1; 201.225, subdivision 2; 202A.16, subdivision 1; 203B.04, subdivision 1; 203B.081, subdivisions 1, 2; 203B.12, subdivision 7; 203B.121, subdivision 4; 203B.16, subdivision 2; 203B.24, subdivision 1; 204B.06, subdivision 4a; 204B.09, subdivisions 1, 3; 204B.16, subdivision 1; 204B.19, subdivision 6; 204B.21, subdivision 2; 204B.36, subdivision 2; 204B.45, subdivision 2; 204B.46; 204C.05, subdivisions 1a, 1b; 204C.21, subdivision 1; 204C.27; 204C.33, subdivision 3; 204C.35, subdivision 3, by adding a subdivision; 204C.36, subdivision 1; 204D.08, subdivision 4; 204D.13, subdivision 1; 204D.27, subdivision 5; 204D.28, subdivisions 9, 10; 205.13, subdivision 5; 205A.10, subdivision 5; 205A.12, subdivision 5; 206.89, subdivisions 4, 5; 206.90, subdivision 6; 207A.12; 207A.14, subdivision 2; 209.021, subdivision 2; 211B.11, subdivision 1; 367.03, subdivision 6; 367.25, subdivision 1; 412.02, subdivision 2a; 447.32, subdivision 4.

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 121 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Acomb	Ecklund	Hertaus	Loeffler	Olson	Sundin
Anderson	Edelson	Hornstein	Long	O'Neill	Swedzinski
Backer	Elkins	Howard	Lueck	Pelowski	Tabke
Bahner	Erickson	Huot	Mahoney	Persell	Theis
Becker-Finn	Fabian	Johnson	Mann	Petersburg	Torkelson
Bennett	Fischer	Jurgens	Mariani	Pierson	Urdahl
Bernardy	Franson	Kiel	Marquart	Pinto	Vang
Bierman	Freiberg	Klevorn	Masin	Poppe	Vogel
Boe	Gomez	Koegel	McDonald	Poston	Wagenius
Brand	Green	Kotyza-Witthuhn	Miller	Pryor	Wazlawik
Cantrell	Grossell	Koznick	Moller	Quam	Winkler
Carlson, A.	Gunther	Kresha	Moran	Richardson	Wolgamott
Carlson, L.	Haley	Kunesh-Podein	Morrison	Robbins	Xiong, J.
Christensen	Halverson	Layman	Murphy	Runbeck	Xiong, T.
Clafin	Hamilton	Lee	Nash	Sandell	Youakim
Considine	Hansen	Lesch	Nelson, M.	Sandstede	Zerwas
Daniels	Hassan	Liebling	Nelson, N.	Sauke	
Daudt	Hausman	Lien	Neu	Schomacker	
Davnie	Heinrich	Lillie	Noor	Schultz	
Dehn	Heintzeman	Lippert	Nornes	Scott	
Demuth	Her	Lislegard	O'Driscoll	Stephenson	

Those who voted in the negative were:

Bahr	Drazkowski	Gruenhagen	Lucero	Mekeland	Munson
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The bill was passed and its title agreed to.

H. F. No. 653 was reported to the House.

Lillie moved to amend H. F. No. 653, the first engrossment, as follows:

Page 83, line 20, before the period, insert "including cultural leaders who understand the traditional Hmong landscaping and building practices and a local artist that can help tell the Hmong experience. An individual or professional contracted to provide goods or services under this paragraph must be a resident of Minnesota"

Page 87, line 17, delete "and Museum"

Page 87, line 22, before the period, insert "or preserve and share Somali arts, culture, and history" and delete everything after the period

Page 87, delete line 23

Page 87, line 24, delete everything before "The"

The motion prevailed and the amendment was adopted.

Green moved to amend H. F. No. 653, the first engrossment, as amended, as follows:

Page 73, line 33, delete "32,550,000" and insert "32,450,000"

Page 83, after line 25, insert:

"(n) **Big Ideas Inc.**

\$100,000 the first year is for a grant to Big Ideas Inc. for interactive exhibits and outreach programs to partner with children's museums, schools, and other youth programs to introduce, foster, and develop an interest in skilled trades to preserve and promote the history and cultural heritage of Minnesota."

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Green amendment and the roll was called. There were 50 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Anderson	Boe	Drazkowski	Garofalo	Gunther	Hertaus
Backer	Daniels	Erickson	Green	Haley	Johnson
Bahr	Daudt	Fabian	Grossell	Heinrich	Jurgens
Bennett	Demuth	Franson	Gruenhagen	Heintzeman	Kiel

Koznick	Mekeland	Neu	Poston	Swedzinski	Zerwas
Layman	Miller	Nornes	Quam	Theis	
Lucero	Munson	O'Neill	Robbins	Torkelson	
Lueck	Nash	Petersburg	Runbeck	Urdahl	
McDonald	Nelson, N.	Pierson	Scott	Vogel	

Those who voted in the negative were:

Acomb	Dehn	Howard	Lislegard	Noor	Stephenson
Bahner	Ecklund	Huot	Loeffler	O'Driscoll	Sundin
Becker-Finn	Edelson	Klevorn	Long	Olson	Tabke
Bernardy	Elkins	Koegel	Mahoney	Pelowski	Vang
Bierman	Fischer	Kotyza-Witthuhn	Mann	Persell	Wagenius
Brand	Freiberg	Kresha	Mariani	Pinto	Wazlawik
Cantrell	Gomez	Kunesh-Podein	Marquart	Poppe	Winkler
Carlson, A.	Halverson	Lee	Masin	Pryor	Wolgamott
Carlson, L.	Hansen	Lesch	Moller	Richardson	Xiong, J.
Christensen	Hassan	Liebling	Moran	Sandell	Xiong, T.
Clafin	Hausman	Lien	Morrison	Sandstede	Youakim
Considine	Her	Lillie	Murphy	Sauke	
Davnie	Hornstein	Lippert	Nelson, M.	Schultz	

The motion did not prevail and the amendment was not adopted.

Green moved to amend H. F. No. 653, the first engrossment, as amended, as follows:

Page 73, line 33, delete "32,550,000" and insert "32,200,000"

Page 74, line 18, delete "\$26,040,000" and insert "\$25,690,000"

Page 83, after line 25, insert:

“(n) Coalition of Allied Vietnam War Veterans

\$350,000 in the first year is for grants to the Coalition of Allied Vietnam War Veterans for the collection and archiving of historical accounts of Asian Minnesotans' experiences during the Vietnam War and emigration to America.”

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Green amendment and the roll was called. There were 54 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Anderson	Bennett	Daudt	Erickson	Garofalo	Gruenhagen
Backer	Boe	Demuth	Fabian	Green	Gunther
Bahr	Daniels	Drazkowski	Franson	Grossell	Haley

Hamilton	Kiel	McDonald	Neu	Poston	Swedzinski
Heinrich	Koznick	Mekeland	Nornes	Quam	Theis
Heintzeman	Kresha	Miller	O'Driscoll	Robbins	Torkelson
Hertaus	Layman	Munson	O'Neill	Runbeck	Urdahl
Johnson	Lucero	Nash	Petersburg	Schomacker	Vogel
Jurgens	Lueck	Nelson, N.	Pierson	Scott	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment was not adopted.

Moran was excused between the hours of 1:40 p.m. and 3:40 p.m.

Backer moved to amend H. F. No. 653, the first engrossment, as amended, as follows:

Page 40, line 5, delete "\$5,000,000" and insert "\$2,000,000" and delete "\$5,000,000" and insert "\$2,000,000"

Page 40, line 15, delete "\$2,500,000" and insert "\$1,700,000"

Page 50, after line 7, insert:

"(j) \$1,500,000 the first year and \$1,500,000 the second year are for technical assistance and grants for the conservation drainage program in consultation with the Drainage Work Group, coordinated under Minnesota Statutes, section 103B.101, subdivision 13, that includes projects to improve multipurpose water management under Minnesota Statutes, section 103E.015."

Reletter the paragraphs in sequence

Page 50, line 8, before "\$7,500,000" insert "\$3,000,000 the first year and" and delete "is" and insert "are"

Page 50, line 17, delete "\$397,000" and insert "\$525,000"

Adjust amounts accordingly

Heintzeman moved to amend the Backer amendment to H. F. No. 653, the first engrossment, as amended, as follows:

Page 1, after line 4, insert:

"Page 49, line 13, delete "\$5,000,000" and insert "\$2,375,000" and delete "\$5,000,000" and insert "\$2,375,000"

Page 1, after line 18, insert:

"Page 51, delete lines 10 to 13 and insert:

"(n) \$5,500,000 the first year and \$5,500,000 the second year are for payments to soil and water conservation districts for the purposes of Minnesota Statutes, sections 103C.321 and 103C.331. From this appropriation, each soil and water conservation district shall receive an increase in its base funding. The board and other agencies may reduce the amount of grants to a county by an amount equal to any reduction in the county's allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate. The board may use up to one percent for the administration of payments."

Page 52, line 4, delete "\$3,300,000" and insert "\$1,376,000" and delete "\$7,242,000" and insert "\$5,306,000"

Page 55, delete lines 10 to 14"

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Backer amendment to H. F. No. 653, the first engrossment, as amended. The motion did not prevail and the amendment was not adopted.

Green moved to amend H. F. No. 653, the first engrossment, as amended, as follows:

Page 89, after line 21, insert:

"Sec. 3. Minnesota Statutes 2018, section 129D.17, subdivision 2, is amended to read:

Subd. 2. **Expenditures; accountability.** (a) Funding from the arts and cultural heritage fund may be spent only for arts, arts education, and arts access, and to preserve Minnesota's history and cultural heritage. A project or program receiving funding from the arts and cultural heritage fund must include measurable outcomes, and a plan for measuring and evaluating the results. A project or program must be consistent with current scholarship, or best practices, when appropriate and must incorporate state-of-the-art technology when appropriate.

(b) Funding from the arts and cultural heritage fund may be granted for an entire project or for part of a project so long as the recipient provides a description and cost for the entire project and can demonstrate that it has adequate resources to ensure that the entire project will be completed.

(c) Money from the arts and cultural heritage fund shall be expended for benefits across all regions and residents of the state.

(d) A state agency or other recipient of a direct appropriation from the arts and cultural heritage fund must compile and submit all information for funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the website required under section 3.303, subdivision 10, as soon as it becomes available.

(e) Grants funded by the arts and cultural heritage fund must be implemented according to section 16B.98 and must account for all expenditures of funds. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(f) Individual recipients of money from the arts and cultural heritage fund must be residents of Minnesota. All money from the arts and cultural heritage fund must be for projects located in Minnesota. Recipients of money from the arts and cultural heritage fund must complete the project in Minnesota. If a grant recipient is no longer able to complete the project in Minnesota, the grant recipient must return any remaining grant money to the state.

(g) When practicable, a direct recipient of an appropriation from the arts and cultural heritage fund shall prominently display on the recipient's website home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the website must direct the person to a web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission website required under section 3.303, subdivision 10.

(h) Future eligibility for money from the arts and cultural heritage fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law. If the Office of the Legislative Auditor, in the course of an audit or investigation, publicly reports that a recipient of money from the arts and cultural heritage fund has not complied with the laws, rules, or regulations in this section or other laws applicable to the recipient, the recipient must be listed in an annual report to the legislative committees with jurisdiction over the legacy funds. The list must be publicly available. The legislative auditor shall remove a recipient from the list upon determination that the recipient is in compliance. A recipient on the list is not eligible for future funding from the arts and cultural heritage fund until the recipient demonstrates compliance to the legislative auditor.

(i) Any state agency or organization requesting a direct appropriation from the arts and cultural heritage fund must inform the house of representatives and senate committees having jurisdiction over the arts and cultural heritage fund, at the time the request for funding is made, whether the request is supplanting or is a substitution for any previous funding that was not from a legacy fund and was used for the same purpose.

Sec. 4. Minnesota Statutes 2018, section 129D.17, is amended by adding a subdivision to read:

Subd. 6. Prohibited activities; civil penalty. (a) Money from the arts and cultural heritage fund must not be used for projects that promote domestic terrorism or criminal activities.

(b) The commissioner of administration may impose a civil penalty not to exceed ten times the amount of the grant or award for the project for a violation of this subdivision. If the commissioner proposes to take action to impose a civil penalty, the commissioner must first notify the person against whom the action is to be taken and provide the person with an opportunity to request a hearing under the contested case provisions of chapter 14. Service of the notice of violation of this subdivision and the proposed penalty must be made personally or by

certified mail, return receipt requested. If the person does not request a hearing by notifying the commissioner within 30 days after service of the notice of the proposed action, the commissioner may proceed with the action without a hearing.

(c) The civil penalty recovered must be deposited in the general fund, except that the amount of the original grant or award must be deposited in the arts and cultural heritage fund. In addition to the civil penalty, a person found in violation of this subdivision must reimburse the commissioner for the costs of the investigation and proceedings, attorney fees, and other administrative hearing or court costs incurred as a result of action taken under this subdivision."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Green moved to amend the Green amendment to H. F. No. 653, the first engrossment, as amended, as follows:

Page 2, after line 33, insert:

"Sec. 4. Minnesota Statutes 2018, section 129D.17, subdivision 4, is amended to read:

Subd. 4. ~~Minnesota State Arts Board~~ arts and cultural heritage youth experience allocation. At least 47 percent of the total appropriations from the arts and cultural heritage fund in a fiscal biennium must be for grants and services ~~awarded through the Minnesota State Arts Board, or regional arts councils subject to appropriation that~~ provide hands-on educational opportunities and youth experiences to inform and educate Minnesota youth on art and Minnesota's history and cultural heritage."

Renumber the sections in sequence and correct the internal references

A roll call was requested and properly seconded.

The question was taken on the Green amendment to the Green amendment and the roll was called. There were 25 yeas and 102 nays as follows:

Those who voted in the affirmative were:

Backer	Green	Heintzeman	McDonald	Neu
Bahr	Grossell	Johnson	Mekeland	Poston
Daudt	Gruenhagen	Koznick	Miller	Quam
Drazkowski	Hamilton	Lucero	Munson	Vogel
Garofalo	Heinrich	Lueck	Nash	Zerwas

Those who voted in the negative were:

Acomb	Becker-Finn	Bierman	Cantrell	Christensen	Daniels
Anderson	Bennett	Boe	Carlson, A.	Clafin	Davnie
Bahner	Bernardy	Brand	Carlson, L.	Considine	Dehn

Demuth	Hassan	Layman	Masin	Pierson	Sundin
Ecklund	Hausman	Lee	Moller	Pinto	Swedzinski
Edelson	Her	Lesch	Morrison	Poppe	Tabke
Elkins	Hertaus	Liebling	Murphy	Pryor	Theis
Erickson	Hornstein	Lien	Nelson, M.	Richardson	Torkelson
Fabian	Howard	Lillie	Nelson, N.	Robbins	Urdahl
Fischer	Huot	Lippert	Noor	Runbeck	Vang
Franson	Jurgens	Lislegard	Nornes	Sandell	Wagenius
Freiberg	Kiel	Loeffler	O'Driscoll	Sandstede	Wazlawik
Gomez	Klevorn	Long	Olson	Sauke	Winkler
Gunther	Koegel	Mahoney	O'Neill	Schomacker	Wolgamott
Haley	Kotyza-Witthuhn	Mann	Pelowski	Schultz	Xiong, J.
Halverson	Kresha	Mariani	Persell	Scott	Xiong, T.
Hansen	Kunesh-Podein	Marquart	Petersburg	Stephenson	Youakim

The motion did not prevail and the amendment to the amendment was not adopted.

Daudt moved to amend the Green amendment to H. F. No. 653, the first engrossment, as amended, as follows:

Page 3, line 4, after "terrorism" insert "; white nationalism; crimes motivated by bias including promoting violence or threats of harm on the basis of race, gender, religion, or sexual orientation;" and after the third "or" insert "other"

A roll call was requested and properly seconded.

The question was taken on the Daudt amendment to the Green amendment and the roll was called. There were 119 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Acomb	Demuth	Heintzeman	Lippert	Noor	Schomacker
Anderson	Ecklund	Her	Lislegard	Nornes	Scott
Backer	Edelson	Hertaus	Loeffler	O'Driscoll	Stephenson
Bahner	Elkins	Hornstein	Long	Olson	Sundin
Bahr	Erickson	Howard	Lueck	O'Neill	Swedzinski
Becker-Finn	Fabian	Huot	Mahoney	Pelowski	Tabke
Bennett	Fischer	Johnson	Mann	Persell	Theis
Bernardy	Franson	Jurgens	Mariani	Petersburg	Torkelson
Bierman	Freiberg	Kiel	Marquart	Pierson	Urdahl
Boe	Garofalo	Klevorn	Masin	Pinto	Vang
Brand	Gomez	Koegel	McDonald	Poppe	Vogel
Cantrell	Green	Kotyza-Witthuhn	Mekeland	Poston	Wagenius
Carlson, A.	Grossell	Koznick	Miller	Pryor	Wazlawik
Carlson, L.	Gunther	Kresha	Moller	Quam	Winkler
Christensen	Haley	Kunesh-Podein	Morrison	Richardson	Wolgamott
Claflin	Halverson	Layman	Murphy	Robbins	Xiong, J.
Considine	Hamilton	Lee	Nash	Runbeck	Xiong, T.
Daniels	Hansen	Lesch	Nelson, M.	Sandell	Youakim
Daudt	Hassan	Lien	Nelson, N.	Sandstede	Zerwas
Davnie	Heinrich	Lillie	Neu	Sauke	

Those who voted in the negative were:

Dehn Drazkowski Munson

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Green amendment, as amended, and the roll was called. There were 73 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson	Edelson	Heintzeman	Mann	Petersburg	Tabke
Backer	Erickson	Johnson	Marquart	Pierson	Theis
Bahr	Fabian	Jurgens	McDonald	Poppe	Torkelson
Bennett	Franson	Kiel	Mekeland	Poston	Urdahl
Bierman	Freiberg	Koegel	Miller	Pryor	Vogel
Boe	Garofalo	Kotyza-Witthuhn	Nash	Quam	Wazlawik
Brand	Green	Koznick	Nelson, N.	Robbins	Wolgamott
Cantrell	Grossell	Kresha	Neu	Runbeck	Zerwas
Carlson, A.	Gunther	Layman	Nornes	Sandell	
Daniels	Haley	Lien	O'Driscoll	Schomacker	
Daudt	Hamilton	Lislegard	O'Neill	Scott	
Demuth	Hansen	Lucero	Pelowski	Stephenson	
Drazkowski	Heinrich	Lueck	Persell	Swedzinski	

Those who voted in the negative were:

Acomb	Ecklund	Hornstein	Lillie	Murphy	Schultz
Becker-Finn	Fischer	Howard	Lippert	Nelson, M.	Sundin
Bernardy	Gomez	Huot	Loeffler	Noor	Vang
Carlson, L.	Halverson	Klevorn	Long	Olson	Wagenius
Clafin	Hassan	Kunesh-Podein	Mahoney	Pinto	Winkler
Considine	Hausman	Lee	Mariani	Richardson	Xiong, J.
Davnie	Her	Lesch	Masin	Sandstede	Xiong, T.
Dehn	Hertaus	Liebling	Munson	Sauke	Youakim

The motion prevailed and the amendment, as amended, was adopted.

Daudt was excused for the remainder of today's session.

H. F. No. 653, A bill for an act relating to legacy; appropriating money from outdoor heritage, clean water, arts and cultural heritage, and parks and trails funds; modifying previous appropriations; modifying legislative oversight; modifying Clean Water Legacy Act and Water Law; providing for compliance with constitutional requirements; amending Minnesota Statutes 2018, sections 97A.056, subdivision 7; 103B.3369, subdivisions 5, 9; 103B.801, subdivisions 2, 4, 5; 114D.15, subdivisions 7, 11, 13, by adding subdivisions; 114D.20, subdivisions 2, 3, 5, 7, by adding subdivisions; 114D.26; 114D.30, by adding a subdivision; 114D.35, subdivisions 1, 3; 129D.17, subdivision 2, by adding a subdivision; Laws 2015, First Special Session chapter 2, article 1, section 2, subdivision 2, as amended; Laws 2017, chapter 91, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 15; 114D.

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

The question was taken on the passage of the bill and the roll was called. There were 100 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Acomb	Dehn	Her	Lislegard	Noor	Stephenson
Anderson	Demuth	Hornstein	Loeffler	Nornes	Sundin
Bahner	Ecklund	Howard	Long	O'Driscoll	Swedzinski
Becker-Finn	Edelson	Huot	Lueck	Olson	Tabke
Bennett	Elkins	Jurgens	Mahoney	Pelowski	Theis
Bernardy	Fischer	Klevorn	Mann	Persell	Urdahl
Bierman	Franson	Koegel	Mariani	Petersburg	Vang
Boe	Freiberg	Kotyza-Witthuhn	Marquart	Pierson	Wagenius
Brand	Gomez	Kresha	Masin	Pinto	Wazlawik
Cantrell	Green	Kunesh-Podein	Miller	Poppe	Winkler
Carlson, A.	Gunther	Layman	Moller	Pryor	Wolgamott
Carlson, L.	Haley	Lee	Moran	Richardson	Xiong, J.
Christensen	Halverson	Lesch	Morrison	Sandell	Xiong, T.
Claflin	Hamilton	Liebling	Murphy	Sandstede	Youakim
Considine	Hansen	Lien	Nelson, M.	Sauke	Zerwas
Daniels	Hassan	Lillie	Nelson, N.	Schomacker	
Davnie	Hausman	Lippert	Neu	Schultz	

Those who voted in the negative were:

Backer	Garofalo	Hertaus	Mekeland	Quam	Vogel
Bahr	Grossell	Johnson	Munson	Robbins	
Drazkowski	Gruenhagen	Kiel	Nash	Runbeck	
Erickson	Heinrich	Koznick	O'Neill	Scott	
Fabian	Heintzeman	Lucero	Poston	Torkelson	

The bill was passed, as amended, and its title agreed to.

MOTIONS AND RESOLUTIONS

Becker-Finn moved that the name of Huot be added as an author on H. F. No. 347. The motion prevailed.

Pryor moved that the name of Moran be added as an author on H. F. No. 550. The motion prevailed.

Huot moved that the name of Moran be added as an author on H. F. No. 614. The motion prevailed.

Edelson moved that the name of Brand be added as an author on H. F. No. 766. The motion prevailed.

Vang moved that the name of Moran be added as an author on H. F. No. 977. The motion prevailed.

Poppe moved that the name of Lippert be added as an author on H. F. No. 1418. The motion prevailed.

Poppe moved that the name of Lippert be added as an author on H. F. No. 1419. The motion prevailed.

Hansen moved that the name of Dehn be added as an author on H. F. No. 1928. The motion prevailed.

Gomez moved that the name of Dehn be added as an author on H. F. No. 1934. The motion prevailed.

Bernardy moved that the name of Dehn be added as an author on H. F. No. 1951. The motion prevailed.

Mann moved that the name of Dehn be added as an author on H. F. No. 2036. The motion prevailed.

Freiberg moved that the name of Bierman be added as an author on H. F. No. 2152. The motion prevailed.

Pryor moved that the name of Moran be added as an author on H. F. No. 2366. The motion prevailed.

Pierson moved that the name of Bennett be added as an author on H. F. No. 2500. The motion prevailed.

Bernardy moved that the name of Bahr be added as an author on H. F. No. 2551. The motion prevailed.

Wolgammott moved that the name of Moran be added as an author on H. F. No. 2730. The motion prevailed.

Drazkowski moved that the name of Lucero be added as an author on H. F. No. 2861. The motion prevailed.

Heintzeman moved that the names of Demuth and Lucero be added as authors on H. F. No. 2862. The motion prevailed.

MOTION TO SUSPEND RULES

Torkelson moved that the rules of the House be so far suspended so that S. F. No. 621 be recalled from the Committee on Ways and Means, be given its second and third readings and be placed upon its final passage.

A roll call was requested and properly seconded.

The question was taken on the Torkelson motion and the roll was called. There were 51 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Anderson	Franson	Heintzeman	Lueck	O'Neill	Swedzinski
Backer	Garofalo	Hertaus	McDonald	Petersburg	Theis
Bennett	Green	Johnson	Mekeland	Pierson	Torkelson
Boe	Grossell	Jurgens	Miller	Poston	Urdahl
Daniels	Gruenhagen	Kiel	Nash	Quam	Vogel
Demuth	Gunther	Koznick	Nelson, N.	Robbins	Zerwas
Ecklund	Haley	Kresha	Neu	Runbeck	
Erickson	Hamilton	Layman	Nornes	Schomacker	
Fabian	Heinrich	Lucero	O'Driscoll	Scott	

Those who voted in the negative were:

Acomb	Bernardy	Carlson, A.	Considine	Edelson	Gomez
Bahner	Bierman	Carlson, L.	Davnie	Elkins	Halverson
Bahr	Brand	Christensen	Dehn	Fischer	Hansen
Becker-Finn	Cantrell	Clafin	Drazkowski	Freiberg	Hassan

Hausman	Lee	Mahoney	Murphy	Richardson	Wagenius
Her	Lesch	Mann	Nelson, M.	Sandell	Wazlawik
Hornstein	Liebling	Mariani	Noor	Sandstede	Winkler
Howard	Lien	Marquart	Olson	Sauke	Wolgamott
Huot	Lillie	Masin	Pelowski	Schultz	Xiong, J.
Klevorn	Lippert	Moller	Persell	Stephenson	Xiong, T.
Koegel	Lislegard	Moran	Pinto	Sundin	Youakim
Kotyza-Witthuhn	Loeffler	Morrison	Poppe	Tabke	
Kunesh-Podein	Long	Munson	Pryor	Vang	

The motion did not prevail.

PROTEST AND DISSENT

Pursuant to Article IV, Section 11 of the Minnesota Constitution, we the undersigned Members of the Minnesota House of Representatives register our protest and dissent against Representative Tony Jurgens for his aggressive, inappropriate behavior following a vote on the House floor on April 29, 2019.

The House Code of Conduct Policy for the Minnesota House of Representatives, pursuant to House Rule 9.01, states:

"A State Representative and an officer or employee of the House of Representatives shall:

Respect the principles of representative democracy, by exemplifying good citizenship and High personal integrity, and by observing the letter and spirit of laws, and House Rules...

Treat everyone with respect, fairness, and courtesy...

Exercise sound judgment."

Further, the Minnesota House of Representatives Policy Against Discrimination and Harassment states:

"All those involved in the legislative process have a responsibility to contribute to a safe and respectful work environment."

Following a roll call vote on an amendment regarding child custody, on the legislative day of April 29, 2019, Representative Tony Jurgens angrily struck his desk. The sound can be heard on the video recording of the proceedings. Rep. Jurgens then walked off the House floor to the retiring room. Upon entering the retiring room, Representative Jurgens approached Representative Jamie Becker-Finn. Representative Becker-Finn was seated at a table, watching the floor proceedings on a television with her back towards Rep. Jurgens. Rep. Jurgens stood quietly a few feet behind Rep. Becker-Finn for a few seconds and then moved aggressively towards Rep. Becker-Finn. Rep. Jurgens then slammed his hand down on the table with force, causing a loud bang and startling Rep. Becker-Finn and others in the room. Rep. Jurgens hit the table with enough force that the sound could be heard in the House chamber. Rep. Jurgens then leaned across the table towards Rep. Becker-Finn, making eye contact, and angrily stated "I'm glad you think this is funny!" ostensibly in reaction to the outcome of the vote on the previous amendment regarding child custody. A staff person then intervened and ushered Rep. Jurgens away from Rep. Becker-Finn.

We the undersigned find Rep. Jurgens' aggressive behavior towards Rep. Becker-Finn unacceptable. Rep. Jurgens did not act with respect or exercise sound judgment and therefore violated House rules and policies. We do not condone violence or intimidation of any kind and admonish Rep. Jurgens for his actions. We further request that the Speaker, Minority Leader and House Human Resources do all that is within their power to ensure the safety of everyone in our State Capitol.

Signed,

JAMIE BECKER-FINN	CARLOS MARIANI
KELLY MOLLER	KELLY MORRISON
ALICE MANN	SAMANTHA VANG
RUTH RICHARDSON	ZACK STEPHENSON
BRAD TABKE	AMI WAZLAWIK
STEVE ELKINS	JENNIFER SCHULTZ
KRISTIN BAHNER	LIZ OLSON
JAMIE LONG	ROBERT BIERMAN
DIANE LOEFFLER	ANNE CLAFLIN
MOHAMUD NOOR	MICHAEL NELSON
TINA LIEBLING	LAURIE PRYOR
CARLIE KOTYZA-WITTHUHN	FUE LEE
MARY KUNESH-PODEIN	PATTY ACOMB
FRANK HORNSTEIN	HODAN HASSAN
DAN WOLGAMOTT	JIM DAVNIE
JAY XIONG	TOU XIONG
JEAN WAGENIUS	JOHN PERSELL
TODD LIPPERT	JOHN HUOT
GINNY KLEVORN	RICK HANSEN
RAYMOND DEHN	SHELLY CHRISTENSEN
DUANE SAUKE	JEFF BRAND
CHERYL YOUAKIM	DAVE PINTO
PETER FISCHER	CONNIE BERNARDY
MIKE FREIBERG	STEVE SANDELL
RENA MORAN	MICHAEL HOWARD
HEATHER EDELSON	AISHA GOMEZ
RYAN WINKLER	LAURIE HALVERSON
SANDRA MASIN	

ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 12:00 noon, Monday, May 6, 2019. The motion prevailed.

Winkler moved that the House adjourn. The motion prevailed, and Speaker pro tempore Halverson declared the House stands adjourned until 12:00 noon, Monday, May 6, 2019.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

