

STATE OF MINNESOTA

Journal of the House

SPECIAL SESSION — 2021

FOURTEENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, JUNE 28, 2021

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

Prayer was offered by Rabbi Marcia Zimmerman, Temple Israel, Minneapolis, 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	Davids	Hamilton	Koznick	Nash	Robbins
Agbaje	Davnie	Hansen, R.	Kresha	Nelson, M.	Sandell
Akland	Demuth	Hansen, J.	Lee	Nelson, N.	Sandstede
Albright	Dettmer	Hassan	Liebling	Neu Brindley	Schomacker
Anderson	Drazkowski	Hausman	Lillie	Noor	Schultz
Backer	Ecklund	Heinrich	Lippert	Novotny	Scott
Bahner	Edelson	Heintzeman	Lislegard	O'Driscoll	Stephenson
Bahr	Elkins	Her	Long	Olson, B.	Sundin
Baker	Erickson	Hertaus	Lucero	Olson, L.	Theis
Becker-Finn	Feist	Hollins	Lueck	O'Neill	Thompson
Bennett	Fischer	Hornstein	Mariani	Pelowski	Torkelson
Berg	Franke	Howard	Marquart	Petersburg	Urdahl
Bernardy	Franson	Huot	Masin	Pfarr	Vang
Bierman	Frazier	Igo	McDonald	Pierson	Wazlawik
Bliss	Frederick	Johnson	Mekeland	Pinto	Winkler
Boe	Freiberg	Jordan	Miller	Poston	Wolgamott
Boldon	Garofalo	Jurgens	Moller	Pryor	Xiong, J.
Burkel	Green	Keeler	Moran	Quam	Xiong, T.
Carlson	Greenman	Kiel	Morrison	Raleigh	Youakim
Christensen	Grossell	Klevorn	Mortensen	Rasmusson	Spk. Hortman
Daniels	Gruenhagen	Koegel	Mueller	Reyer	
Daudt	Haley	Kotyza-Witthuhn	Murphy	Richardson	

A quorum was present.

Gomez, Munson, Swedzinski 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.

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REPORTS OF STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 9, A bill for an act relating to taxation; providing for financing and operation of state and local government; providing conformity and nonconformity to certain federal tax law changes; modifying individual income and corporate franchise taxes, sales and use taxes, partnership taxes, special and excise taxes, property taxes, local government aids, and provisions related to local taxes, tax increment financing, public finance, and other miscellaneous taxes and tax provisions; modifying certain income tax credits and authorizing new credits; modifying and providing for partnership audits; providing for a pass-through entity tax; modifying sales tax exemptions; providing for reduction of accelerated sales tax payments; modifying vapor and tobacco tax provisions; modifying and providing certain property tax exemptions; modifying property classification provisions; modifying local government aid appropriations; modifying existing local taxes and authorizing new local taxes; modifying and authorizing certain tax increment financing provisions; providing provisions related to public finance; providing for a tax expenditure review commission and the required expiration of tax expenditures; increasing the budget reserve; providing for compliance with federal law background checks for certain individuals with access to federal tax information; classifying data; making minor policy and technical changes; making appointments; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 3.192; 3.8853, subdivision 2; 16A.152, subdivision 2, as amended; 116J.8737, subdivision 5; 144F.01; 270.41, subdivision 3a; 270.44; 270A.04, by adding a subdivision; 270B.13, by adding a subdivision; 270B.14, by adding a subdivision; 270C.11, subdivisions 2, 4, 6; 270C.13, subdivision 1; 270C.22, subdivision 1; 270C.445, subdivisions 3, 6; 272.02, by adding a subdivision; 272.029, subdivision 2; 272.0295, subdivisions 2, 5; 273.063; 273.0755; 273.124, subdivisions 1, 9, 13, 14; 273.13, subdivisions 23, 25, 34; 273.18; 275.025, subdivisions 1, 2; 275.065, subdivision 3, by adding a subdivision; 275.066; 287.04; 289A.08, subdivision 7, by adding a subdivision; 289A.09, subdivision 2; 289A.20, subdivision 4; 289A.31, subdivision 1; 289A.37, subdivision 2; 289A.38, subdivisions 7, 8, 9, 10; 289A.42; 289A.60, subdivisions 15, 24, by adding a subdivision; 290.01, subdivisions 19, 31; 290.0121, subdivision 3; 290.0122, subdivision 8; 290.0132, by adding a subdivision; 290.06, subdivisions 2c, 22, by adding subdivisions; 290.0671, subdivision 1; 290.0681, subdivision 10; 290.0682; 290.31, subdivision 1; 290.92, subdivisions 1, 2a, 3, 4b, 4c, 5, 5a, 19, 20; 290.923, subdivision 9; 290.993; 290A.03, subdivision 3; 295.75, subdivision 2; 296A.06, subdivision 2; 297A.66, subdivision 3; 297A.70, subdivision 13; 297A.99, subdivision 2; 297A.993, subdivision 2; 297F.01, subdivision 22b, by adding a subdivision; 297F.031; 297F.04, subdivision 2; 297F.05, by adding a subdivision; 297F.09, subdivisions 3, 4a, 7, 10; 297F.13, subdivision 4; 297F.17, subdivisions 1, 6; 297G.09, subdivision 9; 297G.16, subdivision 7; 297H.04, subdivision 2; 297H.05; 297I.20, by adding subdivisions; 298.001, by adding a subdivision; 298.24, subdivision 1; 298.285; 298.405, subdivision 1; 325F.781, subdivisions 1, 5, 6; 429.021, subdivision 1; 429.031, subdivision 3; 453A.04, subdivision 21, by adding a subdivision; 465.71; 469.176, by adding a subdivision; 469.1763, subdivisions 2, 3, 4; 469.319, subdivision 4; 475.56; 475.58, subdivision 3b; 475.60, subdivision 1; 475.67, subdivision 8; 477A.03, subdivision 2b; 477A.10; 609B.153; Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended; Laws 2019, First Special Session chapter 6, article 6, section 27; proposing coding for new law in Minnesota Statutes, chapters 3; 116U; 289A; 290; 299C; 462A; 477A; repealing Minnesota Statutes 2020, sections 270C.17, subdivision 2; 469.055, subdivision 7.

Reported the same back with the following amendments:

Page 5, after line 3, insert:

"Sec. 2. Minnesota Statutes 2020, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2024~~ 2022, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2023~~ 2024 for qualified investors and qualified funds, and through ~~2025~~ 2026 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2024~~ 2022, and the appropriation in subdivision 11 remains in effect through ~~2025~~ 2026.

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

Page 5, line 24, delete "and all promotional trailers worldwide"

Page 6, line 1, delete "sections" and insert "section" and delete "and" and insert "or"

Page 9, line 20, before the period, insert "as enacted or amended through March 31, 2021"

Page 10, delete subdivision 6

Page 12, line 20, delete "transferee" and insert "assignee" and delete "a transferee's" and insert "an assignee's"

Page 12, line 22, delete "transferor" and insert "assignor"

Page 16, line 13, delete "fund" and insert "account" and delete "fund" and insert "account" and delete "fund" and insert "account"

Page 16, line 20, delete "and" and insert "or"

Page 16, lines 21, 22, and 30, delete "fund" and insert "account"

Page 17, lines 13, 18, and 25, delete "fund" and insert "account"

Page 18, line 2, delete "fund" and insert "account"

Page 19, line 18, after "after" insert "and for premiums received after"

Page 19, line 19, before the period, insert ", and before January 1, 2029"

Page 19, line 22, delete "Fund" and insert "Account" and delete "fund" and insert "account"

Page 19, line 23, delete the second "fund" and insert "account"

Page 19, lines 24 and 26, delete "fund" and insert "account"

Page 20, line 6, after "(1)" insert "at least"

Page 20, line 9, after "(2)" insert "at least"

Page 20, line 13, after "(3)" insert "at least"

Page 20, lines 21 and 27, delete "fund" and insert "account"

Page 21, lines 1, 5, 7, and 12, delete "fund" and insert "account"

Page 22, line 3, delete "fund" and insert "account"

Page 40, after line 2, insert:

"Section 1. Minnesota Statutes 2020, section 289A.08, subdivision 7, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

Page 42, line 2, delete "and" and insert a comma and after "entities" insert ", and other partnerships electing to file a composite return under subdivision 7"

Page 52, delete lines 21 and 22 and insert:

"(e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer that sells any of the following construction materials, if 50 percent or more of the retailer's sales revenue for the fiscal year ending June 30 is from the sale of those materials:"

Page 53, after line 15, insert:

"Sec. 4. Minnesota Statutes 2020, section 297A.67, is amended by adding a subdivision to read:

Subd. 38. **Season ticket purchasing rights to collegiate events.** The sale of a right to purchase the privilege of admission to a college or university athletic event in a preferred viewing location for a season of a particular athletic event is exempt provided that:

(1) the consideration paid for the right to purchase is used entirely to support student scholarships, wellness, and academic costs;

(2) the consideration paid for the right to purchase is separately stated from the admission price; and

(3) the admission price is equal to or greater than the highest priced general admission ticket for the closest seat not in the preferred viewing location.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2021."

Page 54, after line 27, insert:

"Sec. 6. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision to read:

Subd. 53. **Public safety facilities.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, remodeling, expansion, or improvement of a fire station or police station, including related facilities, owned and operated by a local government, as defined in section 297A.70, subdivision 2, paragraph (d), are exempt.

(b) For purposes of this subdivision, "related facilities" includes access roads, lighting, sidewalks, and utility components on or adjacent to the property on which the fire station or police station is located that are necessary for safe access to and use of those buildings.

(c) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2021.

Sec. 7. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

(1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

(2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;

(3) building materials for correctional facilities under section 297A.71, subdivision 3;

(4) building materials used in a residence for veterans with a disability exempt under section 297A.71, subdivision 11;

- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- (6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);
- (10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
- (11) materials, supplies, and equipment for construction, improvement, or expansion of a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
- (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);
- (15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;
- (16) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; ~~and~~
- (17) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52-; and
- (18) building materials, equipment, and supplies for constructing, remodeling, expanding, or improving a fire station, police station, or related facilities exempt under section 297A.71, subdivision 53.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2021.

Sec. 8. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

- (1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;
- (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), (13), ~~and (17)~~, and (18), the applicant must be the governmental entity that owns or contracts for the project or facility; and

(9) for subdivision 1, clause (16), the applicant must be the owner or developer of the building or project.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2021.

Sec. 9. Minnesota Statutes 2020, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (13) or (15) to ~~(17)~~ (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2021.

Sec. 10. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective date, as amended by Laws 2019, First Special Session chapter 6, article 3, section 18, is amended to read:

EFFECTIVE DATE. Paragraph (a) is effective retroactively for sales and purchases made after September 30, 2016, and before ~~January~~ July 1, 2023. Paragraph (b) is effective for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and (2) after December 31, 2018, and before July 1, 2019.

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

Sec. 11. **PROPERTIES DESTROYED OR DAMAGED BY FIRE; CITY OF ALEXANDRIA.**

(a) The sale and purchase of the following items are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if the items are used to repair, replace, clean, or otherwise remediate damage to real and personal property damaged or destroyed in the February 25, 2020, fire in the city of Alexandria, if sales and purchases are made after February 24, 2020, and before February 28, 2023:

(1) building materials and supplies used or consumed in, and equipment incorporated into the construction, replacement, or repair of real property; and

(2) durable equipment used in a restaurant for food storage, preparation, and serving.

(b) Building cleaning and disinfecting services related to mitigating smoke damage to real property are exempt from sales and use tax imposed under Minnesota Statutes, chapter 297A, if sales and purchases are made after February 24, 2020, and before January 1, 2021.

(c) For sales and purchases made after February 24, 2020, and before July 1, 2021, the tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the manner provided in Minnesota Statutes, section 297A.75. The amount required to pay the refunds under this section is appropriated from the general fund to the commissioner of revenue. Refunds for eligible purchases must not be issued until after June 30, 2021.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to sales and purchases made after February 24, 2020.

Page 55, delete section 2 and insert:

"Sec. 2. Minnesota Statutes 2020, section 297F.01, subdivision 22b, is amended to read:

Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol. This paragraph expires December 31, 2019.

(b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle, or other package that contains nicotine, including nicotine made or derived from tobacco or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol.

(c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, electronic nicotine delivery system, electronic vaping device, electronic vape pen, electronic oral device, electronic delivery device, or similar product or device, and any batteries, heating elements, or other components, parts, or accessories sold with and meant to be used in the consumption of a solution containing nicotine.

EFFECTIVE DATE. This section is effective January 1, 2022."

Page 95, line 1, delete "2022" and insert "2023"

Page 104, after line 31, insert:

"Sec. 20. **REVIEW OF UTILITY AND PIPELINE VALUATION PROCESS.**

The commissioner of revenue shall initiate a review of the framework for valuations of property described in Minnesota Statutes, sections 273.33, 273.35, 273.36, and 273.37, including the methodology for valuations prescribed in Minnesota Rules, chapter 8100.

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

Page 105, after line 34, insert:

"Sec. 2. Minnesota Statutes 2020, section 477A.17, is amended to read:

477A.17 LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.

(a) Except as provided in paragraph (b), in lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for state-owned land within the boundary of Lake Vermilion-Soudan Underground Mine State Park, established in section 85.012, subdivision 38a, equal to 1.5 percent of the appraised value of the state-owned land.

~~(b)~~ For the purposes of this ~~section~~ paragraph, the appraised value of the land acquired for Lake Vermilion-Soudan Underground Mine State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. Thereafter, the appraised value of the state-owned land shall be as determined under section 477A.12, subdivision 3, except that the appraised value of the state-owned land within the park shall not be reduced below the 2010 appraised value of the land.

~~(c)~~ The annual payments under this ~~section~~ paragraph shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(b) Beginning with aids payable in 2022, for land within the boundary of Lake Vermilion-Soudan Underground Mine State Park designated as the Granelda Unit under section 85.012, subdivision 38a, the county shall receive an annual payment equal to 1.5 percent of the appraised value of all parcels comprising the Granelda Unit as determined for assessment year 2021. In each subsequent year, the county shall receive an annual payment equal to 1.5 percent of the appraised value of all parcels comprising the Granelda Unit for the most recent assessment year except that the appraised value of the parcels shall not be reduced below the assessment year 2021 appraised value of the parcels.

The annual payments under this paragraph shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county, except that the annual payment distributed to the county on behalf of unorganized Township 63, Range 17, shall be transferred by the county to the governing body of the public safety facility located in Section 32 in Township 63, Range 17, to be used for ongoing operations and maintenance of the facility. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Unless otherwise noted, each of those taxing jurisdictions may use the payments for their general purposes.

~~(d)~~ (c) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2022."

Page 108, after line 14, insert:

"Sec. 4. **ADDITION TO STATE PARK.**

[85.012] [Subd. 38a.] Lake Vermilion-Soudan Underground Mine State Park, St. Louis County. The following areas are added to Lake Vermilion-Soudan Underground Mine State Park, St. Louis County, and are designated as the Granelda Unit:

(1) Lot 3 of Section 28 and Lot 5 of Section 29 in Township 63 North of Range 17, all West of the 4th Principal Meridian, according to the United States Government Survey thereof;

(2) the Northeast Quarter of the Southwest Quarter, the Northwest Quarter, the Southeast Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, and Lots numbered 1, 2, 3, and 4 of Section 29 in Township 63 North of Range 17, all West of the 4th Principal Meridian, according to the United States Government Survey thereof;

(3) Lots 1 and 2 of Section 32 in Township 63 North of Range 17, all West of the 4th Principal Meridian, according to the United States Government Survey thereof; and

(4) Lot 4 of Section 23 in Township 63 North of Range 18, all West of the 4th Principal Meridian, according to the United States Government Survey thereof.

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

Page 109, after line 7, insert:

"Sec. 7. **LOCAL GOVERNMENT GRANTS.**

(a) \$29,354,688 in fiscal year 2022 only is appropriated from the general fund to the commissioner of revenue for grants to counties identified in this section to pay a portion of the refund to a taxpayer under Minnesota Statutes, chapter 271, or Minnesota Statutes, section 278.12, for a final judgment that is the result of an appeal filed by a fluid pipeline company under Minnesota Statutes, section 273.372, based on assessment years 2012 through 2018. These grants must be used by each county to pay refund amounts owed by the county and other taxing districts within the county. The grants are exempt from the requirements of Minnesota Statutes, section 16B.98, and must be paid to the counties by August 15, 2021, and allocated as follows:

(1) \$91,781 to Aitkin County;

(2) \$2,225,319 to Beltrami County;

(3) \$2,573,615 to Carlton County;

(4) \$2,631,052 to Cass County;

(5) \$3,690,961 to Clearwater County;

(6) \$549,582 to Hubbard County;

(7) \$5,591,840 to Itasca County;

(8) \$1,189,765 to Kittson County;

(9) \$2,404,267 to Marshall County;

(10) \$2,551,225 to Pennington County;

(11) \$1,166,654 to Polk County;

(12) \$1,904,685 to Red Lake County; and

(13) \$2,783,942 to Saint Louis County.

(b) The appropriation under this section is onetime.

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

Page 117, line 25, after "2" insert "for projects approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a)"

Page 118, delete section 8 and insert:

"Sec. 8. **CITY OF HERMANTOWN; TAXES AUTHORIZED.**

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter, and if approved by the voters at a general election as required under Minnesota Statutes, section 297A.99, subdivision 3, the city of Hermantown may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of Hermantown to pay the costs of collecting and administering the tax and paying for the following projects in the city related to a Community Recreational Initiative, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$10,840,000 for an addition of a second ice sheet with locker rooms and other facilities and upgrades to the Hermantown Hockey Arena;

(2) \$4,570,000 for construction of the Hermantown-Proctor trail running from the Essentia Wellness Center to the border with Proctor and eventually connecting to the Munger Trail; and

(3) \$3,900,000 for improvements and upgrades to Fichtner Park.

Subd. 3. Bonding authority. (a) The city of Hermantown may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2 and approved by the voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a). The aggregate principal amount of bonds issued under this subdivision may not exceed:

(1) \$10,840,000 for the project listed in subdivision 2, clause (1), plus an amount to be applied to the payment of the costs of issuing the bonds;

(2) \$4,570,000 for the project listed in subdivision 2, clause (2), plus an amount to be applied to the payment of the costs of issuing the bonds; and

(3) \$3,900,000 for the project listed in subdivision 2, clause (3), plus an amount to be applied to the payment of the costs of issuing the bonds.

The bonds may be paid from or secured by any funds available to the city of Hermantown, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Hermantown, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of (1) 20 years after being first imposed, or (2) when the city council determines that the amount received from the tax is sufficient to pay for the project costs authorized under subdivision 2 for projects approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, paragraph (a), plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Page 141, line 18, delete "economic development authority" and insert "housing and redevelopment authority"

Page 153, line 29, before "data" insert "summary"

Page 154, line 4, before the period, insert ", subdivision 2"

Page 155, after line 8, insert:

"Sec. 4. [10.65] GOVERNMENT-TO-GOVERNMENT RELATIONSHIP WITH TRIBAL GOVERNMENTS.

Subdivision 1. **Recognition of Tribal status and relationship with the state of Minnesota.** (a) The state of Minnesota is home to 11 federally recognized Indian Tribes with elected Tribal government officials. The state of Minnesota acknowledges and supports the unique status of the Minnesota Tribes and their absolute right to existence, self-governance, and self-determination.

(b) The United States and the state of Minnesota have a unique relationship with federally recognized Indian Tribes, formed by the Constitution of the United States, treaties, statutes, case law, and agreements.

(c) The state of Minnesota and the Minnesota Tribal governments significantly benefit from working together, learning from one another, and partnering where possible.

(d) Timely and meaningful consultation between the state of Minnesota and Minnesota Tribal governments will facilitate better understanding and informed decision-making by allowing for communication on matters of mutual interest and help to establish mutually respectful and beneficial relationships between the state and Minnesota Tribal governments.

Subd. 2. **Definitions.** (a) As used in this section, the following terms have the meanings given:

(1) "agency" means the Department of Administration, Department of Agriculture, Department of Commerce, Department of Corrections, Department of Education, Department of Employment and Economic Development, Department of Health, Office of Higher Education, Housing Finance Agency, Department of Human Rights, Department of Human Services, Office of MN.IT Services, Department of Iron Range Resources and Rehabilitation, Department of Labor and Industry, Minnesota Management and Budget, Bureau of Mediation Services, Department of Military Affairs, Metropolitan Council, Department of Natural Resources, Pollution Control Agency, Department of Public Safety, Department of Revenue, Department of Transportation, Department of Veterans Affairs, Gambling Control Board, Racing Commission, the Minnesota Lottery, the Animal Health Board, and the Board of Water and Soil Resources;

(2) "consultation" means the direct and interactive involvement of the Minnesota Tribal governments in the development of policy on matters that have Tribal implications. Consultation is the proactive, affirmative process of identifying and seeking input from appropriate Tribal governments and considering their interest as a necessary and integral part of the decision-making process. This definition adds to statutorily mandated notification procedures. During a consultation, the burden is on the agency to show that it has made a good faith effort to elicit feedback. Consultation is a formal engagement between agency officials and the governing body or bodies of an individual Minnesota Tribal government that the agency or an individual Tribal government may initiate. Formal meetings or communication between top agency officials and the governing body of a Minnesota Tribal government is a necessary element of consultation;

(3) "matters that have Tribal implications" means rules, legislative proposals, policy statements, or other actions that have substantial direct effects on one or more Minnesota Tribal governments, or on the distribution of power and responsibilities between the state and Minnesota Tribal governments;

(4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community; and Upper Sioux Community; and

(5) "timely and meaningful" means done or occurring at a favorable or useful time that allows the result of consultation to be included in the agency's decision-making process for a matter that has Tribal implications.

Subd. 3. Consultation duties. (a) An agency must recognize the unique legal relationship between the state of Minnesota and the Minnesota Tribal governments, respect the fundamental principles that establish and maintain this relationship, and accord Tribal governments the same respect accorded to other governments.

(b) An agency must, in consultation with Minnesota Tribal governments, implement Tribal consultation policies to comply with this section and guide the agency's work with Minnesota Tribal governments, and must submit these policies to the governor and lieutenant governor. Tribal consultation policies should address the communication protocols for each Minnesota Tribal government, which should be developed in coordination with representatives of each Minnesota Tribal government. An agency must update the Tribal consultation policies as often as required in order to facilitate timely and meaningful consultation, but no less than biannually.

(c) Consultation under this section is a duty of an agency to consult with the governing body or bodies of each individual Minnesota Tribal government. Coordination with groups or entities that have representation on some or all of the governing bodies of the Minnesota Tribal governments, such as the Minnesota Indian Affairs Council or the Minnesota Chippewa Tribe, is encouraged but does not satisfy an agency's duty to consult with individual Minnesota Tribal governments on matters that have Tribal implications. If a matter has implications for one Minnesota Tribal government, but not others, the agency's duty is to only consult those Minnesota Tribal governments affected.

(d) An agency must consult with each Minnesota Tribal government at least annually, and as often as is required to address matters that have Tribal implications.

(e) An agency must consult with Minnesota Tribal governments on legislative and fiscal matters that affect one or all Minnesota Tribal governments or their members to identify priority issues in order to allow agencies to proactively engage Minnesota Tribal governments in the agency's development of legislative and fiscal proposals in time for submission into the governor's recommended budget and legislative proposals each year.

(f) An agency must develop and maintain ongoing consultation with the Minnesota Tribal governments related to matters that have Tribal implications. Agencies must consider the input gathered from Tribal consultation into their decision-making processes, with the goal of achieving mutually beneficial solutions.

(g) An agency and a Minnesota Tribal government may agree that a formal consultation is not necessary for a given year on a given matter that has Tribal implications, and the agency must keep a written record of this decision.

(h) The prospective duty to consult does not apply to action on a matter that has Tribal implications if immediate action is required to address a present and immediate threat to the health, safety, or welfare of Minnesota citizens. For these actions, every effort should be made to communicate, and formal consultation should occur as soon as possible. The duty to consult also does not apply to criminal proceedings or other investigations or legal proceedings that prohibit an agency from disclosure.

(i) An agency must designate a Tribal liaison to assume responsibility for implementation of the Tribal consultation policy and to serve as the principal point of contact for Minnesota Tribal governments. The Tribal liaison must be able to directly and regularly meet and communicate with the agency's commissioner and deputy and assistant commissioners in order to appropriately conduct government-to-government consultation and cooperation.

(j) The state has instituted Tribal-state government relations training, which is the foundation and basis of all other Tribal government relations training sources. All agencies must direct certain staff to complete available training to foster a collaborative relationship between the state of Minnesota and Minnesota Tribal governments, and to facilitate timely and meaningful consultation. In addition to all commissioners, deputy commissioners, and assistant commissioners, at a minimum all agency employees whose work is likely to include matters that have Tribal implications must attend Tribal-state relations training. Tribal liaisons must actively support and participate in the Tribal-state relations training.

(k) Any agency or board that is not listed in the definition of agency in subdivision 2 is encouraged to and may engage in consultation and communication with the Minnesota Tribal governments for all matters that have Tribal implications.

Subd. 4. **Applicability.** Nothing in this section requires the state or an agency to violate or ignore any laws, rules, directives, or other legal requirements or obligations imposed by state or federal law or set forth in agreements or compact between one or more Minnesota Tribal governments or any other Tribal government and the state or its agencies. This section is not intended to, and does not, create any right to administrative or judicial review, or any other right, benefit, or responsibility, substantive or procedural, enforceable against the state of Minnesota, its agencies or instrumentalities, its officers or employees, or its subdivisions or any other persons. Nothing in this section prohibits or limits any agency from asserting any rights or pursuing any administrative or judicial action under state or federal law to effectuate the interests of the state of Minnesota or any of its agencies. Nothing in this section is intended to alter or reduce the state's duties to individual Minnesota citizens including those of Native American descent.

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

Page 156, delete section 7

Page 156, after line 10, insert:

"Sec. 6. Minnesota Statutes 2020, section 41A.19, is amended to read:

41A.19 REPORT; INCENTIVE PROGRAMS.

By January 15 each year, the commissioner shall report on the incentive programs under sections 41A.16, 41A.17, ~~and 41A.18, 41A.20, and 41A.21~~ to the legislative committees with jurisdiction over environment and agriculture policy and finance. The report shall include information on production and incentive expenditures under the programs.

Sec. 7. 41A.21 ORIENTED STRAND BOARD PRODUCTION INCENTIVE.

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

(b) "Commissioner" means the commissioner of agriculture.

(c) "Forest resources" means raw wood logs and material primarily made up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

(d) "Oriented strand board" or "OSB" means a material manufactured into panels using forest resources.

Subd. 2. Eligibility. (a) A facility eligible for payment under this section must source at least 80 percent of its forest resources raw materials from Minnesota. The facility must be located in Minnesota; must begin construction activities by December 31, 2022, for a specific location; must begin production at a specific location by June 30, 2025; and must not begin operating before January 1, 2022. Eligible facilities must be new OSB construction sites with total capital investment in excess of \$250,000,000. Eligible OSB production facilities must produce at least 200,000,000 OSB square feet on a 3/8 inch nominal basis of OSB each year. At least one product produced at the facility should be a wood-based wall or roof structural sheathing panel that has an integrated, cellulose-based paper overlay that serves as a water resistive barrier.

(b) No payments shall be made for OSB production that occurs after June 30, 2036, for those eligible producers under paragraph (a).

(c) An eligible producer of OSB shall not transfer the producer's eligibility for payments under this section to a facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

Subd. 3. Payment amounts; limits. (a) The commissioner shall make payments to eligible producers of OSB. The amount of the payment for each eligible producer's annual production is \$7.50 per 1,000 OSB square feet on a 3/8 inch nominal basis of OSB produced at a specific location for ten years starting after the first calendar year in which production begins.

(b) Total payments under this section to an eligible OSB producer in a fiscal year may not exceed the amount necessary for 400,000,000 OSB square feet on a 3/8 inch nominal basis of OSB produced. Total payments under this section to all eligible OSB producers in a fiscal year may not exceed the amount necessary for 400,000,000 OSB square feet on a 3/8 inch nominal basis of OSB produced. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis.

(c) For purposes of this section, an entity that holds a controlling interest in more than one OSB facility is considered a single eligible producer.

Subd. 4. **Forest resources requirements.** Forest resources that are purchased to be used at the facility must be in compliance with one or more of the following: the Sustainable Forestry Initiative Fiber Sourcing Standard, the Forest Stewardship Council Chain of Custody Standard, or the Forest Stewardship Controlled Wood Standard. For forest resources that come from land parcels greater than 160 acres, all efforts must be made to procure from land that is certified by one or more of the following: the Forest Stewardship Council Forest Management Standard, the Sustainable Forestry Initiative Forest Management Standard, or the American Tree Farm System.

Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible OSB producer shall file a claim for payment for OSB production during the preceding three calendar months. An eligible OSB producer that files a claim under this subdivision shall include a statement of the eligible producer's total board feet of OSB produced during the quarter covered by the claim. For each claim and statement of total board feet of OSB filed under this subdivision, the board feet of OSB produced must be examined by a certified public accounting firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

Subd. 6. **Appropriation.** (a) In fiscal year 2025, a sum sufficient to make the payments required by this section, not to exceed \$1,500,000, is appropriated from the general fund to the commissioner. This is a onetime appropriation.

(b) From fiscal year 2026 through fiscal year 2034, a sum sufficient to make the payments required by this section, not to exceed \$3,000,000 in a fiscal year, is annually appropriated from the general fund to the commissioner.

Sec. 8. [116J.9924] TARGETED COMMUNITY CAPITAL PROJECT GRANT PROGRAM.

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

(b) "Capital project" or "project" means the acquisition or betterment of land, buildings, and other improvements of a capital nature.

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

(d) "Government entity" means a city, township, county, or any political subdivision, or an American Indian Tribal government entity located within a federally recognized American Indian reservation.

(e) "Nonprofit organization" means a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code or a Tribal nonprofit under section 7871 of the Internal Revenue Code that serves underserved communities. Nonprofit organization includes nonprofits serving as fiscal agents for other nonprofits. Nonprofit hospitals, private schools, credit unions, and higher education institutions do not qualify as a nonprofit organization for the purposes of this section.

Subd. 2. **Grant program established.** (a) The commissioner shall make competitive grants for capital projects to nonprofit organizations and government entities that provide services, either alone or in partnership, in one or more of the following areas:

(1) economic development;

(2) education;

(3) food;

(4) arts;

(5) veterans services;

(6) housing;

(7) health care; or

(8) workforce development.

(b) The commissioner shall give priority to applicants under subdivision 3 that:

(1) do not have a history of receiving capital grants from the state;

(2) have previously received phased grant funds as described under subdivision 4; or

(3) represent or serve underserved communities.

Subd. 3. **Eligibility.** A prospective grantee under this section must submit a written application to the commissioner in the form, at the time, and in the manner prescribed by the commissioner. The written application must include:

(1) a description of the capital project to be funded by the grant;

(2) the rationale for the project, including a description of the services provided and populations served by the applicant;

(3) the total cost of the project and the cost of individual phases of the project, including but not limited to predesign, design, construction, engineering, furnishing, and equipping;

(4) the requested grant amount;

(5) the property owner of the facility to be improved;

(6) the sources and amounts of state and nonstate funds previously received and committed to the project;

(7) the public purpose achieved by the project;

(8) an estimated timeline of the project; and

(9) any additional information requested by the commissioner.

Subd. 4. **Project phasing; minimum grant amount.** The commissioner has the discretion to fund one or more phases of a capital project for which an applicant has applied for grant funds under this section, up to the total project cost. A grant awarded under this section must be no less than the amount required to complete a phase of the project, less any nonstate funds already committed for such activities.

Subd. 5. **Determination of application.** On the basis of applicable law and available information, the commissioner must determine whether an applicant shall be awarded a grant under this section. The commissioner must notify the applicant of the determination. This notice must be in writing and contain the basis for the determination. An applicant who is not selected for a grant award may apply for a grant under this section the fiscal year following receipt of the notice of determination under this subdivision.

Subd. 6. **Applicability of other laws.** The provisions of chapter 16A that apply to general fund appropriations for capital projects also apply to grants under this section. Money granted under this section is available until the project is completed or abandoned subject to section 16A.642.

Subd. 7. **Appropriation; administration and monitoring.** Up to five percent of any appropriation for the program under this section is for administration and monitoring of the program. The commissioner must also use the funds under this subdivision to provide technical assistance, education, and support for program applicants, as needed, and may contract with a third party to provide such services.

Subd. 8. **Report to the legislature.** On or before January 15, 2022, and every January 15 thereafter, the commissioner must submit a report as required under section 3.195 that details the grants awarded under this section, including the total grants distributed, the recipients of the grants, the services supported by the grants, and any other information the commissioner deems pertinent. A copy of this report must also be sent to the chairs and ranking minority members of the legislative committees having jurisdiction over capital investment and economic development.

EFFECTIVE DATE. This section is effective August 1, 2021."

Page 165, after line 29, insert:

"Sec. 22. Laws 2020, Fifth Special Session chapter 3, article 3, section 5, subdivision 10, is amended to read:

Subd. 10. **Victoria Theater, St. Paul**

1,400,000

~~For a grant to the city of St. Paul to acquire property located at 825 University Avenue West, and to predesign, design, and construct, furnish, and equip the renovation of the historic Victoria Theater, to serve as a regional multicultural community and event center. This appropriation includes money for: demolition work; improvements to or replacement of the mechanical, electrical, plumbing, heating, and ventilating, and air conditioning systems; repairs to the existing roof and exterior enclosure; site improvements; construction or renovation of interior spaces; and other improvements of a capital nature to the historic Victoria Theater, to serve as a regional multicultural community and event center.~~

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

Page 166, before line 1, insert:

"Sec. 23. **ELIGIBILITY OF PRIOR TARGETED GRANT RECIPIENTS FOR TARGETED COMMUNITY CAPITAL PROJECT GRANTS.**

Notwithstanding the eligibility criteria in Minnesota Statutes, section 116J.9924, any grantee named in Laws 2020, Fifth Special Session chapter 3, article 3, is eligible for a grant under the targeted community capital project grant program under Minnesota Statutes, section 116J.9924, in fiscal year 2022, so long as the grantee submits a written application at the time, and in the form and manner, prescribed by the commissioner of employment and economic development.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 24. **FRONTLINE WORKER PAY WORKING GROUP.**

Subdivision 1. **Establishment.** A working group is established to make recommendations to the legislature on the disbursement of \$250,000,000 in direct financial support to frontline workers.

Subd. 2. **Membership.** (a) The working group consists of nine members:

(1) two members of the house of representatives appointed by the speaker of the house of representatives;

(2) one member of the house of representatives appointed by the minority leader of the house of representatives;

(3) two members of the senate appointed by the senate majority leader;

(4) one member of the senate appointed by the minority leader of the senate; and

(5) three members representing the executive branch appointed by the governor.

(b) All appointments under this subdivision must be made by July 15, 2021. The working group must elect a chair and vice-chair from among its members.

Subd. 3. **Duties.** The working group must make a recommendation for the disbursement of \$250,000,000 in direct financial support to frontline workers, including but not limited to long-term care workers. In developing its recommendation, the working group must consider factors including a frontline worker's increased financial burden and increased risk of virus exposure due to the nature of their work.

Subd. 4. **Meetings; administrative support.** The speaker of the house must designate one member to convene the first meeting. Meetings of the working group must be open to the public. The Legislative Coordinating Commission must provide physical or electronic meeting space and other administrative support as requested by the working group.

Subd. 5. **Submission of legislation.** (a) The working group must submit proposed legislative language implementing its recommendations to the governor, speaker of the house, and senate majority leader by September 6, 2021. For the working group to adopt a recommendation, seven of nine members must vote to approve it.

(b) If seven of nine members do not approve a single recommendation, then the working group may present not more than three drafts of legislation implementing potential options.

Subd. 6. **Expiration.** The working group expires upon submission of the proposed legislation required by subdivision 5.

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

Page 166, after line 11, insert:

"Sec. 26. **APPROPRIATION; TARGETED COMMUNITY CAPITAL PROJECT GRANT PROGRAM.**

\$24,000,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of employment and economic development for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924. This appropriation is available until encumbered or spent subject to Minnesota Statutes, section 16A.642.

EFFECTIVE DATE. This section is effective August 1, 2021."

Page 166, after line 23, insert:

"Sec. 28. **APPROPRIATION; DEPARTMENT OF TRANSPORTATION.**

\$6,200,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of transportation for project development of a land bridge freeway lid over marked Interstate Highway 94 in a portion of the segment from Lexington Avenue to Rice Street in St. Paul. This amount is available to match federal funds and for project planning and development, including area planning, community and land use planning, economic development planning, design, and project management and analysis. From this amount, the commissioner may make grants to Reconnect Rondo to perform any eligible project development activities. This is a onetime appropriation and is available until June 30, 2025.

Sec. 29. **APPROPRIATIONS; FIRE REMEDIATION GRANTS.**

Subdivision 1. **City of Melrose.** \$643,729 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Melrose to remediate the effects of fires in the city on September 8, 2016. This appropriation represents the amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session chapter 1, article 4, section 31. The commissioner of revenue must remit the funds to the city of Melrose by July 20, 2021. The city must use the funds to administer grants to public or private entities for use in accordance with subdivision 3.

Subd. 2. **City of Alexandria.** \$120,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of revenue for a grant to the city of Alexandria to remediate the effects of the fire in the city on February 25, 2020. The commissioner of revenue must remit the funds to the city of Alexandria by July 20, 2021. The city must use the funds to administer grants to public or private entities for use in accordance with subdivision 3.

Subd. 3. **Allowed use.** A grant recipient must use the money appropriated under this section for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursements for property tax abatements, incurred by public or private entities as a result of the fires. These appropriations are onetime and are available until June 30, 2023.

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

Sec. 30. **RECOVERY GRANT; GRAND PORTAGE BAND.**

If a bill styled as Senate File 20, the first engrossment, is enacted in 2021, the First Special Session, \$250,000 of the amount appropriated to Explore Minnesota Tourism in article 1, section 9, paragraph (d), is for a grant to the Grand Portage Band to focus tourism to Grand Portage."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 2, delete "taxation; providing for"

Page 1, line 17, after the first semicolon, insert "creating a new government grant program; providing for Tribal-state relations; establishing a frontline worker pay working group;"

Page 1, line 20, after the first semicolon, insert "modifying appropriations;"

Correct the title numbers accordingly

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

The report was adopted.

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

S. F. No. 2, A bill for an act relating to state government operation; appropriating money for certain constitutional offices, legislature, certain state agencies, offices, departments, boards, commissions, certain retirement accounts, general contingent accounts, tort claims, state lottery, Minnesota Historical Society, Minnesota Humanities Center, and military and veterans affairs; canceling certain fiscal year appropriations; making changes to policy provisions in state government operations; changing military and veterans affairs policy provisions; modifying election policy provisions; establishing provisions for federal funds; amending Minnesota Statutes 2020, sections 10.578; 14.389, subdivision 5; 15.057, as amended; 16A.06, by adding a subdivision; 16B.24, by adding a subdivision; 138.38; 155A.23, subdivision 16; 190.07; 197.791, subdivisions 4, 5, 5a, 5b; 198.006; 198.03, subdivision 2; 201.071, subdivision 2; 201.121, subdivision 3; 203B.08, subdivisions 1, 3; 203B.121, subdivision 1; 204B.14, subdivision 3; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.40; 204C.13, subdivision 3; 204C.35, subdivision 3, by adding a subdivision; 240.01, subdivision 18; 240.06, subdivision 7; 240.11; 240.131, subdivision 7; 240.24, subdivisions 2a, 3; 240.30, subdivision 5; 270C.21; 477A.03, subdivision 2b; 609.095; 645.071; Laws 2019, First Special Session chapter 10, article 1, section 40; Laws 2020, chapter 77, section 3, subdivision 6; Laws 2020, Fifth Special Session chapter 3, article 9, section 13; proposing coding for new law in Minnesota Statutes, chapters 3; 10; 16A; 43A; 196; 198; 203B; 609.

Reported the same back with the following amendments:

Page 24, after line 22, insert:

"Sec. 7. [16B.2406] CAPITOL AREA BUILDING ACCOUNT TO ADDRESS HEALTH, LIFE SAFETY, AND SECURITY NEEDS.

Subdivision 1. **Account established; appropriations and use of funds.** (a) A Capitol Area building account is established in the state treasury. The commissioner of management and budget shall deposit the proceeds from the lease revenue bonds or certificates of participation received under subdivision 2 to the account. Net income from investment of the proceeds, as estimated by the commissioner of management and budget, must be credited to the appropriate accounts in the Capitol Area building account.

(b) Funds in the Capitol Area building account are appropriated to the commissioner of administration for capital expenditures that address identified critical health, life safety, and security needs of buildings located on the State Capitol complex that were constructed before 1940 and for expenditures to ensure the continued operations of affected tenants while those needs are being addressed. The funds may be used for predesign, design, construction, equipping, and hazardous materials abatement activities related to these authorized uses including but not limited to addressing necessary accessibility, infrastructure, function, and building systems changes. This appropriation may only be used for renovation or rehabilitation of existing buildings in the State Capitol complex and to expand an existing building as part of a renovation or rehabilitation project funded under this section. This appropriation may not be used to demolish an existing building in its entirety.

(c) Amounts necessary for predesign, design, and tenant relocation for projects authorized by this subdivision are appropriated from the general fund to the commissioner of administration. The predesign must include a needs assessment prepared by an independent contractor. To prepare the needs assessment, the contractor must consider the needs of all tenants of the building. The assessment should identify goals to be achieved by the renovation or rehabilitation project and must address needs for health, life safety, security, and function, including space and

layout needs for each tenant. The commissioner must not prepare final plans and specifications until the program plan and cost estimates for all elements necessary to complete the project are approved by the affected building's primary tenant. The final plans and specifications must resolve the needs identified in the needs assessment.

(d) The commissioner of administration may not prepare final plans and specifications for any project authorized by this subdivision until at least 60 days after the commissioner has submitted the results of the needs assessment to the Capitol Area Architectural and Planning Board. Projects authorized by this section are exempt from the design competition requirement of section 15B.10.

Subd. 2. **Lease-purchase agreement authorization.** (a) The commissioner of administration may enter into a long-term lease-purchase agreement for a term of up to 25 years for activities authorized by subdivision 1. The commissioner of management and budget may issue by public or private sale lease revenue bonds or certificates of participation associated with the lease-purchase agreement. The lease-purchase agreements must not be terminated except for nonappropriation of money. The lease-purchase agreements must provide the state with a unilateral right to purchase the leased equipment or premises at specified times for specified amounts. The lease-purchase agreements are exempt from section 16B.24, subdivisions 6 and 6a.

(b) The amount needed to make lease payments with respect to a lease-purchase agreement entered into under this section is appropriated each fiscal year from the general fund to the commissioner of administration subject to repeal, unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 4. By January 1 in each odd-numbered year, the commissioner of administration must certify to the chairs and ranking minority members of the committees in the house of representatives and senate with jurisdiction over state government finance the amount of appropriations received by the commissioner under this paragraph during each fiscal year of the fiscal biennium ending June 30 of that year and specify the amount of appropriations anticipated to be received under this paragraph for each year of the fiscal biennium beginning July 1 of that year.

(c) The commissioner of administration may enter into a ground lease for state-owned property on the State Capitol complex in conjunction with the execution of a lease-purchase agreement entered into under this section for any improvements constructed on that site. Notwithstanding the requirements of section 16A.695, subdivision 2, paragraph (b), the ground lease must be for a term equal to the term of the lease-purchase agreement and must include an option to purchase the land at its then fair market value, if the improvements are not purchased by the state at the end of the term of the lease-purchase agreement or at any earlier time that the lease-purchase agreement is terminated.

(d) Certificates of participation or lease revenue bonds may be issued in one or more series on the terms and conditions the commissioner of management and budget determines to be in the best interests of the state, shall be dated and bear interest at a fixed or variable rate, may be includable in or excludable from the gross income of the owners for federal income tax purposes, and may be sold at any price or percentage of par value. Any bid received may be rejected.

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

(f) The commissioner of management and budget may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of the lease-purchase agreement and the related lease revenue bonds or certificates of participation in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of certificates or bonds set forth in the order or resolution authorizing the issuance of the certificates or bonds or in a separate document authorized by the order or resolution.

Subd. 3. **Lease-purchase not public debt.** A lease-purchase agreement does not constitute or create a general or moral obligation or indebtedness of the state in excess of the money from time to time appropriated or otherwise available for payments or obligations under such agreement. Payments due under a lease-purchase agreement during a current lease term for which money has been appropriated is a current expense of the state. A lease-purchase agreement and the related lease revenue bonds or certificates of participation shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate money sufficient to make lease payments with respect to the lease-purchase agreement in any fiscal year. The lease-purchase agreement and the related lease revenue bonds or certificates of participation shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for lease payments, or (2) the date of final payment of the principal of and interest on the bonds or certificates.

Subd. 4. **Refunding certificates.** The commissioner of administration from time to time may enter into a new lease-purchase agreement and the commissioner of management and budget may issue and sell lease revenue bonds or certificates of participation for the purpose of refunding any lease-purchase agreement and related lease revenue bonds or certificates of participation then outstanding, including the payment of any redemption premiums, any interest accrued or that is to accrue to the redemption date and costs related to the issuance and sale of such refunding bonds or certificates. The proceeds of any refunding bonds or certificates may, in the discretion of the commissioner of management and budget, be applied to the purchase or payment at maturity of the bonds or certificates to be refunded, to the redemption of outstanding lease-purchase agreements and bonds or certificates on any redemption date, or to pay interest on the refunding lease-purchase agreements and bonds or certificates and may, pending such application, be placed in escrow to be applied to such purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on any authorized investment may also be applied to the payment of the lease-purchase agreements and bonds or certificates to be refunded, to interest or premiums on the refunded bonds or certificates, or to pay interest on the refunding lease-purchase agreements and bonds or certificates. After the terms of the escrow have been fully satisfied, any balance of proceeds and any investment income may be returned to the general fund, or, if applicable, the Capitol Area building account, for use in a lawful manner. All refunding lease-purchase agreements and bonds or certificates issued under the provisions of this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the lease-purchase agreements and bonds or certificates to be refunded.

Subd. 5. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to lease revenue bonds or certificates of participation issued under this section and any ancillary contracts to which the commissioner is a party.

Subd. 6. **Collection of rent.** Notwithstanding section 16B.24, subdivision 5, paragraph (d), the commissioner of administration shall not collect rent to recover bond interest costs or building depreciation costs for any projects funded from the Capitol Area building account.

Subd. 7. **Repair and replacement accounts.** Money collected as rent to fund future building repairs must be credited to a segregated account for each building in the special revenue fund and is appropriated to the commissioner to make the repairs. When the lease revenue bonds are paid in full, the account for that building must be abolished and any balance remaining in the account must be transferred to the appropriate asset preservation and replacement account created under section 16B.24, subdivision 5, paragraph (d).

Subd. 8. **Schedule of activities; legislative report.** (a) Consistent with existing requirements of law related to construction and improvement of state buildings, the commissioner must take steps to ensure improvements to address identified critical needs are completed in a timely manner.

(b) The commissioner must submit a report to the speaker of the house, the president of the senate, and the minority leaders of the house of representatives and senate no later than January 1, 2022, detailing the estimated costs and the expected timeline for design, construction, and completion of necessary work to address identified needs.

Subd. 9. **Expiration.** The authority to issue lease revenue bonds or certificates of participation, under subdivision 2, paragraph (a), expires December 31, 2023."

Page 35, delete section 22

Renumber the sections in sequence and correct the internal references

Correct the title numbers accordingly

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 9 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 2 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 bill to be placed on the Calendar for the Day for Tuesday, June 29, 2021 and established a prefilng requirement for amendments offered to the following bill:

H. F. No. 63.

MOTIONS AND RESOLUTIONS

Marquart moved that the name of Freiberg be added as an author on H. F. No. 9. The motion prevailed.

Nelson, M., moved that the name of Freiberg be added as an author on H. F. No. 12. The motion prevailed.

ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 10:00 a.m., Tuesday, June 29, 2021. The motion prevailed.

Winkler moved that the House adjourn. The motion prevailed and Speaker pro tempore Olson, L. declared the House stands adjourned until 10:00 a.m., Tuesday, June 29, 2021.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

