

27.6 **ARTICLE 2**

27.7 **STATE GOVERNMENT OPERATIONS**

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

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

27.10 congressional districts.

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

27.12 senate district.

27.13 Subd. 3. **Equal population.** (a) Legislative districts must be substantially equal in

27.14 population. The population of a legislative district must not deviate from the ideal by more

27.15 than 0.5 percent, plus or minus.

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

27.17 Subd. 4. **Contiguity; compactness.** The districts must be composed of convenient

27.18 contiguous territory. To the extent consistent with the other principles in this section, districts

27.19 should be compact. Contiguity by water is sufficient if the water is not a serious obstacle

27.20 to travel within the district. Point contiguity is not sufficient.

27.21 Subd. 5. **Numbering.** (a) Legislative districts must be numbered in a regular series,

27.22 beginning with house district 1A in the northwest corner of the state and proceeding across

27.23 the state from west to east, north to south, but bypassing the 11-county metropolitan area

27.24 until the southeast corner has been reached; then to the 11-county metropolitan area. In a

27.25 county that includes more than one whole senate district, the districts must be numbered

27.26 consecutively.

27.27 (b) Congressional district numbers must begin with district one in the southeast corner

27.28 of the state and end with district eight in the northeast corner of the state.

27.29 Subd. 6. **Minority representation.** (a) The dilution of racial or ethnic minority voting

27.30 strength is contrary to the laws of the United States and the state of Minnesota. These

27.31 principles must not be construed to supersede any provision of the Voting Rights Act of

27.32 1965, as amended.

28.1 (b) A redistricting plan must not have the intent or effect of dispersing or concentrating

28.2 minority population in a manner that prevents minority communities from electing their

28.3 candidates of choice.

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ARTICLE 2
MISCELLANEOUS

- 28.4 Subd. 7. **Minor civil divisions.** (a) A county, city, or town must not be unduly divided
28.5 unless required to meet equal population requirements or to form districts composed of
28.6 convenient, contiguous territory.
- 28.7 (b) A county, city, or town is not unduly divided in the formation of a legislative or
28.8 congressional district if:
- 28.9 (1) the division occurs because a portion of a city or town is noncontiguous with another
28.10 portion of the same city or town; or
- 28.11 (2) despite the division, the known population of any affected county, city, or town
28.12 remains wholly located within a single district.
- 28.13 Subd. 8. **Preserving communities of interest.** (a) Districts should attempt to preserve
28.14 identifiable communities of interest where that can be done in compliance with the principles
28.15 under this section.
- 28.16 (b) For purposes of this subdivision, "communities of interest" means recognizable areas
28.17 with similarities of interests including but not limited to racial, ethnic, geographic, social,
28.18 or cultural interests.
- 28.19 Subd. 9. **Incumbents.** The districts must not be drawn for the purpose of protecting or
28.20 defeating an incumbent.
- 28.21 Subd. 10. **Data to be used.** (a) The geographic areas and population counts used in
28.22 maps, tables, and legal descriptions of the districts must be those used by the Geographic
28.23 Information Systems Office of the Legislative Coordinating Commission. The population
28.24 counts shall be the block population counts provided to the state under Public Law 94-171
28.25 after each decennial census, subject to correction of any errors acknowledged by the United
28.26 States Census Bureau.
- 28.27 (b) Nothing in this subdivision prohibits the use of additional data, as determined by the
28.28 legislature.
- 28.29 Subd. 11. **Consideration of plans.** A redistricting plan must not be considered for
28.30 adoption by the senate or house of representatives until a block equivalency file showing
28.31 the district to which each census block has been assigned, in a form prescribed by the director
28.32 of the Geographic Information Systems Office, has been filed with the director.
- 29.1 Subd. 12. **Priority of principles.** Where it is not possible to fully comply with the
29.2 principles contained in subdivisions 2 to 9, a redistricting plan must give priority to those

29.3 principles in the order in which they are listed, except to the extent that doing so would
29.4 violate federal or state law.

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

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

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

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

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

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

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

30.1 (c) When the legislature is not in session, the commission may give interim approval to
30.2 a negotiated collective bargaining agreement, salary, compensation plan, or arbitration
30.3 award. ~~When the legislature is not in session, failure of the commission to disapprove a~~
30.4 ~~collective bargaining agreement or arbitration award within 30 days constitutes approval.~~
30.5 The commission shall submit the negotiated collective bargaining agreements, salaries,

30.6 compensation plans, or arbitration awards for which it has provided approval to the entire
 30.7 legislature for ratification at a special legislative session called to consider them or at its
 30.8 next regular legislative session as provided in this section. Approval or disapproval by the
 30.9 commission is not binding on the legislature.

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

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

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

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

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

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

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

47.6 Sec. 41. **ADVISORY TASK FORCE ON FISCAL NOTES.**

47.7 Subdivision 1. **Membership.** The Advisory Task Force on Fiscal Notes consists of the
 47.8 following 13 voting members:

47.9 (1) four senators, including two senators appointed by the senate majority leader and
 47.10 two senators appointed by the senate minority leader;

47.11 (2) four members of the house of representatives, including two members appointed by
 47.12 the speaker of the house and two members appointed by the minority leader of the house
 47.13 of representatives;

47.14 (3) the commissioner of management and budget or a designee;

47.15 (4) the state budget director or designee;

47.16 (5) two fiscal note coordinators selected by the commissioner of management and budget;

47.17 and

47.18 (6) one member appointed by the governor from the Office of the Governor.

47.19 The lead fiscal analyst for the senate or a designee and the chief fiscal analyst for the
 47.20 house of representatives or a designee shall serve on the task force as nonvoting members.

- 47.21 Subd. 2. **Fiscal note.** As used in this section, "fiscal note" means a document containing
47.22 the items listed in Minnesota Statutes, section 3.98, subdivision 2.
- 47.23 Subd. 3. **Duties.** The task force shall conduct a review of options for providing fiscal
47.24 notes to the legislature and the executive branch. The task force shall compare the current
47.25 fiscal note process with a fiscal note process coordinated by a new legislative budget office.
47.26 In evaluating options and developing recommendations, the task force shall consider the
47.27 following:
- 47.28 (1) the legislative auditor's 2012 report on fiscal notes;
- 47.29 (2) the needs of the legislature for timely, accurate, unbiased fiscal notes prepared in a
47.30 cost-effective manner;
- 48.1 (3) the time it takes to obtain a fiscal note under the current system and the time it is
48.2 expected to take to obtain a fiscal note through a new legislative budget office;
- 48.3 (4) the accuracy of fiscal notes under the current system and the anticipated accuracy
48.4 of fiscal notes from a new legislative budget office;
- 48.5 (5) methods used by other states for preparing fiscal notes;
- 48.6 (6) the effect that legislative scheduling and amendments have on accuracy and timing
48.7 of fiscal notes, under the current system or through a new legislative budget office;
- 48.8 (7) the extent to which legislative staff suggest changes and corrections to fiscal notes
48.9 and the responsiveness of the executive branch to those suggestions under the current fiscal
48.10 note process and the anticipated responsiveness of a new legislative budget office;
- 48.11 (8) the cost of generating fiscal notes under the current system and the cost for generating
48.12 fiscal notes under a new legislative budget office;
- 48.13 (9) whether there are sufficient safeguards under the current fiscal note process to ensure
48.14 that fiscal notes are generated without political or ideological bias or influence and what
48.15 safeguards would need to be put in place to ensure that a new legislative budget office would
48.16 generate fiscal notes without political or ideological bias or influence; and
- 48.17 (10) options for additional duties for a new legislative budget office that would
48.18 complement the duty to generate fiscal notes, including a role for the office in
48.19 performance-based budgeting.

48.20 Subd. 4. **Report.** The task force shall report to the chairs and ranking minority members
 48.21 of the committees in the house of representatives and senate with jurisdiction over the fiscal
 48.22 note process by June 1, 2018, with recommendations for modifying the fiscal note process.
 48.23 The report must include any draft legislation needed to implement the recommendations.

48.24 Subd. 5. **Chair; vice chair.** The task force shall elect a chair from among the members
 48.25 who are legislators by a majority vote of those members present. The task force shall elect
 48.26 a vice chair from among the voting members who are not legislators.

48.27 Subd. 6. **Meetings.** The meetings of the commission are subject to Minnesota Statutes,
 48.28 section 3.055.

48.29 Subd. 7. **Administration.** The Legislative Coordinating Commission shall provide
 48.30 administrative services for the task force.

48.31 Subd. 8. **Compensation.** Members who are not legislators serve without compensation.

49.1 Subd. 9. **Expiration.** This section expires the day after submitting the report required
 49.2 in subdivision 3.

49.3 Subd. 10. **First appointments.** Appointing authorities must make initial appointments
 49.4 to the Advisory Task Force on Fiscal Notes by June 1, 2017.

49.5 Subd. 11. **First meeting.** The majority leader of the senate shall designate one senate
 49.6 member of the Advisory Task Force on Fiscal Notes to convene the first meeting by August
 49.7 1, 2017. The commission must select a chair from among the senate members at the first
 49.8 meeting.

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

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

31.5 (b) Each division may be supervised by a deputy auditor, appointed by the legislative
 31.6 auditor, with the approval of the commission, for a term coterminous with the legislative
 31.7 auditor's term. The deputy auditors may be removed before the expiration of their terms
 31.8 only for cause. The legislative auditor and deputy auditors may each appoint a confidential
 31.9 secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy
 31.10 auditors and confidential secretaries shall be determined by the compensation plan approved
 31.11 by the Legislative Coordinating Commission. The deputy auditors may perform and exercise

31.12 the powers, duties and responsibilities imposed by law on the legislative auditor when
31.13 authorized by the legislative auditor.

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

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

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

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

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

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

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

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

32.8 Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must
32.9 perform a transit financial activity review of financial information for the Metropolitan
32.10 Council's Transportation Division and the joint powers board under section 297A.992.
32.11 Within 14 days of the end of each fiscal quarter, the legislative auditor must submit the

32.12 review to the Legislative Audit Commission and the chairs and ranking minority members
 32.13 of the legislative committees with jurisdiction over transportation policy and finance, finance,
 32.14 and ways and means.

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

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

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

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

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

32.24 (i) all expenditure commitments;

32.25 (ii) cash flow;

32.26 (iii) sufficiency of estimated funds; and

32.27 (iv) financial solvency of anticipated transit projects; and

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

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

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

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

33.6 Subdivision 1. **Preparation.** (a) The head or chief administrative officer of each
 33.7 department or agency of the state government, including the Supreme Court, Legislative
 33.8 Budget Office shall prepare a fiscal note at the request of the chair of the standing committee

33.9 to which a bill has been referred, or the chair of the house of representatives Ways and
33.10 Means Committee, or the chair of the senate Committee on Finance.

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

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

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

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

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

33.25 Subdivision 1. **Local impact notes.** ~~The commissioner of management and budget~~
33.26 Legislative Budget Office shall coordinate the development of a local impact note for any
33.27 proposed legislation introduced after June 30, 1997, upon request of the chair or the ranking
33.28 minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon
33.29 receipt of a request to prepare a local impact note, ~~the commissioner office~~ the must notify the
33.30 authors of the proposed legislation that the request has been made. The local impact note
33.31 must be made available to the public upon request. If the action is among the exceptions
33.32 listed in section 3.988, a local impact note need not be requested nor prepared. The
34.1 ~~commissioner~~ office shall make a reasonable and timely estimate of the local fiscal impact
34.2 on each type of political subdivision that would result from the proposed legislation. The
34.3 ~~commissioner of management and budget~~ office may require any political subdivision or
34.4 the commissioner of an administrative agency of the state to supply in a timely manner any
34.5 information determined to be necessary to determine local fiscal impact. The political
34.6 subdivision, its representative association, or commissioner shall convey the requested
34.7 information to the ~~commissioner of management and budget~~ office with a signed statement
34.8 to the effect that the information is accurate and complete to the best of its ability. The
34.9 political subdivision, its representative association, or commissioner, when requested, shall
34.10 update its determination of local fiscal impact based on actual cost or revenue figures,
34.11 improved estimates, or both. Upon completion of the note, ~~the commissioner office~~ the must
34.12 provide a copy to the authors of the proposed legislation and to the chair and ranking minority
34.13 member of each committee to which the proposed legislation is referred.

THE HOUSE REPEALS M.S. SECTION 4.46 (SEE SECTION 69)

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

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

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

34.21 Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts,
 34.22 and affairs of any political subdivision, as provided by law, such political subdivision shall
 34.23 be liable to the state for the total cost and expenses of such examination, including the
 34.24 salaries paid to the examiners while actually engaged in making such examination. The
 34.25 state auditor may bill such political subdivision periodically for service rendered and the
 34.26 officials responsible for approving and paying claims are authorized to pay said bill promptly.
 34.27 Said payments shall be without prejudice to any defense against said claims that may exist
 34.28 or be asserted. The ~~state auditor enterprise general~~ fund shall be credited with all collections
 34.29 made for any such examinations, including interest payments made pursuant to subdivision
 34.30 3.

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

34.32 Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges
 34.33 for examinations, the state auditor must report the proposed increases to the chairs and
 35.1 ranking minority members of the committees in the house of representatives and the senate
 35.2 with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered
 35.3 year, the state auditor must report to the chairs and ranking minority members of the
 35.4 legislative committees and divisions with primary jurisdiction over the budget of the state
 35.5 auditor a summary of ~~the state auditor enterprise fund~~ anticipated revenues, and expenditures
 35.6 related to examinations for the biennium ending June 30 of that year. The report must also

25.21 Section 1. Minnesota Statutes 2016, section 4.46, is amended to read:

25.22 **4.46 WASHINGTON OFFICE.**

25.23 The governor may appoint employees for the Washington, D.C., office of the state of
 25.24 Minnesota and may prescribe their duties. In the operation of the office, the governor may
 25.25 expend money appropriated by the legislature to the governor for promotional purposes in
 25.26 the same manner as private persons, firms, corporations, and associations expend money
 25.27 for promotional purposes. Promotional expenditures for food, lodging, or travel are not
 25.28 governed by the travel rules of the commissioner of management and budget. An agency
 25.29 may not transfer money to the governor for services provided by the governor or expenses
 25.30 incurred in operating a Washington, D.C., office or for staff working on federal issues.

26.1 Sec. 2. Minnesota Statutes 2016, section 6.481, subdivision 6, is amended to read:

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

26.7 Sec. 3. Minnesota Statutes 2016, section 6.56, subdivision 2, is amended to read:

26.8 Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts,
 26.9 and affairs of any political subdivision, as provided by law, such political subdivision shall
 26.10 be liable to the state for the total cost and expenses of such examination, including the
 26.11 salaries paid to the examiners while actually engaged in making such examination. The
 26.12 state auditor may bill such political subdivision periodically for service rendered and the
 26.13 officials responsible for approving and paying claims are authorized to pay said bill promptly.
 26.14 Said payments shall be without prejudice to any defense against said claims that may exist
 26.15 or be asserted. The ~~state auditor enterprise general~~ fund shall be credited with all collections
 26.16 made for any such examinations, including interest payments made pursuant to subdivision
 26.17 3.

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

26.19 Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges
 26.20 for examinations, the state auditor must report the proposed increases to the chairs and
 26.21 ranking minority members of the committees in the house of representatives and the senate
 26.22 with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered
 26.23 year, the state auditor must report to the chairs and ranking minority members of the
 26.24 legislative committees and divisions with primary jurisdiction over the budget of the state
 26.25 auditor a summary of ~~the state auditor enterprise fund~~ anticipated revenues, and expenditures
 26.26 related to examinations for the biennium ending June 30 of that year. The report must also

35.7 include for the biennium the number of full-time equivalents ~~paid by the fund~~ employed by
35.8 the Office of the State Auditor, any audit rate changes stated as a percentage, the number
35.9 of audit reports issued, and the number of counties audited.

26.27 include for the biennium the number of full-time equivalents ~~paid by the fund~~ related to the
26.28 examinations, any audit rate changes stated as a percentage, the number of audit reports
26.29 issued, and the number of counties audited.

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

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

35.15 (1) payment for accounting and legal services;

35.16 (2) return of a contribution to the source;

35.17 (3) repayment of a loan made to the principal campaign committee by that committee;

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

35.19 ~~(5) (4)~~ payment for food, beverages, and necessary utensils and supplies, entertainment,
35.20 and facility rental for a fund-raising event;

35.21 ~~(6) (5)~~ services for a constituent by a member of the legislature or a constitutional officer
35.22 in the executive branch, including the costs of preparing and distributing a suggestion or
35.23 idea solicitation to constituents, performed from the beginning of the term of office to
35.24 adjournment sine die of the legislature in the election year for the office held, and half the
35.25 cost of services for a constituent by a member of the legislature or a constitutional officer
35.26 in the executive branch performed from adjournment sine die to 60 days after adjournment
35.27 sine die;

35.28 ~~(7) (6)~~ payment for food and beverages consumed by a candidate or volunteers while
35.29 they are engaged in campaign activities;

35.30 ~~(8) (7)~~ payment for food or a beverage consumed while attending a reception or meeting
35.31 directly related to legislative duties;

36.1 ~~(9) (8)~~ payment of expenses incurred by elected or appointed leaders of a legislative
36.2 caucus in carrying out their leadership responsibilities;

36.3 ~~(10) (9)~~ payment by a principal campaign committee of the candidate's expenses for
36.4 serving in public office, other than for personal uses;

- 36.5 ~~(11)~~ (10) costs of child care for the candidate's children when campaigning;
- 36.6 ~~(12)~~ (11) fees paid to attend a campaign school;
- 36.7 ~~(13)~~ (12) costs of a postelection party during the election year when a candidate's name
36.8 will no longer appear on a ballot or the general election is concluded, whichever occurs
36.9 first;
- 36.10 ~~(14)~~ (13) interest on loans paid by a principal campaign committee on outstanding loans;
- 36.11 ~~(15)~~ (14) filing fees;
- 36.12 ~~(16)~~ (15) post-general election holiday or seasonal cards, thank-you notes, or
36.13 advertisements in the news media mailed or published prior to the end of the election cycle;
- 36.14 ~~(17)~~ (16) the cost of campaign material purchased to replace defective campaign material,
36.15 if the defective material is destroyed without being used;
- 36.16 ~~(18)~~ (17) contributions to a party unit;
- 36.17 ~~(19)~~ (18) payments for funeral gifts or memorials;
- 36.18 ~~(20)~~ (19) the cost of a magnet less than six inches in diameter containing legislator
36.19 contact information and distributed to constituents;
- 36.20 ~~(21)~~ (20) costs associated with a candidate attending a political party state or national
36.21 convention in this state;
- 36.22 ~~(22)~~ (21) other purchases or payments specified in board rules or advisory opinions as
36.23 being for any purpose other than to influence the nomination or election of a candidate or
36.24 to promote or defeat a ballot question; and
- 36.25 ~~(23)~~ (22) costs paid to a third party for processing contributions made by a credit card,
36.26 debit card, or electronic check.
- 36.27 The board must determine whether an activity involves a noncampaign disbursement
36.28 within the meaning of this subdivision.
- 36.29 A noncampaign disbursement is considered to be made in the year in which the candidate
36.30 made the purchase of goods or services or incurred an obligation to pay for goods or services.

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

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

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

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

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

37.14 Subdivision 1. **Anonymous contributions.** A political committee, political fund, principal
37.15 campaign committee, or party unit may not retain an anonymous contribution in excess of
37.16 \$20, but must forward it to the board for deposit in the general ~~account of the state elections~~
37.17 campaign account fund.

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

37.19 Subd. 2. **Termination by board.** The board may terminate the registration of a principal
37.20 campaign committee, party unit, political committee, or political fund found to be inactive
37.21 under this section 60 days after sending written notice of inactivity by certified mail to the
37.22 affected association at the last address on record with the board for that association. Within
37.23 60 days after the board sends notice under this section, the affected association must dispose
37.24 of its assets as provided in this subdivision. The assets of the principal campaign committee,
37.25 party unit, or political committee must be used for the purposes authorized by this chapter
37.26 or section 211B.12 or must be liquidated and deposited in the general ~~account of the state~~
37.27 elections campaign account fund. The assets of an association's political fund that were
37.28 derived from the association's general treasury money revert to the association's general
37.29 treasury. Assets of a political fund that resulted from contributions to the political fund must
37.30 be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated
37.31 and deposited in the general ~~account of the state elections campaign account~~ fund.

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

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

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

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

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

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

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

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

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

39.1 (d) A candidate who has ~~agreed~~ pledged to be bound by the expenditure limits imposed
39.2 by this section and whose opponent in the general election has chosen, as provided in

39.3 paragraph (c), not to be bound by the expenditure limits because of the conduct of an
39.4 opponent in the primary election is no longer bound by the limits ~~but remains eligible to~~
39.5 ~~receive a public subsidy.~~

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

39.7 Subdivision 1. **Unused funds.** For election cycles ending on or before December 31,
39.8 2018, after all campaign expenditures and noncampaign disbursements for an election cycle
39.9 have been made, an amount up to 25 percent of the 2016 election cycle expenditure limit
39.10 for the office may be carried forward. Any remaining amount up to the total amount of the
39.11 2016 public subsidy from the state elections campaign fund must be returned to the state
39.12 treasury for credit to the general fund under Minnesota Statutes 2016, section 10A.324. Any
39.13 remaining amount in excess of the total 2016 public subsidy must be contributed to the state
39.14 elections campaign account or a political party for multicandidate expenditures as defined
39.15 in section 10A.275.

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

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

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

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

39.25 Subd. 11a. **Contributions from the sale of goods or services.** Proceeds from the sale
39.26 of goods or services by a political committee must be reported as a contribution to that
39.27 committee, as provided in section 10A.13. A political committee may not use proceeds from
39.28 the sale of goods or services to make a contribution to a principal campaign committee, a
39.29 party unit, or a political committee or political fund, unless the political committee or political
39.30 fund makes only independent expenditures and disbursements permitted under section
39.31 10A.121, subdivision 1. A political committee selling goods or services must disclose to
39.32 each purchaser, prior to a sale, that proceeds may be used to make a contribution to an
40.1 independent expenditure political committee or fund, or may be used by the committee for
40.2 other political purposes as authorized by law, and must offer the purchaser an opportunity
40.3 to review the committee's most recent report submitted to the board under section 10A.20.
40.4 A copy of the report must be clearly posted in a conspicuous location on at least 8.5-inch
40.5 by 11-inch sized paper and available for public inspection at the point of sale.

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

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

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

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

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

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

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

41.2 **10A.38 CAPTIONING OF CAMPAIGN ADVERTISEMENTS.**

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

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

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

41.20 **Sec. 26. [15.0395] INTERAGENCY AGREEMENTS AND INTRA-AGENCY**
 41.21 **TRANSFERS.**

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

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

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

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

42.1 (b) As used in this section, "agency" includes the departments of the state listed in section
 42.2 15.01, a multimember state agency in the executive branch described in section 15.012,
 42.3 paragraph (a), the Office of MN.IT Services, and the Office of Higher Education.

42.4 **Sec. 27. [16A.117] CONTINUING APPROPRIATIONS.**

42.5 Subdivision 1. **Appropriations continue for one year.** If a major appropriation bill is
 42.6 not enacted before July 1 of an odd-numbered year, the existing appropriation amounts
 42.7 pertaining to that bill for the fiscal year ending that June 30 are in effect again at 95 percent
 42.8 of the base level through the fiscal year beginning July 1 of that odd-numbered year. The
 42.9 base level is the amount appropriated for the fiscal year ending that June 30, except as

42.21 **Sec. 33. Minnesota Statutes 2016, section 240.15, subdivision 6, is amended to read:**

42.22 **Subd. 6. Disposition of proceeds; account.** The commission shall distribute all money
 42.23 received under this section, and, except as provided otherwise by section 240.131, all money
 42.24 received from license fees, regulatory fees, and fines it collects, according to this subdivision.
 42.25 All money designated for deposit in the Minnesota breeders fund must be paid into that
 42.26 fund for distribution under section 240.18 except that all money generated by simulcasts
 42.27 must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses

42.10 otherwise provided by subdivision 2 or by other law. The amounts needed to implement
42.11 this section are appropriated from each fund covered by this section.

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

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

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

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

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

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

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

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

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

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

42.28 (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must
42.29 be paid to the local unit of government at whose request it was imposed, at times and in a
42.30 manner the commission determines. Taxes received under this section must be paid to the
42.31 commissioner of management and budget for deposit in the general fund. All revenues from
42.32 licenses and other fees imposed by the commission must be deposited in the state treasury
43.1 and credited to a racing and card playing regulation account in the special revenue fund.
43.2 Receipts in this account are available for the operations of the commission up to the amount
43.3 authorized in biennial appropriations from the legislature. If a fiscal biennium ends without
43.4 the enactment of an appropriation to the commission for the following biennium, receipts
43.5 in this account are annually appropriated to the commission for the operations of the
43.6 commission up to the amount authorized in the second year of the most recently enacted
43.7 biennial appropriation, until a biennial appropriation is enacted.

43.8 Sec. 34. Minnesota Statutes 2016, section 240.155, subdivision 1, is amended to read:

43.9 Subdivision 1. **Reimbursement account credit.** Money received by the commission as
43.10 reimbursement for the costs of services provided by veterinarians, stewards, ~~and~~ medical
43.11 testing of horses, and fees received by the commission in the form of fees for regulatory
43.12 services must be deposited in the state treasury and credited to a racing reimbursement
43.13 account in the special revenue fund, except as provided under subdivision 2. Receipts are
43.14 appropriated, within the meaning of article XI, section 1, of the Minnesota Constitution, to
43.15 the commission to pay the costs of providing the services and all other costs necessary to
43.16 allow the commission to fulfill its regulatory oversight duties required by chapter 240 and
43.17 commission rule. If the major appropriation bills needed to finance state government are
43.18 not enacted by the beginning of a fiscal biennium, the commission shall continue operations
43.19 as required by chapter 240 and commission rule.

43.20 Sec. 35. **[240.1561] APPROPRIATION FOR FUNCTIONS SUPPORTING ONGOING**
43.21 **OPERATION OF THE RACING COMMISSION.**

43.22 If, by July 1 of an odd-numbered year, legislation has not been enacted to appropriate
43.23 money for the next biennium to the commissioner of management and budget for central
43.24 accounting, procurement, payroll, and human resources functions, amounts necessary to
43.25 operate those functions associated with operation of the Racing Commission under chapter
43.26 240 are appropriated for the next biennium from the general fund to the commissioner of
43.27 management and budget. As necessary, the commissioner may transfer a portion of this
43.28 appropriation to other state agencies to support carrying out these functions. Any subsequent
43.29 appropriation to the commissioner of management and budget for a biennium in which this
43.30 section has been applied shall supersede and replace the funding authorized in this section.

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

SEE HOUSE ARTICLE 1, SECTION 3

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

43.18 **16A.90 EMPLOYEE GAINSHARING SYSTEM.**

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

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

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

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

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

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

31.5 Sec. 12. [16A.1282] TRANSFERS TO THE GOVERNOR.

31.6 An agency shall not transfer money to the governor for services provided by the governor
 31.7 or to reimburse expenses incurred by the governor.

31.8 Sec. 13. Minnesota Statutes 2016, section 16A.90, is amended to read:

31.9 **16A.90 EMPLOYEE GAINSHARING SYSTEM.**

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

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

31.20 (2) the award ~~must~~ may be paid in an amount up to \$2,500 per employee per award from
 31.21 the an appropriation to which the savings accrued the agency for operations that is not
 31.22 otherwise designated for a specific purpose by law; and

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

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

- 44.10 (1) the specific program guidelines established by the commissioner as required by
44.11 subdivision 1, if the guidelines have not been described in a previous report;
- 44.12 (2) any proposed modifications to the established guidelines under consideration by the
44.13 commissioner, including the reason for the proposed modifications;
- 44.14 (3) the methods used by the commissioner to promote the program to state employees,
44.15 if the methods have not been described in a previous report;
- 44.16 (4) a summary of the results of the program that includes the following, categorized by
44.17 agency:
- 44.18 (i) the number of state employees whose suggestions or involvement in a project were
44.19 considered for possible bonus compensation, and a description of each suggestion or project
44.20 that was considered;
- 44.21 (ii) the total amount of bonus compensation actually awarded, itemized by each suggestion
44.22 or project that resulted in an award and the amount awarded for that suggestion or project;
44.23 and
- 44.24 (iii) the total amount of documented cost-savings that accrued to the agency as a result
44.25 of each suggestion or project for which bonus compensation was granted; and
- 44.26 (5) any recommendations for legislation that, in the judgment of the commissioner,
44.27 would improve the effectiveness of the bonus compensation program established by this
44.28 section or which would otherwise increase opportunities for state employees to actively
44.29 participate in the development and implementation of strategies for reducing the costs of
44.30 operating state government or for providing better or more efficient state services.
- 45.1 Sec. 29. Minnesota Statutes 2016, section 16B.04, subdivision 2, is amended to read:
- 45.2 **Subd. 2. Powers and duties, generally.** Subject to other provisions of this chapter, the
45.3 commissioner is authorized to:
- 45.4 (1) supervise, control, review, and approve all state contracts and purchasing, provided
45.5 that the commissioner may not approve a state contract with, or the purchase of goods from,
45.6 a vendor who intentionally refuses to do business, or who intentionally discriminates in the
45.7 basic terms, conditions, or performance of a contract or sale, on the basis of a person's
45.8 national origin;
- 45.9 (2) provide agencies with supplies and equipment;

- 32.1 (1) the specific program guidelines established by the commissioner as required by
32.2 subdivision 1, if the guidelines have not been described in a previous report;
- 32.3 (2) any proposed modifications to the established guidelines under consideration by the
32.4 commissioner, including the reason for the proposed modifications;
- 32.5 (3) the methods used by the commissioner to promote the program to state employees,
32.6 if the methods have not been described in a previous report;
- 32.7 (4) a summary of the results of the program that includes the following, categorized by
32.8 agency:
- 32.9 (i) the number of state employees whose suggestions or involvement in a project were
32.10 considered for possible bonus compensation, and a description of each suggestion or project
32.11 that was considered;
- 32.12 (ii) the total amount of bonus compensation actually awarded, itemized by each suggestion
32.13 or project that resulted in an award and the amount awarded for that suggestion or project;
32.14 and
- 32.15 (iii) the total amount of documented cost-savings that accrued to the agency as a result
32.16 of each suggestion or project for which bonus compensation was granted; and
- 32.17 (5) any recommendations for legislation that, in the judgment of the commissioner,
32.18 would improve the effectiveness of the bonus compensation program established by this
32.19 section or which would otherwise increase opportunities for state employees to actively
32.20 participate in the development and implementation of strategies for reducing the costs of
32.21 operating state government or for providing better or more efficient state services.

- 45.10 (3) investigate and study the management and organization of agencies, and reorganize
- 45.11 them when necessary to ensure their effective and efficient operation;

- 45.12 (4) manage and control state property, real and personal;

- 45.13 (5) maintain and operate all state buildings, as described in section 16B.24, subdivision
- 45.14 1;

- 45.15 (6) supervise, control, review, and approve all capital improvements to state buildings
- 45.16 and the capitol building and grounds;

- 45.17 (7) provide central mail facilities;

- 45.18 (8) oversee publication of official documents and provide for their sale;

- 45.19 (9) manage and operate parking facilities for state employees and a central motor pool
- 45.20 for travel on state business;

- 45.21 (10) provide rental space within the capitol complex for a private day care center for
- 45.22 children of state employees. The commissioner shall contract for services as provided in
- 45.23 this chapter;

- 45.24 (11) settle state employee workers' compensation claims;

- 45.25 (12) purchase, accept, transfer, warehouse, sell, distribute, or dispose of surplus property
- 45.26 in accordance with state and federal rules and regulations. The commissioner may charge
- 45.27 a fee to cover any expenses incurred in connection with any of these acts; and

- 45.28 (13) provide and manage a central distribution center for federal and state surplus personal
- 45.29 property, as defined in section 16B.2975, and may provide and manage a warehouse facility.

32.22 Sec. 14. Minnesota Statutes 2016, section 16B.055, subdivision 1, is amended to read:

32.23 Subdivision 1. **Federal Assistive Technology Act.** (a) The Department of Administration

32.24 is designated as the lead agency to carry out all the responsibilities under the Assistive

32.25 Technology Act of 1998, as provided by Public Law 108-364, as amended. The Minnesota

32.26 Assistive Technology Advisory Council is established to fulfill the responsibilities required

32.27 by the Assistive Technology Act, as provided by Public Law 108-364, as amended. Because

32.28 the existence of this council is required by federal law, this council does not expire.

32.29 (b) Except as provided in paragraph (c), the governor shall appoint the membership of
 32.30 the council as required by the Assistive Technology Act of 1998, as provided by Public
 32.31 Law 108-364, as amended. After the governor has completed the appointments required by
 32.32 this subdivision, the commissioner of administration, or the commissioner's designee, shall
 33.1 convene the first meeting of the council following the appointments. Members shall serve
 33.2 two-year terms commencing July 1 of each odd-numbered year, and receive the compensation
 33.3 specified by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as
 33.4 amended. The members of the council shall select their chair at the first meeting following
 33.5 their appointment.

33.6 (c) After consulting with the appropriate commissioner, the commissioner of
 33.7 administration shall appoint a representative from:

33.8 (1) State Services for the Blind who has assistive technology expertise;

33.9 (2) vocational rehabilitation services who has assistive technology expertise;

33.10 (3) the Workforce Development Council; and

33.11 (4) the Department of Education who has assistive technology expertise.

46.1 Sec. 30. Minnesota Statutes 2016, section 16B.335, subdivision 1, is amended to read:

46.2 Subdivision 1. **Construction and major remodeling.** (a) The commissioner, or any
 46.3 other recipient to whom an appropriation is made to acquire or better public lands or buildings
 46.4 or other public improvements of a capital nature, must not prepare final plans and
 46.5 specifications for any construction, major remodeling, or land acquisition in anticipation
 46.6 of which the appropriation was made until the agency that will use the project has presented
 46.7 the program plan and cost estimates for all elements necessary to complete the project to
 46.8 the chair of the senate Finance Committee and the chair of the house of representatives
 46.9 Ways and Means Committee and the chairs have made their recommendations, and the
 46.10 chair and ranking minority member of the senate Capital Investment Committee and the
 46.11 chair and ranking minority member of the house of representatives Capital Investment
 46.12 Committee are notified. "Construction or major remodeling" means construction of a new
 46.13 building, a substantial addition to an existing building, or a substantial change to the interior
 46.14 configuration of an existing building. The presentation must note any significant changes
 46.15 in the work that will be done, or in its cost, since the appropriation for the project was
 46.16 enacted or from the predesign submittal. The program plans and estimates must be presented
 46.17 for review at least two weeks before a recommendation is needed. The recommendations
 46.18 are advisory only. Failure or refusal to make a recommendation is considered a negative
 46.19 recommendation.

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

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

33.12 Sec. 15. Minnesota Statutes 2016, section 16B.371, is amended to read:

33.13 **16B.371 ASSISTANCE TO SMALL AGENCIES.**

33.14 (a) The commissioner may provide administrative support services to small agencies.
 33.15 To promote efficiency and cost-effective use of state resources, and to improve financial
 33.16 controls, the commissioner may require a small agency to receive administrative support
 33.17 services through the Department of Administration or through another agency designated
 33.18 by the commissioner. Services subject to this section include finance, accounting, payroll,
 33.19 purchasing, human resources, and other services designated by the commissioner. The
 33.20 commissioner may determine what constitutes a small agency for purposes of this section.
 33.21 The commissioner, in consultation with the commissioner of management and budget and
 33.22 small agencies, shall evaluate small agencies' needs for administrative support services. If
 33.23 the commissioner provides administrative support services to a small agency, the
 33.24 commissioner must enter into a service level agreement with the agency, specifying the
 33.25 services to be provided and the costs and anticipated outcomes of the services.

47.8 Sec. 31. Minnesota Statutes 2016, section 16B.4805, subdivision 4, is amended to read:

47.9 Subd. 4. **Administration costs.** The commissioner may use up to ~~15~~ five percent of the
47.10 biennial appropriation for administration of this section.

47.11 Sec. 32. Minnesota Statutes 2016, section 16B.97, is amended by adding a subdivision to
47.12 read:

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

47.15 Sec. 33. **[16B.991] TERMINATION OF GRANT.**

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

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

33.26 (b) The Minnesota Council on Latino Affairs, the Council for Minnesotans of African
33.27 Heritage, the Council on Asian-Pacific Minnesotans, the Indian Affairs Council, and the
33.28 Minnesota State Council on Disability ~~must~~ may use the services specified in paragraph
33.29 (a).

33.30 (c) The commissioner of administration ~~may~~ must assess agencies for services it provides
33.31 under this section. The amounts assessed are appropriated to the commissioner.

34.1 (d) For agencies covered in this section, the commissioner has the authority to require
34.2 the agency to comply with applicable state finance, accounting, payroll, purchasing, and
34.3 human resources policies. The agencies served retain the ownership and responsibility for
34.4 spending decisions and for ongoing implementation of appropriate business operations.

34.5 Sec. 16. Minnesota Statutes 2016, section 16B.4805, subdivision 2, is amended to read:

34.6 Subd. 2. **Reimbursement for making reasonable accommodation.** The commissioner
34.7 of administration shall reimburse state agencies for up to 50 percent of the cost of expenses
34.8 incurred in making reasonable accommodations eligible for reimbursement for agency
34.9 employees and applicants for employment to the extent that funds are available in the
34.10 accommodation account established under subdivision 3 for this purpose.

34.11 Sec. 17. Minnesota Statutes 2016, section 16B.4805, subdivision 4, is amended to read:

34.12 Subd. 4. **Administration costs.** The commissioner may use up to ~~15 percent~~ \$5,000 of
34.13 the biennial appropriation for administration of this section.

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

47.23 Sec. 34. Minnesota Statutes 2016, section 16E.016, is amended to read:

47.24 **16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES**
 47.25 **AND EQUIPMENT.**

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

47.29 (1) state data centers;

47.30 (2) mainframes including system software;

48.1 (3) servers including system software;

48.2 (4) desktops including system software;

48.3 (5) laptop computers including system software;

48.4 (6) a data network including system software;

48.5 (7) database, electronic mail, office systems, reporting, and other standard software
 48.6 tools;

48.7 (8) business application software and related technical support services;

48.8 (9) help desk for the components listed in clauses (1) to (8);

48.9 (10) maintenance, problem resolution, and break-fix for the components listed in clauses
 48.10 (1) to (8);

48.11 (11) regular upgrades and replacement for the components listed in clauses (1) to (8);
 48.12 and

48.13 (12) network-connected output devices.

48.14 (b) All state agency employees whose work primarily involves functions specified in
 48.15 paragraph (a) are employees of the Office of MN.IT Services. This includes employees who

48.16 directly perform the functions in paragraph (a), as well as employees whose work primarily
 48.17 involves managing, supervising, or providing administrative services or support services
 48.18 to employees who directly perform these functions. The chief information officer may assign
 48.19 employees of the office to perform work exclusively for another state agency.

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

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

49.1 Sec. 35. Minnesota Statutes 2016, section 16E.0466, is amended to read:

49.2 **16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.**

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

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

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

34.14 Sec. 18. Minnesota Statutes 2016, section 16E.0466, is amended to read:

34.15 **16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.**

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

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

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

- 49.21 (1) each project presented to the office for consultation in the time since the last report;
- 49.22 (2) the information technology cost associated with the project, including the information
49.23 technology cost as a percentage of the project's complete budget;
- 49.24 (3) the status of the information technology components of the project's development;
- 49.25 (4) the date the information technology components of the project are expected to be
49.26 complete; and
- 49.27 (5) the projected costs for ongoing support and maintenance of the information technology
49.28 components after the project is complete.
- 72.24 **Sec. 62. OFFICE OF MN.IT SERVICES; PERFORMANCE OUTCOMES**
72.25 **REQUIRED.**
- 72.26 Subdivision 1. **Completion of agency consolidation.** No later than December 31, 2018,
72.27 the state chief information officer must complete the executive branch information technology
72.28 consolidation required by Laws 2011, First Special Session chapter 10, article 4. The head
72.29 of any state agency subject to consolidation must assist the state chief information officer
72.30 as necessary to implement the requirements of this subdivision.
- 72.31 Subd. 2. **Information technology efficiencies and solutions.** No later than December
72.32 31, 2018, the state chief information officer shall:
- 73.1 (1) host at least 25 percent of all state agency servers on a public cloud solution;
- 73.2 (2) store at least 35 percent of all state agency data on a public cloud solution; and
- 73.3 (3) operate no more than six data centers statewide.
- 73.4 Subd. 3. **Enterprise services; personnel efficiencies.** No later than June 30, 2019, the
73.5 state chief information officer shall reduce the Office of MN.IT Services' total cost for
73.6 enterprise services personnel by at least \$3,000,000.
- 73.7 Subd. 4. **Legislative report; application consolidation.** No later than January 1, 2018,
73.8 the state chief information officer must submit a report to the chairs and ranking minority
73.9 members of the house of representatives and senate committees with jurisdiction over state
73.10 government finance on the status of business application software consolidation across state
73.11 agencies. At a minimum, the report must describe the outcomes achieved to date, a plan
73.12 and timeline for continued consolidation of business application software with measurable

- 35.3 (1) each project presented to the office for consultation in the time since the last report;
- 35.4 (2) the information technology cost associated with the project, including the information
35.5 technology cost as a percentage of the project's complete budget;
- 35.6 (3) the status of the information technology components of the project's development;
- 35.7 (4) the date the information technology components of the project are expected to be
35.8 completed; and
- 35.9 (5) the projected costs for ongoing support and maintenance of the information technology
35.10 components after the project is complete.
- 49.9 **Sec. 42. MN.IT; PERFORMANCE OUTCOMES REQUIRED.**
- 49.10 Subdivision 1. **Completion of agency consolidation.** No later than December 31, 2018,
49.11 the state chief information officer must complete the executive branch information technology
49.12 consolidation required by Laws 2011, First Special Session chapter 10, article 4, section 7,
49.13 as amended by Laws 2013, chapter 134, section 29. The head of any state agency subject
49.14 to consolidation must assist the state chief information officer as necessary to implement
49.15 the requirements of this subdivision.
- 49.16 Subd. 2. **Information technology efficiencies and solutions.** No later than December
49.17 31, 2018, the state chief information officer shall:
- 49.18 (1) host at least 25 percent of all state agency servers on a public cloud solution;
- 49.19 (2) store at least 35 percent of all state agency data on a public cloud solution; and
- 49.20 (3) operate no more than six data centers statewide.
- 49.21 Subd. 3. **Personnel efficiencies.** No later than June 30, 2019, the state chief information
49.22 officer shall reduce the Office of MN.IT Services' total cost for personnel by at least
49.23 \$3,000,000.
- 49.24 Subd. 4. **Legislative report; application consolidation.** No later than January 1, 2018,
49.25 the state chief information officer must submit a report to the chairs and ranking minority
49.26 members of the house of representatives and senate committees with jurisdiction over state
49.27 government finance on the status of business application software consolidation across state
49.28 agencies. At a minimum, the report must describe the outcomes achieved to date, a plan
49.29 and timeline for continued consolidation of business application software with measurable

73.13 outcome goals, and recommendations, if any, on legislation necessary to facilitate
 73.14 achievement of these goals.

49.30 outcome goals, and recommendations, if any, on legislation necessary to facilitate
 49.31 achievement of these goals.

50.11 Sec. 45. **LEGISLATIVE COMMISSION TO REVIEW CONSOLIDATION OF THE**
 50.12 **STATE'S INFORMATION TECHNOLOGY.**

50.13 Subdivision 1. **Definitions.** As used in this section, "information technology" means
 50.14 information and telecommunications technology systems and services; and "consolidation"
 50.15 means the reorganization of the state's information technology under a single agency as
 50.16 provided under Laws 2011, First Special Session chapter 10, article 4, section 7, as amended
 50.17 by Laws 2013, chapter 134, section 29.

50.18 Subd. 2. **Membership.** The Legislative Commission to Review Consolidation of the
 50.19 State's Information Technology consists of the following eight members:

50.20 (1) four senators, including two senators appointed by the senate majority leader and
 50.21 two senators appointed by the senate minority leader; and

50.22 (2) four members of the house of representatives, including two members appointed by
 50.23 the speaker of the house and two members appointed by the house minority leader.

50.24 Subd. 3. **Terms; vacancies.** Members of the commission serve until the commission
 50.25 sunsets. A vacancy in the membership of the commission must be filled for the unexpired
 50.26 term in a manner that preserves the representation established by this section.

50.27 Subd. 4. **Duties.** The commission shall review the results achieved by the state's
 50.28 consolidation of its information technology under one agency.

50.29 Subd. 5. **Chair.** The commission shall elect a chair by a majority vote of those members
 50.30 present.

51.1 Subd. 6. **Meetings.** The meetings of the commission are subject to Minnesota Statutes,
 51.2 section 3.055, except that the commission may close a meeting when necessary to safeguard
 51.3 the state's cybersecurity. The minutes, recordings, and documents from a closed meeting
 51.4 under this subdivision shall be maintained by the Legislative Coordinating Commission
 51.5 and shall not be made available to the public until eight years after the date of the meeting.

51.6 Subd. 7. **Administration.** The Legislative Coordinating Commission shall provide
 51.7 administrative services for the commission.

51.8 Subd. 8. **Compensation.** Members may receive per diem for attending commission
 51.9 meetings in accordance with the rules of their respective bodies and may be reimbursed for
 51.10 their reasonable expenses as provided by the rules of their respective legislative bodies.

51.11 Subd. 9. **Report.** By February 28, 2018, the commission shall report the results of the
 51.12 commission's review to the chairs and ranking minority members of the committees in the
 51.13 senate and in the house of representatives with jurisdiction over state government policy
 51.14 and state government finance. The report should address the following topics:

51.15 (1) the number of full-time employees that provided information technology services to
 51.16 state agencies prior to the consolidation and the number of full-time employees that provide
 51.17 information technology services to state agencies in fiscal year 2017;

51.18 (2) the cost to the state of information technology in the year prior to consolidation and
 51.19 the cost in fiscal year 2017;

51.20 (3) the usefulness, effectiveness, and efficiency of information technology now used by
 51.21 state agencies and how this compares to prior consolidation;

51.22 (4) the responsiveness of MN.IT staff to requests for service from state agencies, and
 51.23 how this compares to the responsiveness of information technology staff prior to
 51.24 consolidation; and

51.25 (5) a conclusion as to whether a consolidated information technology office is the best
 51.26 option for supplying information technology to state agencies.

51.27 Subd. 10. **Sunset.** The commission sunsets February 28, 2018, or the day after submission
 51.28 of the report required in subdivision 9, whichever is earlier.

51.29 Subd. 11. **First appointments.** Appointing authorities must make initial appointments
 51.30 to the Legislative Commission to Review Consolidation of the State's Information
 51.31 Technology by June 1, 2017.

52.1 Subd. 12. **First meeting.** The member designated by the senate majority leader shall
 52.2 convene the first meeting of the Legislative Commission to Review Consolidation of the
 52.3 State's Information Technology under this section by September 15, 2017.

49.29 Sec. 36. [43A.035] LIMIT ON NUMBER OF FULL-TIME EQUIVALENT
 49.30 EMPLOYEES; USE OF AGENCY SAVINGS.

49.31 Subdivision 1. **Number of full-time equivalent employees limited.** The total number
 49.32 of full-time equivalent employees employed in all executive branch agencies may not exceed

50.1 31,691. The commissioner of management and budget may forbid an executive agency from
 50.2 hiring a new employee or from filling a vacancy as the commissioner determines necessary
 50.3 to ensure compliance with this section. Any reductions in staff should prioritize protecting
 50.4 client-facing health care workers, corrections officers, public safety workers, and mental
 50.5 health workers. As a means of achieving compliance with this subdivision, the commissioner
 50.6 may authorize an agency to provide an early retirement incentive to an executive branch
 50.7 employee, under which the state will continue to make the employer contribution for health
 50.8 insurance after the employee has terminated state service. The commissioner must prescribe
 50.9 eligibility requirements and the maximum duration of the payments.

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

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

50.20 Sec. 37. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

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

50.25 (b) Severance pay for a highly compensated employee includes benefits or compensation
 50.26 with a quantifiable monetary value, that are provided for an employee upon termination of
 50.27 employment and are not part of the employee's annual wages and benefits and are not
 50.28 specifically excluded by this subdivision. Severance pay does not include payments for
 50.29 accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to
 50.30 cover the cost of group term insurance. Severance pay for a highly compensated employee
 50.31 does not include payments of periodic contributions by an employer toward premiums for
 50.32 group insurance policies. The severance pay for a highly compensated employee must be
 50.33 excluded from retirement deductions and from any calculations of retirement benefits.
 50.34 Severance pay for a highly compensated employee must be paid in a manner mutually
 51.1 agreeable to the employee and the employee's appointing authority over a period not to
 51.2 exceed five years from retirement or termination of employment. If a retired or terminated
 51.3 employee dies before all or a portion of the severance pay has been disbursed, the balance

35.11 Sec. 19. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

35.12 Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision,
 35.13 "highly compensated employee" means an employee of the state whose estimated annual
 35.14 compensation is greater than 60 percent of the governor's annual salary, and who is not
 35.15 covered by a collective bargaining agreement negotiated under chapter 179A or a
 35.16 compensation plan authorized under section 43A.18, subdivision 3a.

35.17 (b) Severance pay for a highly compensated employee includes benefits or compensation
 35.18 with a quantifiable monetary value, that are provided for an employee upon termination of
 35.19 employment and are not part of the employee's annual wages and benefits and are not
 35.20 specifically excluded by this subdivision. Severance pay does not include payments for
 35.21 accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to
 35.22 cover the cost of group term insurance. Severance pay for a highly compensated employee
 35.23 does not include payments of periodic contributions by an employer toward premiums for
 35.24 group insurance policies. The severance pay for a highly compensated employee must be
 35.25 excluded from retirement deductions and from any calculations of retirement benefits.
 35.26 Severance pay for a highly compensated employee must be paid in a manner mutually
 35.27 agreeable to the employee and the employee's appointing authority over a period not to
 35.28 exceed five years from retirement or termination of employment. If a retired or terminated
 35.29 employee dies before all or a portion of the severance pay has been disbursed, the balance

51.4 due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except
 51.5 as provided in paragraph (c), severance pay provided for a highly compensated employee
 51.6 leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser
 51.7 of:

51.8 (1) six months pay; or

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

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

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

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

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

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

51.26 Sec. 38. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to
 51.27 read:

51.28 Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental
 51.29 benefits under this section has the right to decline those benefits, provided the individual
 51.30 declining the benefits can prove health insurance coverage from another source. Any

35.30 due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except
 35.31 as provided in paragraph (c), severance pay provided for a highly compensated employee
 35.32 leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser
 35.33 of:

36.1 (1) six months pay; or

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

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

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

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

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

36.18 (e) Severance pay shall not be paid to a highly compensated employee who has been
 36.19 employed by the appointing authority for less than six months or who voluntarily terminates
 36.20 employment.

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

36.22 Sec. 20. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to
 36.23 read:

36.24 Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental
 36.25 benefits under this section has the right to decline those benefits, provided the individual
 36.26 declining the benefits can prove health insurance coverage from another source. Any

51.31 individual declining benefits must do so in writing, signed and dated, on a form provided
 51.32 by the commissioner.

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

52.5 **Sec. 39. [118A.09] ADDITIONAL LONG-TERM EQUITY INVESTMENT**
 52.6 **AUTHORITY.**

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

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

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

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

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

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

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

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

52.24 Subd. 3. **Funds.** (a) Qualifying governments may only invest under subdivision 2
 52.25 according to the limitations in this subdivision. A qualifying government under subdivision
 52.26 1, clause (1) or (2), may only invest its funds that are held for long-term capital plans
 52.27 authorized by the city council or county board, or long-term obligations of the qualifying
 52.28 government. Long-term obligations of the qualifying government include long-term capital
 52.29 plan reserves, funds held to offset long-term environmental exposure, other postemployment

36.27 individual declining benefits must do so in writing, signed and dated, on a form provided
 36.28 by the commissioner.

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

- 52.30 benefit liabilities, compensated absences, and other long-term obligations established by
52.31 applicable accounting standards.
- 53.1 (b) Qualifying governments under subdivision 1, clause (1) or (2), may invest up to 15
53.2 percent of the sum of:
- 53.3 (1) unassigned cash;
- 53.4 (2) cash equivalents;
- 53.5 (3) deposits; and
- 53.6 (4) investments.
- 53.7 This calculation must be based on the qualifying government's most recent audited statement
53.8 of net position, which must be compliant and audited pursuant to governmental accounting
53.9 and auditing standards. Once the amount invested reaches 15 percent of the sum of
53.10 unassigned cash, cash equivalents, deposits, and investments, no further funds may be
53.11 invested under this section; however, a qualifying government may continue to manage the
53.12 funds previously invested under this section even if the total amount subsequently exceeds
53.13 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments.
- 53.14 (c) A qualified government under subdivision 1, clause (3), may invest up to the lesser
53.15 of:
- 53.16 (1) 15 percent of the sum of its cash, cash equivalents, deposits, and investments; or
- 53.17 (2) 25 percent of its net assets as reported on the pool's most recent audited statement
53.18 of net position, which must be compliant and audited pursuant to governmental accounting
53.19 and auditing standards.
- 53.20 Subd. 4. **Approval.** Before investing pursuant to this section, the governing body of the
53.21 qualifying government must adopt a resolution that includes the following statements:
- 53.22 (1) the governing body understands that investments under subdivision 2 have a risk of
53.23 loss;
- 53.24 (2) the governing body understands the type of funds that are being invested and the
53.25 specific investment itself; and

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

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

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

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

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

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

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

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

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

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

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

37.1 Sec. 21. Minnesota Statutes 2016, section 155A.23, is amended by adding a subdivision
 37.2 to read:

37.3 Subd. 9a. **Salon manager.** A "salon manager" is any person who is a practitioner and
 37.4 licensed to serve as a designated licensed salon manager, as defined in section 155A.23,
 37.5 subdivision 15.

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

37.7 Sec. 22. Minnesota Statutes 2016, section 155A.23, subdivision 10, is amended to read:

37.8 Subd. 10. **School.** A "school" is a place where any person ~~operates and maintains a class~~
 37.9 ~~to teach~~ provides training on regulated cosmetology to the public for compensation services
 37.10 requiring licensure. "School" does not include a place where the only teaching of cosmetology
 37.11 is done by a licensed cosmetologist as part of a community education program of less than
 37.12 ten hours duration, provided that the program does not permit practice on persons other
 37.13 than students in the program, and provided that the program is intended solely for the
 37.14 self-improvement of the students and not as preparation for professional practice. continuing
 37.15 education course required for license renewal, additional training offered to licensed
 37.16 individuals, or training intended solely for the self-improvement of the attendees and not
 37.17 as preparation for professional practice.

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

37.19 Sec. 23. Minnesota Statutes 2016, section 155A.23, subdivision 15, is amended to read:

37.20 Subd. 15. **Designated licensed salon manager.** A "designated licensed salon manager"
 37.21 is a licensed salon manager designated by a salon owner and registered with the board, who
 37.22 is responsible with the salon owner for salon and practitioner compliance.

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

37.24 Sec. 24. Minnesota Statutes 2016, section 155A.23, subdivision 16, is amended to read:

37.25 Subd. 16. **School manager.** A "school manager" is a ~~cosmetologist who is a salon~~
 37.26 ~~manager and who has a school manager license. A school manager must maintain an active~~

37.27 ~~salon manager's license~~ person who is licensed to serve as a designated school manager, as
 37.28 defined in section 155A.23, subdivision 17.

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

38.1 Sec. 25. Minnesota Statutes 2016, section 155A.29, subdivision 1, is amended to read:

38.2 Subdivision 1. **Licensing.** A person must not offer cosmetology services for compensation
 38.3 unless the services are provided by a licensee in a licensed salon or as otherwise provided
 38.4 in this section. Each salon must be licensed ~~as a cosmetology salon, a nail salon, esthetician~~
 38.5 ~~salon, advanced practice esthetician salon, or eyelash extension salon.~~ A salon may hold
 38.6 ~~more than one type of salon license.~~

38.7 Sec. 26. Minnesota Statutes 2016, section 155A.29, subdivision 2, is amended to read:

38.8 Subd. 2. **Requirements.** The conditions and process by which a salon is licensed shall
 38.9 be established by the board by rule. In addition to those requirements, no license shall be
 38.10 issued unless the board first determines that the conditions in clauses (1) to (5) have been
 38.11 satisfied:

38.12 (1) compliance with all local and state laws, particularly relating to matters of infection
 38.13 control, health, and safety;

38.14 (2) ~~the employment appointment~~ of a designated licensed salon manager, as defined in
 38.15 section 155A.23, subdivision ~~8~~ 15;

38.16 (3) if applicable, evidence of compliance with workers' compensation section 176.182;
 38.17 and

38.18 (4) evidence of continued professional liability insurance coverage of at least \$25,000
 38.19 for each claim and \$50,000 total coverage for each policy year for each operator.

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

38.21 Sec. 27. Minnesota Statutes 2016, section 155A.30, subdivision 2, is amended to read:

38.22 Subd. 2. **Standards.** The board shall by rule establish minimum standards of course
 38.23 content and length specific to the educational preparation prerequisite to testing and
 38.24 practitioner licensing as cosmetologist, esthetician, and nail technician.

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

38.26 Sec. 28. Minnesota Statutes 2016, section 155A.30, subdivision 5, is amended to read:

38.27 Subd. 5. **Conditions precedent to issuance.** A license must not be issued unless the
38.28 board first determines that the applicant has met the requirements in clauses (1) to ~~(8)~~ (9):

38.29 (1) the applicant must have a sound financial condition with sufficient resources available
38.30 to meet the school's financial obligations; to refund all tuition and other charges, within a
39.1 reasonable period of time, in the event of dissolution of the school or in the event of any
39.2 justifiable claims for refund against the school; to provide adequate service to its students
39.3 and prospective students; and to maintain proper use and support of the school;

39.4 (2) the applicant must have satisfactory training facilities with sufficient tools and
39.5 equipment and the necessary number of work stations to adequately train the students
39.6 currently enrolled, and those proposed to be enrolled;

39.7 (3) the applicant must employ a sufficient number of qualified instructors trained by
39.8 experience and education to give the training contemplated;

39.9 (4) the premises and conditions under which the students work and study must be sanitary,
39.10 healthful, and safe according to modern standards;

39.11 (5) each occupational course or program of instruction or study must be of such quality
39.12 and content as to provide education and training that will adequately prepare enrolled
39.13 students for testing, licensing, and entry level positions ~~as a cosmetologist, esthetician, or~~
39.14 ~~nail technician;~~

39.15 (6) the school must have coverage by professional liability insurance of at least \$25,000
39.16 per incident and an accumulation of \$150,000 for each premium year;

39.17 (7) the applicant shall provide evidence of the school's compliance with section 176.182;

39.18 (8) the applicant, except the state and its political subdivisions as described in section
39.19 ~~471.617~~ 13.02, subdivision 11, ~~shall~~ must file with the board a continuous corporate surety
39.20 bond in the amount of no less than ten percent of the preceding year's gross income from
39.21 student tuition, fees, and other required institutional charges, but in no event less than
39.22 \$10,000, conditioned upon the faithful performance of all contracts and agreements with
39.23 students made by the applicant. New schools must base the bond amount on the anticipated
39.24 gross income from student tuition, fees, and other required institutional charges for the third
39.25 year of operation, but in no event less than \$10,000. The applicant must compute the amount
39.26 of the surety bond and verify that the amount of the surety bond complies with this
39.27 subdivision. The bond shall run to the ~~state of Minnesota~~ board and to any person who may
39.28 have a cause of action against the applicant arising at any time after the bond is filed and

39.29 before it is canceled for breach of any contract or agreement made by the applicant with
 39.30 any student. ~~The aggregate liability of the surety for all breaches of the conditions of the~~
 39.31 ~~bond shall not exceed \$10,000.~~ The surety of the bond may cancel it upon giving 60 days'
 39.32 notice in writing to the board and shall be relieved of liability for any breach of condition
 39.33 occurring after the effective date of cancellation; and

40.1 (9) the applicant must, ~~at all times during the term of the license, employ~~ appoint a
 40.2 designated ~~licensed school manager who maintains a cosmetology salon manager license.~~

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

40.4 Sec. 29. Minnesota Statutes 2016, section 179A.20, is amended by adding a subdivision
 40.5 to read:

40.6 Subd. 2b. **Limited by appropriation.** A public employer may not contract to pay more
 40.7 to employees in compensation and benefits in a biennium than is permitted under an approved
 40.8 spending plan as provided in section 16A.14.

40.9 Sec. 30. Minnesota Statutes 2016, section 190.19, subdivision 2, is amended to read:

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

40.12 (1) grants directly to eligible individuals;

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

40.15 (3) veterans' services; ~~or~~

40.16 (4) grants to family readiness groups chartered by the adjutant general; or

40.17 (5) up to \$500,000 per fiscal year for bonus programs as defined in section 192.501.

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

40.19 (1) a member in good standing of the Minnesota National Guard or a reserve unit based
 40.20 in Minnesota ~~who has been called to active service as defined in section 190.05, subdivision~~
 40.21 ~~5;~~

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

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

55.1 (1) grants directly to eligible individuals;

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

55.4 (3) veterans' services; or

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

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

55.7 (1) a member in good standing of the Minnesota National Guard or a reserve unit based
 55.8 in Minnesota ~~who has been called to active service as defined in section 190.05, subdivision~~
 55.9 ~~5;~~

55.10 (2) a Minnesota resident who is a member of a military reserve unit not based in
55.11 Minnesota, if the member is called to active service as defined in section 190.05, subdivision
55.12 5;

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

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

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

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

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

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

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

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

56.4 Sec. 41. Minnesota Statutes 2016, section 190.19, subdivision 2a, is amended to read:

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

56.7 (1) grants to veterans service organizations;

56.8 (2) outreach to underserved veterans;

40.22 (2) a Minnesota resident who is a member of a military reserve unit not based in
40.23 Minnesota, if the member is called to active service as defined in section 190.05, subdivision
40.24 5;

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

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

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

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

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

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

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

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

41.17 Sec. 31. Minnesota Statutes 2016, section 190.19, subdivision 2a, is amended to read:

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

41.20 (1) grants to veterans service organizations;

41.21 (2) outreach to underserved veterans;

56.9 (3) providing services and programs for veterans and their families;

56.10 (4) transfers to the vehicle services account for Gold Star license plates under section
56.11 168.1253;

56.12 (5) grants of up to \$100,000 to any organization approved by the commissioner of
56.13 veterans affairs for the purpose of supporting and improving the lives of veterans and their
56.14 families; ~~and~~

56.15 (6) grants to an eligible foundation; and

56.16 (7) the agency's uncompensated burial costs for eligible dependents to whom the
56.17 commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant
56.18 to section 197.236, subdivision 9, paragraph (b).

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

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

56.22 (2) is a nonprofit corporation under chapter 317A and the organization's articles of
56.23 incorporation specify that a purpose of the organization includes: (i) providing assistance
56.24 to veterans and their families; or (ii) enhancing the lives of veterans and their families.

56.25 Sec. 42. Minnesota Statutes 2016, section 196.05, subdivision 1, is amended to read:

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

56.27 (1) act as the agent of a resident of the state having a claim against the United States for
56.28 benefits arising out of or by reason of service in the armed forces and prosecute the claim
56.29 without charge;

56.30 (2) act as custodian of veterans' bonus records;

57.1 (3) administer the laws relating to the providing of bronze flag holders at veterans' graves
57.2 for memorial purposes;

41.22 (3) providing services and programs for veterans and their families;

41.23 (4) transfers to the vehicle services account for Gold Star license plates under section
41.24 168.1253;

41.25 (5) grants of up to \$100,000 to any organization approved by the commissioner of
41.26 veterans affairs for the purpose of supporting and improving the lives of veterans and their
41.27 families; ~~and~~

41.28 (6) grants to an eligible foundation;

41.29 (7) the agency's uncompensated burial costs for eligible dependents to whom the
41.30 commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant
41.31 to section 197.236, subdivision 9, paragraph (b); and

42.1 (8) grants of up to \$3,000 to a disabled veteran to construct disability access
42.2 improvements in or around the disabled veteran's residence.

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

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

42.6 (2) is a nonprofit corporation under chapter 317A and the organization's articles of
42.7 incorporation specify that a purpose of the organization includes: (i) providing assistance
42.8 to veterans and their families; or (ii) enhancing the lives of veterans and their families.

57.3 (4) administer the laws relating to recreational or rest camps for veterans so far as
 57.4 applicable to state agencies;

57.5 (5) administer the state soldiers' assistance fund and veterans' relief fund and other funds
 57.6 appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation
 57.7 of veterans;

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

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

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

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

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

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

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

58.1 Sec. 43. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:

58.2 Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee
 58.3 schedule, which may be adjusted from time to time, for the interment of eligible spouses

42.9 Sec. 32. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:

42.10 Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee
 42.11 schedule, which may be adjusted from time to time, for the interment of eligible spouses

58.4 and dependent children. The fees shall cover as nearly as practicable the actual costs of
58.5 interment, excluding the value of the plot.

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

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

58.13 Sec. 44. **[197.6091] VETERANS BENEFITS SERVICES; DISCLOSURE**
58.14 **REQUIREMENTS.**

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

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

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

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

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

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

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

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

59.1 (c) "Veterans benefits appeal services" means services that a veteran might reasonably
59.2 require in order to appeal a denial of federal or state veterans benefits, including but not

42.12 and dependent children. The fees shall cover as nearly as practicable the actual costs of
42.13 interment, excluding the value of the plot.

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

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

59.3 limited to denials of disability, limited income, home loan, insurance, education and training,
59.4 burial and memorial, and dependent and survivor benefits.

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

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

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

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

59.20 Subd. 4. **Violations; penalties.** A person who fails to comply with this section is subject
59.21 to a civil penalty not to exceed \$1,000 for each violation. Civil penalties shall be assessed
59.22 by the district court in an action initiated by the attorney general. For the purposes of
59.23 computing the amount of each civil penalty, each day of a continuing violation constitutes
59.24 a separate violation. Additionally, the attorney general may accept a civil penalty as
59.25 determined by the attorney general in settlement of an investigation of a violation of this
59.26 section regardless of whether an action has been filed under this section. Any civil penalty
59.27 recovered shall be deposited in the Support Our Troops account established under section
59.28 190.19.

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

60.1 Sec. 45. Minnesota Statutes 2016, section 197.791, subdivision 2, is amended to read:

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

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

60.13 Sec. 46. Minnesota Statutes 2016, section 197.791, subdivision 3, is amended to read:

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

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

60.25 Sec. 47. Minnesota Statutes 2016, section 197.791, subdivision 4, is amended to read:

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

60.28 (1) the person is:

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

60.31 (ii) a nonveteran who has served honorably for a total of five years or more cumulatively
60.32 as a member of the Minnesota National Guard or any other active or reserve component of
61.1 the United States armed forces, and any part of that service occurred on or after September
61.2 11, 2001;

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

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

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

61.14 (3) the person receiving the educational assistance:

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

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

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

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

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

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

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

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

62.1 (d) The commissioner may deny eligibility or terminate benefits under this section to
 62.2 any person who has not provided sufficient documentation to determine eligibility for the
 62.3 program. An applicant may appeal the commissioner's eligibility determination or termination
 62.4 of benefits in writing to the commissioner at any time. The commissioner must rule on any
 62.5 application or appeal within 30 days of receipt of all documentation that the commissioner

62.6 requires. The decision of the commissioner regarding an appeal is final. However, an
 62.7 applicant whose appeal of an eligibility determination has been rejected by the commissioner
 62.8 may submit an additional appeal of that determination in writing to the commissioner at
 62.9 any time that the applicant is able to provide substantively significant additional information
 62.10 regarding the applicant's eligibility for the program. An approval of an applicant's eligibility
 62.11 by the commissioner following an appeal by the applicant is not retroactively effective for
 62.12 more than one year or the semester of the person's original application, whichever is later.

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

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

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

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

62.25 (1) the federal Pell Grant;

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

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

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

63.1 ~~(1) \$1,000 per semester or term of enrollment;~~

63.2 ~~(2) (1) \$3,000 per state fiscal year; and~~

63.3 ~~(3) (2) \$10,000 in a lifetime.~~

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

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

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

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

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

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

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

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

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

64.1 Sec. 49. Minnesota Statutes 2016, section 197.791, subdivision 5a, is amended to read:

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

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

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

64.15 (1) ~~\$2,000~~ \$3,000 per fiscal year for apprenticeship expenses;

64.16 (2) ~~\$2,000~~ \$3,000 per fiscal year for on-the-job training;

64.17 (3) \$1,000 for a job placement credit payable to an eligible employer upon hiring and
64.18 completion of six consecutive months' employment of a person receiving assistance under
64.19 this subdivision; and

64.20 (4) \$1,000 for a job placement credit payable to an eligible employer after a person
64.21 receiving assistance under this subdivision has been employed by the eligible employer for
64.22 at least 12 consecutive months as a full-time employee.

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

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

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

64.30 (2) the training must be documented and reported;

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

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

43.31 Sec. 36. Minnesota Statutes 2016, section 240A.09, is amended to read:

43.32 **240A.09 PLAN DEVELOPMENT; CRITERIA.**

44.1 The Minnesota Amateur Sports Commission shall develop a plan to promote the
44.2 development of proposals for new statewide public ice facilities including proposals for ice
44.3 centers and matching grants based on the criteria in this section.

44.4 (a) For ice center proposals, the commission will give priority to proposals that come
44.5 from more than one local government unit. Institutions of higher education are not eligible
44.6 to receive a grant.

44.7 (b) The commission must give priority to grant applications for indoor air quality
44.8 improvements and projects that eliminate R-22. For purposes of this section:

44.9 (1) "indoor air quality improvements" means: (i) renovation or replacement of heating,
44.10 ventilating, and air conditioning systems in existing indoor ice arenas whose ice resurfacing
44.11 and ice edging equipment are not powered by electricity in order to reduce concentrations
44.12 of carbon monoxide and nitrogen dioxide; and (ii) acquisition of zero-emission ice resurfacing
44.13 and ice edging equipment. The new or renovated systems may include continuous electronic
44.14 air monitoring devices to automatically activate the ventilation systems when the
44.15 concentration of carbon monoxide or nitrogen dioxide reaches a predetermined level; and

44.16 (2) "projects that eliminate R-22," means replacement of ice-making systems in existing
44.17 public facilities that use R-22 as a refrigerant, with systems that use alternative
44.18 non-ozone-depleting refrigerants.

44.19 (c) In the metropolitan area as defined in section 473.121, subdivision 2, the commission
44.20 is encouraged to give priority to the following proposals:

44.21 (1) proposals for construction of two or more ice sheets in a single new facility;

44.22 (2) proposals for construction of an additional sheet of ice at an existing ice center;

44.23 (3) proposals for construction of a new, single sheet of ice as part of a sports complex
44.24 with multiple sports facilities; and

44.25 (4) proposals for construction of a new, single sheet of ice that will be expanded to a
44.26 two-sheet facility in the future.

44.27 (d) The commission shall administer a site selection process for the ice centers. The
44.28 commission shall invite proposals from cities or counties or consortia of cities. A proposal
44.29 for an ice center must include matching contributions including in-kind contributions of
44.30 land, access roadways and access roadway improvements, and necessary utility services,
44.31 landscaping, and parking.

- 45.1 (e) Proposals for ice centers and matching grants must provide for meeting the demand
 45.2 for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to
 45.3 female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m.
 45.4 to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.
- 45.5 (f) The location for all proposed facilities must be in areas of maximum demonstrated
 45.6 interest and must maximize accessibility to an arterial highway.
- 45.7 (g) To the extent possible, all proposed facilities must be dispersed equitably, must be
 45.8 located to maximize potential for full utilization and profitable operation, and must
 45.9 accommodate noncompetitive family and community skating for all ages.
- 45.10 (h) The commission may also use the money to upgrade current facilities, purchase girls'
 45.11 ice time, or conduct amateur women's hockey and other ice sport tournaments.
- 45.12 (i) To the extent possible, 50 percent of all grants must be awarded to communities in
 45.13 greater Minnesota.
- 45.14 (j) To the extent possible, technical assistance shall be provided to Minnesota
 45.15 communities by the commission on ice arena planning, design, and operation, including the
 45.16 marketing of ice time and on projects described in paragraph (b).
- 45.17 (k) A grant for new facilities may not exceed \$250,000.
- 45.18 (l) The commission may make grants for rehabilitation and renovation. A rehabilitation
 45.19 or renovation grant for air quality may not exceed \$200,000 and a rehabilitation or renovation
 45.20 grant for R-22 elimination may not exceed ~~\$50,000~~ \$250,000 for indirect cooling systems
 45.21 and may not exceed ~~\$400,000~~ \$500,000 for direct cooling systems. Priority must be given
 45.22 to grant applications for indoor air quality improvements, including zero emission ice
 45.23 resurfacing equipment, and for projects that eliminate R-22.
- 45.24 (m) Grant money may be used for ice centers designed for sports other than hockey.
- 45.25 (n) Grant money may be used to upgrade existing facilities to comply with the bleacher
 45.26 safety requirements of section 326B.112.

65.1 Sec. 50. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

65.2 Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by
 65.3 March 1 of each odd-numbered year on the overall incidence of the income tax, sales and
 65.4 excise taxes, and property tax. The report shall present information on the distribution of
 65.5 the tax burden as follows: (1) for the overall income distribution, using a systemwide

65.6 incidence measure such as the Suits index or other appropriate measures of equality and
65.7 inequality; (2) by income classes, including at a minimum deciles of the income distribution;
65.8 and (3) by other appropriate taxpayer characteristics. The report must also include information
65.9 on the distribution of the burden of federal taxes borne by Minnesota residents.

65.10 **Sec. 51. [270C.303] FREE ELECTRONIC FILING OF INDIVIDUAL INCOME**
65.11 **TAX RETURNS.**

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

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

65.20 (c) The system must be available:

65.21 (1) by January 15, 2019, for the filing and payment of tax year 2018 individual income
65.22 taxes of filers with income only from wages, fewer than five dependents, and federal adjusted
65.23 gross income less than \$200,000 for married couples filing joint returns, and less than
65.24 \$100,000 for all other filers; and

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

65.30 (d) For purposes of this section, "federal adjusted gross income" has the meaning given
65.31 in section 62 of the Internal Revenue Code. Other terms have the meanings given in chapter
65.32 290.

66.1 (e) By September 15 of each year, beginning in 2019, the commissioner must provide
66.2 a report to the chairs and ranking minority members of the house of representatives and
66.3 senate committees with jurisdiction over taxes, in compliance with sections 3.195 and 3.197.
66.4 The report must include statistics on usage of the free electronic filing system required in
66.5 this section; ways in which the commissioner could expand the system, including draft

66.6 legislation if needed for system expansion; and any other information the commissioner
 66.7 considers relevant.

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

45.27 Sec. 37. Minnesota Statutes 2016, section 349A.08, subdivision 2, is amended to read:

45.28 Subd. 2. **Prizes not assignable.** A prize in the state lottery is not assignable ~~except as~~
 45.29 ~~provided in subdivision 3 and~~ except that:

45.30 (1) if a prize winner dies before the prize is paid, the director shall pay the prize to the
 45.31 prize winner's estate; and

46.1 (2) the director may pay a prize to a person other than the winner of that prize under an
 46.2 appropriate court order.

46.3 Sec. 38. Minnesota Statutes 2016, section 349A.10, subdivision 6, is amended to read:

46.4 Subd. 6. **Budget; plans.** (a) The director shall prepare and submit a biennial budget plan
 46.5 to the commissioner of management and budget. The governor shall recommend the
 46.6 maximum amount available for the lottery in the budget the governor submits to the
 46.7 legislature under section 16A.11. The maximum amount available to the lottery for operating
 46.8 expenses and capital expenditures shall be determined by law. In addition, the director shall
 46.9 appear at least once each fiscal year before the senate and house of representatives committees
 46.10 having jurisdiction over gambling policy to present and explain the lottery's plans for future
 46.11 games and the related advertising and promotions and spending plans for the next fiscal
 46.12 year.

46.13 (b) For purposes of this section, operating expenses shall not include:

46.14 (1) expenses that are a direct function of lottery sales, which include the cost of lottery
 46.15 prizes, amounts paid to lottery retailers as sales commissions or other compensation, amounts
 46.16 paid to produce and deliver scratch lottery games, and amounts paid to an outside vendor
 46.17 to operate and maintain an online gaming system. ~~In addition, the director shall appear at~~
 46.18 ~~least once each fiscal year before the senate and house of representatives committees having~~
 46.19 ~~jurisdiction over gambling policy to present and explain the lottery's plans for future games~~
 46.20 ~~and the related advertising and promotions and spending plans for the next fiscal year; and~~

46.21 (2) expenses related solely to the noncash year-end adjustment required for government
 46.22 agencies to adjust the net actuarially determined pension liability which includes deferred

46.23 inflows, deferred outflows, noncash pension expense, unrestricted net deficit, and net pension
 46.24 liability, in accordance with Statement 68 of the Governmental Accounting Standards Board.

66.10 Sec. 52. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

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

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

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

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

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

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

67.4 (g) The employer supplemental contribution under paragraph (d) terminates on December
 67.5 31, 2031.

67.6 Sec. 53. Minnesota Statutes 2016, section 353.505, is amended to read:

67.7 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

67.8 (a) On September 15, 2015, ~~and September 15, 2016, and annually thereafter~~, the state
 67.9 shall pay to the general employees retirement plan of the Public Employees Retirement
 67.10 Association, with respect to the former MERF division, \$6,000,000. ~~By September 15 of~~
 67.11 ~~each year after 2016, the state shall pay to the general employees retirement plan of the~~
 67.12 ~~Public Employees Retirement Association, with respect to the former MERF division,~~
 67.13 ~~\$16,000,000.~~

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

67.15 Sec. 54. Minnesota Statutes 2016, section 471.6161, subdivision 8, is amended to read:

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

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

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

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

68.8 (e) A school district, in consultation with the same representatives referenced in paragraph
 68.9 (d), may continue to negotiate with any entity that submitted a proposal under paragraph
 68.10 (d) in order to reduce costs or improve services under the proposal. Following the negotiations

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

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

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

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

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

68.30 ~~(4) a district that is self-insured on or before the date of enactment, or that is self-insured~~
68.31 ~~with more than 1,000 insured lives, or a district in which the school board adopted a motion~~
68.32 ~~on or before May 14, 2014, to approve a self-insured health care plan to be effective July~~
68.33 ~~1, 2014, may, but need not, request a proposal from an administrator governed by chapter~~
68.34 ~~43A;~~

69.1 ~~(5)~~ (3) requests for proposals must be sent to providers no less than 90 days prior to the
69.2 expiration of the existing contract; and

69.3 ~~(6)~~ (4) proposals must be submitted at least 60 days prior to the plan's renewal date and
69.4 all proposals shall be opened at the same time and in the presence of the exclusive
69.5 representative, where applicable.

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

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

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

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

69.18 Sec. 55. Minnesota Statutes 2016, section 471.617, subdivision 2, is amended to read:

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

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

70.1 Sec. 56. Minnesota Statutes 2016, section 508.12, subdivision 1, is amended to read:

70.2 Subdivision 1. **Examiner and deputy examiner.** The judges of the district court shall
70.3 appoint a competent attorney in each county within their respective districts to be an examiner
70.4 of titles and legal adviser to the registrar in said county, to which examiner all applications
70.5 to register title to land are referred without further order, and may appoint attorneys to serve
70.6 as deputy examiners who shall act in the name of the examiner and under the examiner's
70.7 supervision and control, and the deputy's acts shall be the acts of the examiners. The examiner
70.8 of titles and deputy examiners shall hold office subject to the will and discretion of the
70.9 district court by whom appointed. The examiner's compensation and that of the examiner's
70.10 deputies shall be fixed and determined by the court and paid in the same manner as the
70.11 compensation of other county employees is paid except that in all counties having fewer
70.12 than 75,000 inhabitants, and in Stearns, Dakota, Scott, Wright, Sherburne, and Olmsted
70.13 Counties the fees and compensation of the examiners for services as legal adviser to the
70.14 registrar shall be determined by the judges of the district court and paid in the same manner

70.15 as the compensation of other county employees is paid, but in every other instance shall be
70.16 paid by the person applying to have the person's title registered or for other action or relief
70.17 which requires the services, certification or approval of the examiner.

70.18 Sec. 57. Minnesota Statutes 2016, section 518A.79, is amended by adding a subdivision
70.19 to read:

70.20 Subd. 3a. **Open meetings.** Except as otherwise provided in this section, the task force
70.21 is subject to chapter 13D. A meeting of the task force occurs when a quorum is present and
70.22 the members receive information, discuss, or take action on any matter relating to the duties
70.23 of the task force. The task force may conduct meetings as provided in section 13D.015 or
70.24 13D.02. The task force may conduct meetings at any location in the state that is appropriate
70.25 for the purposes of the task force as long as the location is open and accessible to the public.
70.26 For legislative members of the task force, enforcement of this subdivision is governed by
70.27 section 3.055, subdivision 2. For nonlegislative members of the task force, enforcement of
70.28 this subdivision is governed by section 13D.06, subdivisions 1 and 2.

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

71.1 Sec. 58. **COMMISSIONER OF REVENUE TO DETERMINE ADEQUACY OF**
71.2 **CURRENT RULES AND VALUATION PRACTICES FOR STATE-ASSESSED**
71.3 **PIPELINES.**

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

71.13 Sec. 59. **FREE ELECTRONIC FILING OF INDIVIDUAL INCOME TAX**
71.14 **RETURNS; PILOT PROGRAM.**

71.15 (a) The commissioner must conduct a pilot program to test the free electronic filing
71.16 requirement in Minnesota Statutes, section 270C.303. The pilot program must operate at
71.17 no fewer than three taxpayer assistance sites that receive grants under Minnesota Statutes,
71.18 section 270C.21. At least one of the pilot program sites must be in the seven-county
71.19 metropolitan area, and at least one must be in greater Minnesota. The pilot program system
71.20 must be available by January 15, 2018, for the filing and payment of tax year 2017 individual
71.21 income taxes of filers with income only from wages, fewer than five dependents, and federal

71.22 adjusted gross income less than \$200,000 for married couples filing joint returns, and less
71.23 than \$100,000 for all other filers.

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

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

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

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

72.3 **Sec. 60. INITIAL TRANSIT FINANCIAL ACTIVITY REPORTING.**

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

72.8 (b) The legislative auditor must provide a copy of the review under paragraph (a) to
72.9 each county that is party to the joint powers agreement under Minnesota Statutes, section
72.10 297A.992.

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

72.12 **Sec. 61. LIMIT ON EXPENDITURES FOR ADVERTISING.**

72.13 During the fiscal years ending June 30, 2018, and June 30, 2019, an executive branch
72.14 agency's spending on advertising and promotions may not exceed 90 percent of the amount
72.15 the agency spent on advertising and promotions during the fiscal year ending June 30, 2016.
72.16 The commissioner of management and budget must ensure compliance with this limit and
72.17 may issue guidelines and policies to executive agencies. The commissioner may forbid an
72.18 agency from engaging in advertising as the commissioner determines necessary to ensure
72.19 compliance with this section. This section does not apply to the Minnesota Lottery, Explore
72.20 Minnesota Tourism, or the Minnesota State Colleges and Universities. Spending during the

72.21 biennium ending June 30, 2019, on advertising relating to a declared emergency, an
 72.22 emergency, or a disaster, as those terms are defined in Minnesota Statutes, section 12.03,
 72.23 is excluded for purposes of this section.

73.15 Sec. 63. **STATE AUDITOR LITIGATION EXPENSES; SCHEDULE OF CHARGES.**

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

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

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

74.1 Sec. 64. **TRANSITION; STATE AUDITOR ENTERPRISE FUND.**

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

26.30 Sec. 5. **[6.92] LITIGATION EXPENSES.**

26.31 (a) Unless funds are otherwise expressly provided by law for this purpose, all costs
 26.32 incurred by the state auditor in preparing and asserting a civil claim or appeal, or in defending
 27.1 against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally
 27.2 authorized core functions must be paid by the auditor's constitutional office division. Only
 27.3 allocations made to the constitutional office division may be used to pay these costs. The
 27.4 state auditor must report to the chairs and ranking minority members of the committees in
 27.5 the house of representatives and the senate with jurisdiction over the Office of the State
 27.6 Auditor by May 1, 2017, and January 1, 2018, and each January 1 thereafter, on the state
 27.7 auditor's litigation expenses. The report must list each lawsuit the state auditor has brought
 27.8 or is defending, the grounds for each suit, the litigation expenses incurred since the previous
 27.9 report under this section, and the projected expenses to complete the suit.

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

50.6 Sec. 44. **SCHEDULE OF CHARGES.**

50.7 Notwithstanding Minnesota Statutes, section 6.581, subdivision 3, or any other law to
 50.8 the contrary, the rates included in the state auditor's schedule of charges for examinations
 50.9 conducted in calendar year 2017 must be no greater than the rates included in the schedule
 50.10 of charges established for examinations conducted in calendar year 2016.

50.1 Sec. 43. **REIMBURSEMENT OF LEGAL COSTS FOR WRIGHT, BECKER, AND**
 50.2 **RAMSEY COUNTIES.**

50.3 The state auditor shall reimburse Wright, Becker, and Ramsey Counties for legal fees
 50.4 incurred and costs and disbursements made as a result of defending against the state auditor's
 50.5 lawsuit against them.

47.1 Sec. 40. **TRANSITION.**

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

74.6 Sec. 65. LIMIT ON INCREASE IN MANAGERIAL COMPENSATION.

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

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

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

74.16 Sec. 66. SALARY LIMIT.

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

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

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

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

74.30 (1) the house of representatives;

74.31 (2) the senate; and

75.1 (3) the Legislative Coordinating Commission and all groups under its jurisdiction.

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

75.5 (1) the house of representatives;

75.6 (2) the senate; and

75.7 (3) the Legislative Coordinating Commission and all groups under its jurisdiction.

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

75.11 **Sec. 67. ICE PALACE ON CAPITOL GROUNDS AUTHORIZED.**

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

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

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

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

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

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

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

76.11 Subd. 3. **Costs, expenses, and liabilities.** Unless expressly provided in the use agreement,
76.12 any costs or expenses incurred by the state or the city of St. Paul in implementing a use
76.13 agreement entered under this section must be paid or reimbursed by the St. Paul Festival
76.14 and Heritage Foundation. Notwithstanding Minnesota Statutes, section 3.736, subdivision
76.15 1, and Minnesota Statutes, section 466.02, the state, the city of St. Paul, and their employees
76.16 are not liable for losses incurred during the construction, operation, or removal of an ice
76.17 palace or related temporary structures, or losses incurred by a person while visiting the ice
76.18 palace or participating in related activities.

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

76.20 Sec. 68. **WAITE PARK; HOTEL INSPECTION.**

76.21 (a) Notwithstanding any other law to the contrary and in addition to any other requirement
76.22 in law, the city of Waite Park may adopt an ordinance to require a hotel, motel, or lodging
76.23 establishment operating within the city's jurisdiction to have a valid license issued by the
76.24 city. The license may prohibit the licensee from:

76.25 (1) knowingly allowing a room to be occupied for purposes of sex trafficking;

76.26 (2) knowingly allowing a room to be occupied for the purposes of illegal drug activity;

76.27 (3) knowingly allowing a room to be occupied by a minor for the consumption of
76.28 alcoholic beverages;

76.29 (4) prohibiting the inspection of the licensed premises;

- 76.30 (5) failing to report observed or suspected illegal activity to the police in a reasonable
 76.31 period of time; and
- 77.1 (6) failure to maintain the licensed premises to all building, fire, mechanical, zoning or
 77.2 licensing codes.
- 77.3 The ordinance may provide for inspections related to the activities the license addresses.
 77.4 The city may collect a reasonable fee related to the cost of issuing the license and conducting
 77.5 inspections.
- 77.6 (b) "Hotel," "motel," and "lodging establishment" are as defined in Minnesota Statutes,
 77.7 section 157.15.
- 77.8 (c) The authority in this section does not replace or diminish the authority of the
 77.9 community health board to inspect and license any hotel, motel, or lodging establishment
 77.10 in the city.
- 77.11 **EFFECTIVE DATE.** This section is effective the day following final enactment without
 77.12 local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph
 77.13 (a).

- 46.25 Sec. 39. Laws 2016, chapter 127, section 8, is amended to read:
 46.26 Sec. 8. **EFFECTIVE DATE; APPLICATION.**

46.27 Sections 1 to 7 are effective the day following final enactment. With respect to eyelash
 46.28 technicians, the Board of Cosmetologist Examiners must not enforce sections 1 to 7 until
 46.29 ~~July 1, 2017~~ February 1, 2018. Any educational or training requirements developed by the
 46.30 board regarding eyelash technicians must be 14 hours.

- 53.15 Sec. 47. **EYELASH TECHNICIAN GRANDFATHERING.**

53.16 (a) The board must issue grandfathered eyelash technician licenses no later than February
 53.17 1, 2018, under the conditions in this section.

53.18 (b) A complete grandfathering application for an eyelash technician license must be
 53.19 received in the board office between August 1, 2017, and January 31, 2018, and must contain:

- 53.20 (1) proof of a high school diploma or equivalent;

- 53.21 (2) proof of completion of an eyelash extension training course before July 1, 2017;
- 53.22 (3) proof of completion of a six-hour board-approved public health and safety course
53.23 provided by a board-licensed school or a board-recognized professional association organized
53.24 under Minnesota Statutes, chapter 317A. Four hours must be related to health, safety, and
53.25 infection control and two hours must be related to Minnesota laws and rules governing
53.26 cosmetology;
- 53.27 (4) original passing results no more than one year old of board-approved laws and rules
53.28 test and theory tests; and
- 53.29 (5) the practitioner fees required under Minnesota Statutes, section 155A.25.
- 54.1 (c) A complete grandfathering application for an eyelash salon manager license must
54.2 be received in the board office between August 1, 2017, and January 31, 2018, and must
54.3 contain:
- 54.4 (1) proof of a high school diploma or equivalent;
- 54.5 (2) proof of completion of an eyelash extension training course before July 1, 2017;
- 54.6 (3) documentation of at least 2,700 hours of experience performing eyelash extensions
54.7 within the last three years;
- 54.8 (4) original passing results no more than one year old of board-approved laws and rules
54.9 test and theory tests;
- 54.10 (5) original passing results no more than one year old of board-approved salon manager
54.11 test;
- 54.12 (6) proof of a six-hour board-approved public health and safety course provided by a
54.13 board-licensed school or a board-recognized professional association organized under
54.14 Minnesota Statutes, chapter 317A. Four hours must be related to infection control and two
54.15 hours must be related to Minnesota laws and rules; and
- 54.16 (7) the practitioner fees required under Minnesota Statutes, section 155A.25.
- 54.17 (d) Grandfathered licenses must not be expedited under Minnesota Statutes, section
54.18 155A.25, subdivision 7. The application timelines under Minnesota Statutes, section 155A.25,
54.19 subdivisions 5, 6, and 8, do not apply to grandfathered licenses.

77.14 Sec. 69. **REPEALER.**

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

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

77.25 Subd. 3. **Legislative commissions.** Minnesota Statutes 2016, sections 3.886; and
 77.26 161.1419, are repealed.

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

54.21 Sec. 48. **EYELASH TECHNICIAN RULEMAKING.**

54.22 The Board of Cosmetologist Examiners shall adopt rules governing the eyelash technician
 54.23 and salon licenses, which must include scope of practice, the conditions and process of
 54.24 issuing and renewing the license, requirements related to education and testing, and 14 hours
 54.25 of training regarding application of eyelash extensions in a board-licensed school. The board
 54.26 may use the expedited rule process in Minnesota Statutes, section 14.389. The grant of
 54.27 rulemaking authority under this section expires May 31, 2019.

54.28 Sec. 49. **EYELASH TECHNICIAN LICENSING.**

54.29 The Board of Cosmetologist Examiners must not issue an eyelash practitioner license
 54.30 before February 1, 2018, except for grandfathered licenses issued under section 39. The
 55.1 Board of Cosmetologist Examiners must not require a person to have an eyelash practitioner
 55.2 license for eyelash extensions before February 1, 2018.

55.3 Sec. 50. **REVISOR'S INSTRUCTION.**

55.4 By January 15, 2018, the revisor of statutes shall present a bill to the legislature to make
 55.5 the conforming statutory changes to incorporate changes in this article to the contested case
 55.6 procedures under Minnesota Statutes, section 14.57.

55.7 Sec. 51. **REPEALER.**

55.8 Minnesota Statutes 2016, sections 6.581, subdivision 1; 10A.30; 10A.31, subdivisions
 55.9 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, and 11; 10A.315; 10A.321; 10A.322, subdivisions
 55.10 1, 2, and 4; 10A.323; 155A.23, subdivision 8; and 349A.08, subdivision 3, are repealed.

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

77.28 **ARTICLE 3**

77.29 **STATE BUDGETING TECHNICAL**

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

78.1 **15.0596 ADDITIONAL COMPENSATION FROM CONTINGENT FUND**
78.2 **PROHIBITED.**

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

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

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

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

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

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

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

78.23 **16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES**
78.24 **DOCUMENTS.**

78.25 Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an agency
78.26 to make advance deposits or payments for software or software maintenance services for
78.27 state-owned or leased electronic data processing equipment, for information technology

78.28 hosting services, for sole source maintenance agreements where it is not cost-effective to
78.29 pay in arrears, for exhibit booth space or boat slip rental when required by the renter to
78.30 guarantee the availability of space, for registration fees where advance payment is required
78.31 or advance payment discount is provided, ~~and~~ for newspaper, magazine, and other
78.32 subscription fees, ~~and other costs where advance payment discount is provided or are~~
79.1 customarily paid for in advance. The commissioner may also allow advance deposits by
79.2 any department with the Library of Congress and federal Supervisor of Documents for items
79.3 to be purchased from those federal agencies.

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

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

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

79.15 **16A.134 CHARITABLE ORGANIZATIONS PAYROLL DEDUCTIONS.**

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

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

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

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

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

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

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

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

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

80.25 Subd. 3. **Section ~~7.19~~ 16A.271 to apply.** The provisions of Minnesota Statutes ~~1944,~~
 80.26 section ~~7.19~~ 16A.271, shall apply to deposits of securities made pursuant to this section.

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

80.28 **16A.40 WARRANTS AND ELECTRONIC FUND TRANSFERS.**

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

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

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

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

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

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

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

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

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

81.17 **16A.56 COMMISSIONER'S RECEIPT AND CLAIM DUTIES.**

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

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

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

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

82.2 Subd. 4. **Work of department for another.** To avoid duplication and improve efficiency,
82.3 the commissioner may direct an agency to do work for another agency or may direct a
82.4 division or section of an agency to do work for another division or section within the same
82.5 agency and shall require reimbursement for the work. Reimbursements received by an

82.6 agency are reappropriated to the account making the original expenditure in accordance
 82.7 with the transfer ~~warrant~~ procedure established by the commissioner of management and
 82.8 budget.

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

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

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

82.22 Subdivision 1. **Generally.** When a debt is determined by a state agency to be
 82.23 uncollectible, the debt may be written off by the state agency from the state agency's financial
 82.24 accounting records and no longer recognized as an account receivable for financial reporting
 82.25 purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts
 82.26 have been exhausted, (2) the cost of further collection action will exceed the amount
 82.27 recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence,
 82.28 (4) the debtor cannot be located, (5) the available assets or income, current or anticipated,
 82.29 that may be available for payment of the debt are insufficient, (6) the debt has been
 82.30 discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt
 82.31 has expired, or (8) it is not in the public interest to pursue collection of the debt. ~~The~~
 82.32 ~~determination of the uncollectibility of a~~ Uncollectible debt must be reported by the state
 82.33 agency along with the basis for that decision as part of its quarterly reports to the
 83.1 commissioner of management and budget. The basis for the determination of the
 83.2 uncollectibility of the debt must be maintained by the state agency. Determining that the
 83.3 debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

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

83.5 **21.116 EXPENSES.**

83.6 All necessary expenses incurred in carrying out the provisions of sections 21.111 to
 83.7 21.122 and the compensation of officers, inspectors, and employees appointed, designated,
 83.8 or employed by the commissioner, as provided in such sections, together with their necessary
 83.9 traveling expenses, together with the traveling expenses of the members of the advisory

83.10 seed potato certification committee, and other expenses necessary in attending committee
83.11 meetings, shall be paid from, and only from, the seed potato inspection account, on order
83.12 of the commissioner and commissioner of management and ~~budget's voucher warrant~~ budget.

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

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

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

83.21 **43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.**

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

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

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

84.12 Subd. 13. **Disposition of unclaimed dividends.** Upon the liquidation of any financial
84.13 institution liquidated by the commissioner as statutory liquidator, if any dividends or other
84.14 moneys set apart for the payment of claims remain unpaid, and the places of residence of
84.15 the owners thereof are unknown to the commissioner, the commissioner may pay same into
84.16 the state treasury as hereinafter provided. Whenever the commissioner shall be satisfied
84.17 that the process of liquidation should not be further continued the commissioner may make
84.18 and certify triplicate lists of any such unclaimed dividends or other moneys, specifying the
84.19 name of each owner, the amount due, and the last known address. Upon one of such lists,
84.20 to be retained by the commissioner shall be endorsed the commissioner's order that such
84.21 unclaimed moneys be forthwith deposited in the state treasury. When so deposited, one of
84.22 said lists shall be delivered to the commissioner of management and budget and the
84.23 commissioner shall retain in the commissioner's office such records and proofs concerning
84.24 said claims as the commissioner may have, which shall thereafter remain on file in the
84.25 office. The commissioner of management and budget shall execute upon the list retained
84.26 by the commissioner a receipt for such money, which shall operate as a full discharge of
84.27 the commissioner on account of such claims. At any time within six years after such receipt,
84.28 but not afterward, the claimant may apply to the commissioner for the amount so deposited
84.29 for the claimant's benefit, and upon proof satisfactory to the governor, the attorney general
84.30 and the commissioner, or to a majority of them, they shall give an order to the commissioner
84.31 of management and budget to issue a ~~warrant~~ warrant payment for such amount, and such ~~warrant~~
84.32 payment shall thereupon be issued. If no such claim be presented within six years, the
84.33 commissioner shall so note upon the commissioner's copy of said list and certify the fact
84.34 to the commissioner of management and budget who shall make like entries upon the
84.35 commissioner of management and budget's corresponding lists; and all further claims to
85.1 said money shall be barred. Provided, that the commissioner of management and budget
85.2 shall transfer to the commissioner of commerce's liquidation fund created by this section
85.3 not to exceed 50 percent of the amount so turned over by the commissioner, to be used to
85.4 partially defray expenses in connection with the liquidation of closed banks and the conduct
85.5 of the liquidation division, in such amounts and at such times as the commissioner shall
85.6 request.

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

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

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

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

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

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

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

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

85.26 (6) All moneys in the possession of the commissioner carried on the commissioner's
85.27 books in the "unclaimed bonds account." At any time within six years after any bond the
85.28 proceeds of the sale of which constitute a portion of the moneys in this paragraph referred
85.29 to came into the possession of the commissioner as liquidator of any financial institution,
85.30 any claimant thereto may apply to the commissioner for the proceeds of the sale of such
85.31 bond, and, upon proof satisfactory to the governor, the attorney general, and the
85.32 commissioner, or a majority of them, they shall give an order to the commissioner of
85.33 management and budget to issue a ~~warrant~~ warrant payment for such amount, without interest, and
86.1 such ~~warrant~~ warrant payment shall thereupon be issued and the amount thereof paid out of the
86.2 commissioner of commerce's liquidation fund. If no such claim be presented within such
86.3 period, all further claims to the proceeds of any such bond shall be barred.

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

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

86.10 Subdivision 1. **Commissioner's ~~warrant~~ warrant payment.** (a) The commissioner of management
86.11 and budget shall issue to the Public Employees Retirement Association on behalf of a
86.12 municipality or independent nonprofit firefighting corporation that is a member of the
86.13 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to
86.14 the Department of Natural Resources, the Department of Public Safety, or the county,
86.15 municipality, or independent nonprofit firefighting corporation certified to the commissioner
86.16 of management and budget by the commissioner a ~~warrant~~ warrant payment for an amount equal

86.17 to the amount of fire state aid or police state aid, whichever applies, certified for the
86.18 applicable state aid recipient by the commissioner under section 69.021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

88.28 (d) As to public drainage ditches wholly within a project, the amount paid to, or for the
88.29 benefit of, the county under this subdivision must never exceed the principal and interest
88.30 of the bonds issued to finance or refinance a ditch outstanding on April 22, 1933, less money
88.31 on hand in the county ditch fund to the credit of a ditch. These liabilities must be reduced
88.32 from time to time by the amount of any payments of assessments extended after April 22,
89.1 1933, made by the owners of lands assessed before that date for benefits on account of the
89.2 ditches.

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

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

89.14 **84A.40 COUNTY MAY ASSUME BONDS.**

89.15 Any county where a project or portion of it is located may voluntarily assume, in the
89.16 manner specified in this section, the obligation to pay a portion of the principal and interest
89.17 of the bonds issued before the approval and acceptance of the project and remaining unpaid
89.18 at maturity, of any school district or town in the county and wholly or partly within the
89.19 project. The portion must bear the same proportion to the whole of the unpaid principal and
89.20 interest as the last net tax capacity, before the acceptance of the project, of lands then
89.21 acquired by the state under sections 84A.31 to 84A.42 in the school districts or towns bears
89.22 to the total net tax capacity for the same year of the school district or town. This assumption

89.23 must be evidenced by a resolution of the county board of the county. A copy of the resolution
89.24 must be certified to the commissioner of management and budget within one year after the
89.25 acceptance of the project.

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

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

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

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

90.16 **84A.52 ACCOUNTS; EXAMINATION, APPROPRIATION, PAYMENT.**

90.17 As a part of the examination provided for by section 6.481, of the accounts of the several
90.18 counties within a game preserve, area, or project established under section 84A.01, 84A.20,
90.19 or 84A.31, the state auditor shall segregate the audit of the accounts reflecting the receipt
90.20 and disbursement of money collected or disbursed under this chapter or from the sale of
90.21 tax-forfeited lands held by the state under section 84A.07, 84A.26, or 84A.36. The auditor
90.22 shall also include in the reports required by section 6.481 summary statements as of
90.23 December 31 before the examination that set forth the proportionate amount of principal
90.24 and interest due from the state to the individual county and any money due the state from
90.25 the county remaining unpaid under this chapter, or from the sale of any tax-forfeited lands

90.26 referred to in this section, and other information required by the commissioner of management
90.27 and budget. On receiving a report, the commissioner of management and budget shall
90.28 determine the net amount due to the county for the period covered by the report and shall
90.29 ~~draw a warrant~~ issue a payment upon the state treasury payable out of the consolidated fund
90.30 for that amount. It must be paid to and received by the county as payment in full of all
90.31 amounts due for the period stated on the ~~warrants~~ payments from the state under any
90.32 provision of this chapter.

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

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

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

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

91.21 **94.522 TRANSMISSION OF ~~WARRANTS~~ PAYMENTS TO COUNTY**
91.22 **TREASURERS; USE OF PROCEEDS.**

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

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

91.30 **94.53 WARRANT PAYMENT TO COUNTY TREASURERS; FEDERAL LOANS**
91.31 **TO COUNTIES.**

91.32 It shall be the duty of the commissioner of management and budget to transmit ~~warrants~~
91.33 ~~on payments from~~ the state treasury to the county treasurers of the respective counties for
92.1 the sum that may be due in accordance with sections 94.52 to 94.54, which sum or sums
92.2 are hereby appropriated out of the state treasury from the amounts received from the United
92.3 States government pursuant to the aforesaid act of Congress. The commissioner of
92.4 management and budget, upon being notified by the federal government or any agencies
92.5 thereof that a loan has been made to any such county the repayment of which is to be made
92.6 from such fund, is authorized to transmit a ~~warrant or warrants~~ payment to the federal
92.7 government or any agency thereof sufficient to repay such loan out of any money apportioned
92.8 or due to such county under the provisions of such act of Congress, approved May 23, 1908
92.9 (Statutes at Large, volume 35, page 260).

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

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

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

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

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

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

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

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

93.27 (c) The Departments of Education and Management and Budget must jointly develop
 93.28 detailed procedures for school districts and intermediate school districts to notify the state
 93.29 that they have obligated themselves to be bound by the provisions of this section, procedures
 93.30 for school districts or intermediate school districts and paying agents to notify the state of
 93.31 potential defaults and to request state payment under this section, and procedures for the
 93.32 state to expedite payments to prevent defaults. The procedures are not subject to chapter
 93.33 14.

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

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

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

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

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

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

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

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

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

95.5 **127A.40 MANNER OF PAYMENT OF STATE AIDS.**

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

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

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

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

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

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

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

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

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

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

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

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

96.29 Subd. 5. **Certification required to issue ~~warrant~~ warrant payment.** The commissioner of
96.30 management and budget shall not issue any ~~warrants~~ warrant payments as provided for in subdivision
96.31 4 without the prior certification of the commissioner.

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

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

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

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

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

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

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

97.31 Subd. 2. **Compulsory insurance; self-insurers.** (a) Every employer, except the state
97.32 and its municipal subdivisions, liable under this chapter to pay compensation shall insure
98.1 payment of compensation with some insurance carrier authorized to insure workers'
98.2 compensation liability in this state, or obtain a written order from the commissioner of
98.3 commerce exempting the employer from insuring liability for compensation and permitting
98.4 self-insurance of the liability. The terms, conditions and requirements governing
98.5 self-insurance shall be established by the commissioner pursuant to chapter 14. The
98.6 commissioner of commerce shall also adopt, pursuant to paragraph (d), rules permitting
98.7 two or more employers, whether or not they are in the same industry, to enter into agreements
98.8 to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers.
98.9 With the approval of the commissioner of commerce, any employer may exclude medical,
98.10 chiropractic and hospital benefits as required by this chapter. An employer conducting
98.11 distinct operations at different locations may either insure or self-insure the other portion
98.12 of operations as a distinct and separate risk. An employer desiring to be exempted from
98.13 insuring liability for compensation shall make application to the commissioner of commerce,
98.14 showing financial ability to pay the compensation, whereupon by written order the
98.15 commissioner of commerce, on deeming it proper, may make an exemption. An employer
98.16 may establish financial ability to pay compensation by providing financial statements of
98.17 the employer to the commissioner of commerce. Upon ten days' written notice the
98.18 commissioner of commerce may revoke the order granting an exemption, in which event
98.19 the employer shall immediately insure the liability. As a condition for the granting of an
98.20 exemption the commissioner of commerce may require the employer to furnish security the

98.21 commissioner of commerce considers sufficient to insure payment of all claims under this
98.22 chapter, consistent with subdivision 2b. If the required security is in the form of currency
98.23 or negotiable bonds, the commissioner of commerce shall deposit it with the commissioner
98.24 of management and budget. In the event of any default upon the part of a self-insurer to
98.25 abide by any final order or decision of the commissioner of labor and industry directing and
98.26 awarding payment of compensation and benefits to any employee or the dependents of any
98.27 deceased employee, then upon at least ten days' notice to the self-insurer, the commissioner
98.28 of commerce may by written order to the commissioner of management and budget require
98.29 the commissioner of management and budget to sell the pledged and assigned securities or
98.30 a part thereof necessary to pay the full amount of any such claim or award with interest
98.31 thereon. This authority to sell may be exercised from time to time to satisfy any order or
98.32 award of the commissioner of labor and industry or any judgment obtained thereon. When
98.33 securities are sold the money obtained shall be deposited in the state treasury to the credit
98.34 of the commissioner of commerce and awards made against any such self-insurer by the
98.35 commissioner of commerce shall be paid to the persons entitled thereto by the commissioner
98.36 of management and budget upon ~~warrants prepared~~ payments requested by the commissioner
99.1 of commerce out of the proceeds of the sale of securities. Where the security is in the form
99.2 of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at
99.3 least ten days' notice and opportunity to be heard, may require the surety to pay the amount
99.4 of the award, the payments to be enforced in like manner as the award may be enforced.

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

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

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

99.23 (1) establish reporting requirements for administrators of group self-insurance plans;

99.24 (2) establish standards and guidelines consistent with subdivision 2b to assure the
99.25 adequacy of the financing and administration of group self-insurance plans;

99.26 (3) establish bonding requirements or other provisions assuring the financial integrity
99.27 of entities administering group self-insurance plans;

99.28 (4) establish standards, including but not limited to minimum terms of membership in
99.29 self-insurance plans, as necessary to provide stability for those plans;

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

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

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

100.2 **176.581 PAYMENT TO STATE EMPLOYEES.**

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

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

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

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

100.12 **192.55 PAYMENTS TO BE MADE THROUGH ADJUTANT GENERAL.**

100.13 All pay and allowances and necessary expenses for any of the military forces shall, when
100.14 approved by the adjutant general, be paid by the commissioner of management and ~~budget's~~
100.15 ~~warrants issued~~ budget to the several officers and enlisted members entitled thereto; provided,
100.16 that upon the request of the adjutant general, approved by the governor, the sum required
100.17 for any such pay or allowances and necessary expenses shall be paid by the commissioner
100.18 of management and ~~budget's warrant~~ budget to the adjutant general, who shall immediately
100.19 pay and distribute the same to the several officers or enlisted members entitled thereto or
100.20 to their commanding officers or to a finance officer designated by the adjutant general. The
100.21 receipt of any such commanding officer or finance officer for any such payment shall
100.22 discharge the adjutant general from liability therefor. Every commanding officer or finance

100.23 officer receiving any such payment shall, as soon as practicable, pay and distribute the same
 100.24 to the several officers or enlisted members entitled thereto. The officer making final payment
 100.25 shall, as evidence thereof, secure the signature of the person receiving the same upon a
 100.26 payroll or other proper voucher.

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

100.28 **196.052 GIFT ACCEPTANCE AND INVESTMENT.**

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

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

101.10 **198.16 PLANNED GIVING.**

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

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

101.26 Whenever the commissioner shall deem it advisable, in accordance with law, to sell or
 101.27 otherwise dispose of any real or personal property thus acquired, the commissioner of

101.28 administration upon the request of the commissioner shall sell or otherwise dispose of said
101.29 property in the manner provided by law for the sale or disposition of other state property
101.30 by the commissioner of administration.

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

101.32 **237.30 TELEPHONE INVESTIGATION FUND; APPROPRIATION.**

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

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

102.14 Subdivision 1. **Contingent account.** The commissioner of corrections may permit a
102.15 contingent account to remain in the hands of the accounting officer of any such institution
102.16 from which expenditures may be made in case of actual emergency requiring immediate
102.17 payment to prevent loss or danger to the institution or its inmates and for the purpose of
102.18 paying freight, purchasing produce, livestock and other commodities requiring a cash
102.19 settlement, and for the purpose of discounting bills incurred, but in all cases subject to
102.20 revision by the commissioner of corrections. An itemized statement of every expenditure
102.21 made during the month from such account shall be submitted to the commissioner under
102.22 rules established by the commissioner. If necessary, the commissioner shall make proper
102.23 requisition upon the commissioner of management and budget for a ~~warrant~~ payment to
102.24 secure the contingent account for each institution.

102.25 Sec. 57. Minnesota Statutes 2016, section 244.19, subdivision 7, is amended to read:

102.26 Subd. 7. **Certificate of counties entitled to state aid.** On or before January 1 of each
102.27 year, until 1970 and on or before April 1 thereafter, the commissioner of corrections shall
102.28 deliver to the commissioner of management and budget a certificate in duplicate for each
102.29 county of the state entitled to receive state aid under the provisions of this section. Upon
102.30 the receipt of such certificate, the commissioner of management and budget shall ~~draw a~~
102.31 ~~warrant in favor of~~ issue a payment to the county treasurer for the amount shown by each
102.32 certificate to be due to the county specified. The commissioner of management and budget

102.33 shall transmit such ~~warrant~~ payment to the county treasurer together with a copy of the
102.34 certificate prepared by the commissioner of corrections.

103.1 Sec. 58. Minnesota Statutes 2016, section 256B.20, is amended to read:

103.2 **256B.20 COUNTY APPROPRIATIONS.**

103.3 The providing of funds necessary to carry out the provisions hereof on the part of the
103.4 counties and the manner of administering the funds of the counties and the state shall be as
103.5 follows:

103.6 (1) The board of county commissioners of each county shall annually set up in its budget
103.7 an item designated as the county medical assistance fund and levy taxes and fix a rate
103.8 therefor sufficient to produce the full amount of such item, in addition to all other tax levies
103.9 and tax rate, however fixed or determined, sufficient to carry out the provisions hereof and
103.10 sufficient to pay in full the county share of assistance and administrative expense for the
103.11 ensuing year; and annually on or before October 10 shall certify the same to the county
103.12 auditor to be entered by the auditor on the tax rolls. Such tax levy and tax rate shall make
103.13 proper allowance and provision for shortage in tax collections.

103.14 (2) Any county may transfer surplus funds from any county fund, except the sinking or
103.15 ditch fund, to the general fund or to the county medical assistance fund in order to provide
103.16 money necessary to pay medical assistance awarded hereunder. The money so transferred
103.17 shall be used for no other purpose, but any portion thereof no longer needed for such purpose
103.18 shall be transferred back to the fund from which taken.

103.19 (3) Upon the order of the county agency the county auditor shall draw a warrant on the
103.20 proper fund in accordance with the order, and the county treasurer shall pay out the amounts
103.21 ordered to be paid out as medical assistance hereunder. When necessary by reason of failure
103.22 to levy sufficient taxes for the payment of the medical assistance in the county, the county
103.23 auditor shall carry any such payments as an overdraft on the medical assistance funds of
103.24 the county until sufficient tax funds shall be provided for such assistance payments. The
103.25 board of county commissioners shall include in the tax levy and tax rate in the year following
103.26 the year in which such overdraft occurred, an amount sufficient to liquidate such overdraft
103.27 in full.

103.28 (4) Claims for reimbursement and reports shall be presented to the state agency by the
103.29 respective counties as required under section 256.01, subdivision 2, paragraph (p). The state
103.30 agency shall audit such claims and certify to the commissioner of management and budget
103.31 the amounts due the respective counties without delay. The amounts so certified shall be
103.32 paid within ten days after such certification, from the state treasury upon ~~warrant~~ payment
103.33 of the commissioner of management and budget from any money available therefor. The
103.34 money available to the state agency to carry out the provisions hereof, including all federal

104.1 funds available to the state, shall be kept and deposited by the commissioner of management
104.2 and budget in the revenue fund and disbursed ~~upon warrants~~ in the same manner as other
104.3 state funds.

104.4 Sec. 59. Minnesota Statutes 2016, section 260B.331, subdivision 2, is amended to read:

104.5 Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care
104.6 facility as provided in section 260B.198, subdivision 1, clause (2) or (3), item (v), the cost
104.7 of providing the care shall, upon certification by the juvenile court, be paid from the welfare
104.8 fund of the county in which the proceedings were held. To reimburse the counties for the
104.9 costs of providing group foster care for delinquent children and to promote the establishment
104.10 of suitable group foster homes, the state shall quarterly, from funds appropriated for that
104.11 purpose, reimburse counties 50 percent of the costs not paid by federal and other available
104.12 state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.

104.13 The commissioner of corrections shall establish procedures for reimbursement and certify
104.14 to the commissioner of management and budget each county entitled to receive state aid
104.15 under the provisions of this subdivision. Upon receipt of a certificate the commissioner of
104.16 management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the
104.17 amount due, together with a copy of the certificate prepared by the commissioner of
104.18 corrections.

104.19 Sec. 60. Minnesota Statutes 2016, section 260C.331, subdivision 2, is amended to read:

104.20 Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care
104.21 facility as provided in section 260C.201, subdivision 1, paragraph (b), clause (2) or (3), the
104.22 cost of providing the care shall, upon certification by the juvenile court, be paid from the
104.23 welfare fund of the county in which the proceedings were held. To reimburse the counties
104.24 for the costs of promoting the establishment of suitable group foster homes, the state shall
104.25 quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the
104.26 costs not paid by federal and other available state aids and grants. Reimbursement shall be
104.27 prorated if the appropriation is insufficient.

104.28 The commissioner of corrections shall establish procedures for reimbursement and certify
104.29 to the commissioner of management and budget each county entitled to receive state aid
104.30 under the provisions of this subdivision. Upon receipt of a certificate the commissioner of
104.31 management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the
104.32 amount due, together with a copy of the certificate prepared by the commissioner of
104.33 corrections.

105.1 Sec. 61. Minnesota Statutes 2016, section 273.121, subdivision 1, is amended to read:

105.2 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a
 105.3 county assessor, valuing or classifying taxable real property shall in each year notify those
 105.4 persons whose property is to be included on the assessment roll that year if the person's
 105.5 address is known to the assessor, otherwise the occupant of the property. The notice shall
 105.6 be in writing and shall be sent by ordinary mail at least ten days before the meeting of the
 105.7 local board of appeal and equalization under section 274.01 or the review process established
 105.8 under section 274.13, subdivision 1c. Upon written request by the owner of the property,
 105.9 the assessor may send the notice in electronic form or by electronic mail instead of on paper
 105.10 or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment,
 105.11 (2) the qualifying amount of any improvements under section 273.11, subdivision 16, for
 105.12 the current assessment, (3) the market value subject to taxation after subtracting the amount
 105.13 of any qualifying improvements for the current assessment, (4) the classification of the
 105.14 property for the current and prior assessment, (5) the assessor's office address, and (6) the
 105.15 dates, places, and times set for the meetings of the local board of appeal and equalization,
 105.16 the review process established under section 274.13, subdivision 1c, and the county board
 105.17 of appeal and equalization. If the classification of the property has changed between the
 105.18 current and prior assessments, a specific note to that effect shall be prominently listed on
 105.19 the statement. The commissioner of revenue shall specify the form of the notice. The assessor
 105.20 shall attach to the assessment roll a statement that the notices required by this section have
 105.21 been mailed. Any assessor who is not provided sufficient funds from the assessor's governing
 105.22 body to provide such notices, may make application to the commissioner of revenue to
 105.23 finance such notices. The commissioner of revenue shall conduct an investigation and, if
 105.24 satisfied that the assessor does not have the necessary funds, issue a certification to the
 105.25 commissioner of management and budget of the amount necessary to provide such notices.
 105.26 The commissioner of management and budget shall issue a ~~warrant~~ payment for such amount
 105.27 and shall deduct such amount from any state payment to such county or municipality. The
 105.28 necessary funds to make such payments are hereby appropriated. Failure to receive the
 105.29 notice shall in no way affect the validity of the assessment, the resulting tax, the procedures
 105.30 of any board of review or equalization, or the enforcement of delinquent taxes by statutory
 105.31 means.

105.32 Sec. 62. Minnesota Statutes 2016, section 287.08, is amended to read:

105.33 **287.08 TAX, HOW PAYABLE; RECEIPTS.**

106.1 (a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any
 106.2 county in this state in which the real property or some part is located at or before the time
 106.3 of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and
 106.4 the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes
 106.5 any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall
 106.6 be "registration tax hereon of dollars paid." If the mortgage is exempt from
 106.7 taxation the endorsement shall, in substance, be "exempt from registration tax." In either
 106.8 case the receipt must be signed by the treasurer. In case the treasurer is unable to determine
 106.9 whether a claim of exemption should be allowed, the tax must be paid as in the case of a
 106.10 taxable mortgage. For documents submitted electronically, the endorsements and tax amount

106.11 shall be affixed electronically and no signature by the treasurer will be required. The actual
106.12 payment method must be arranged in advance between the submitter and the receiving
106.13 county.

106.14 (b) The county treasurer may refund in whole or in part any mortgage registry tax
106.15 overpayment if a written application by the taxpayer is submitted to the county treasurer
106.16 within 3-1/2 years from the date of the overpayment. If the county has not issued a denial
106.17 of the application, the taxpayer may bring an action in Tax Court in the county in which
106.18 the tax was paid at any time after the expiration of six months from the time that the
106.19 application was submitted. A denial of refund may be appealed within 60 days from the
106.20 date of the denial by bringing an action in Tax Court in the county in which the tax was
106.21 paid. The action is commenced by the serving of a petition for relief on the county treasurer,
106.22 and by filing a copy with the court. The county attorney shall defend the action. The county
106.23 treasurer shall notify the treasurer of each county that has or would receive a portion of the
106.24 tax as paid.

106.25 (c) If the county treasurer determines a refund should be paid, or if a refund is ordered
106.26 by the court, the county treasurer of each county that actually received a portion of the tax
106.27 shall immediately pay a proportionate share of three percent of the refund using any available
106.28 county funds. The county treasurer of each county that received, or would have received,
106.29 a portion of the tax shall also pay their county's proportionate share of the remaining 97
106.30 percent of the court-ordered refund on or before the 20th day of the following month using
106.31 solely the mortgage registry tax funds that would be paid to the commissioner of revenue
106.32 on that date under section 287.12. If the funds on hand under this procedure are insufficient
106.33 to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in
106.34 which the action was brought shall file a claim with the commissioner of revenue under
106.35 section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the
107.1 remaining portion upon receipt of a ~~warrant~~ warrant payment from the state issued pursuant to the
107.2 claim.

107.3 (d) When any mortgage covers real property located in more than one county in this
107.4 state the total tax must be paid to the treasurer of the county where the mortgage is first
107.5 presented for recording, and the payment must be receipted as provided in paragraph (a).
107.6 If the principal debt or obligation secured by such a multiple county mortgage exceeds
107.7 \$10,000,000, the nonstate portion of the tax must be divided and paid over by the county
107.8 treasurer receiving it, on or before the 20th day of each month after receipt, to the county
107.9 or counties entitled in the ratio that the estimated market value of the real property covered
107.10 by the mortgage in each county bears to the estimated market value of all the real property
107.11 in this state described in the mortgage. In making the division and payment the county
107.12 treasurer shall send a statement giving the description of the real property described in the
107.13 mortgage and the estimated market value of the part located in each county. For this purpose,
107.14 the treasurer of any county may require the treasurer of any other county to certify to the
107.15 former the estimated market value of any tract of real property in any mortgage.

107.16 (e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee
 107.17 may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee
 107.18 collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee
 107.19 has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax
 107.20 collected for that purpose and the mortgagor is relieved of any further obligation to pay the
 107.21 tax as to the amount collected by the mortgagee for this purpose.

107.22 Sec. 63. Minnesota Statutes 2016, section 2971.10, subdivision 1, is amended to read:

107.23 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a
 107.24 surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross
 107.25 premiums, less return premiums, on all direct business received by any licensed foreign or
 107.26 domestic fire insurance company on property in a city of the first class, or by its agents for
 107.27 it, in cash or otherwise.

107.28 (b) By July 31 and December 31 of each year, the commissioner of management and
 107.29 budget shall ~~pay~~ issue to each city of the first class a ~~warrant~~ payment for an amount equal
 107.30 to the total amount of the surcharge on the premiums collected within that city since the
 107.31 previous payment.

107.32 (c) The treasurer of the city shall place the money received under this subdivision in a
 107.33 special account or fund to defray all or a portion of the employer contribution requirement
 107.34 of public employees police and fire plan coverage for city firefighters.

108.1 Sec. 64. Minnesota Statutes 2016, section 299C.21, is amended to read:

108.2 **299C.21 PENALTY ON LOCAL OFFICER REFUSING INFORMATION.**

108.3 If any public official charged with the duty of furnishing to the bureau fingerprint records,
 108.4 biological specimens, reports, or other information required by sections 299C.06, 299C.10,
 108.5 299C.105, 299C.11, 299C.17, shall neglect or refuse to comply with such requirement, the
 108.6 bureau, in writing, shall notify the state, county, or city officer charged with the issuance
 108.7 of a ~~warrant~~ for the payment of the salary of such official. Upon the receipt of the notice
 108.8 the state, county, or city official shall withhold the issuance of a ~~warrant~~ for the payment
 108.9 of the salary or other compensation accruing to such officer for the period of 30 days
 108.10 thereafter until notified by the bureau that such suspension has been released by the
 108.11 performance of the required duty.

108.12 Sec. 65. Minnesota Statutes 2016, section 348.05, is amended to read:

108.13 **348.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO ISSUE**
 108.14 **WARRANT PAYMENT.**

108.15 The commissioner of management and budget shall audit all such claims, and, on the
108.16 first Monday of October, in each year, shall issue a ~~warrant payment~~ to the several claimants
108.17 for the amount to which each is entitled; but, if the aggregate of compensation due to all
108.18 such claimants shall exceed the appropriation therefor, the commissioner shall distribute
108.19 the available amount amongst them pro rata, which distribution shall relieve the state from
108.20 further obligation to such claimants for the year.

108.21 Sec. 66. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

108.22 Subd. 9. **Erroneous deductions, canceled warrants payments.** (a) Deductions taken
108.23 from the salary of an employee for the retirement fund in excess of required amounts must,
108.24 upon discovery and verification by the department making the deduction, be refunded to
108.25 the employee.

108.26 (b) If a deduction for the retirement fund is taken from a salary ~~warrant or check payment,~~
108.27 and the ~~check payment~~ is canceled or the amount of the ~~warrant or check payment~~ returned
108.28 to the funds of the department making the payment, the sum deducted, or the part of it
108.29 required to adjust the deductions, must be refunded to the department or institution if the
108.30 department applies for the refund on a form furnished by the director. The department's
108.31 payments must likewise be refunded to the department.

109.1 (c) If erroneous employee deductions and employer contributions are caused by an error
109.2 in plan coverage involving the plan and any other plans specified in section 356.99, that
109.3 section applies. If the employee should have been covered by the plan governed by chapter
109.4 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken
109.5 in error must be directly transferred to the applicable employee's account in the correct
109.6 retirement plan, with interest at the rate of 0.71 percent per month until June 30, 2015, and
109.7 0.667 percent per month thereafter, compounded annually, from the first day of the month
109.8 following the month in which coverage should have commenced in the correct defined
109.9 contribution plan until the end of the month in which the transfer occurs.

109.10 Sec. 67. Minnesota Statutes 2016, section 352.05, is amended to read:

109.11 **352.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO BE**
109.12 **TREASURER OF SYSTEM.**

109.13 The commissioner of management and budget is ex officio treasurer of the retirement
109.14 funds of the system. The general bond of the state shall cover all liability for actions as
109.15 treasurer of these funds. Funds of the system received by the commissioner of management
109.16 and budget must be set aside in the state treasury to the credit of the proper fund. The
109.17 commissioner of management and budget shall deliver to the director copies of all payroll
109.18 abstracts of the state together with the commissioner of management and budget's ~~warrants~~
109.19 payments covering the deductions made on these payroll abstracts for the retirement fund.

109.20 The director shall have a list made of the commissioner of management and budget's ~~warrants~~
109.21 ~~payments~~. These ~~warrants~~ payments must then be credited to the retirement fund. The
109.22 commissioner of management and budget shall pay out of this fund only upon abstracts
109.23 signed by the director, or by the finance officer designated by the director during the disability
109.24 or the absence of the director from the city of St. Paul, Minnesota. Abstracts for investments
109.25 may be signed by the executive director of the State Board of Investment.

109.26 Sec. 68. Minnesota Statutes 2016, section 352.115, subdivision 12, is amended to read:

109.27 Subd. 12. **Death, return of ~~warrants~~ payments.** If at the time of death a retired
109.28 employee, a disabled employee, or a survivor has in possession ~~the~~ commissioner of
109.29 management and budget's ~~warrants~~ payments covering a retirement annuity, disability
109.30 benefit, or survivor benefit from the retirement fund, in the absence of probate proceedings,
109.31 and upon the return of the ~~warrants~~ payments for cancellation, payment of the accrued
109.32 annuity or benefit; shall be made as provided in subdivision 11, or 352.12, subdivision 4.
110.1 Payments made under this subdivision shall be a bar to recovery by any other person or
110.2 persons.

110.3 Sec. 69. Minnesota Statutes 2016, section 352.12, subdivision 13, is amended to read:

110.4 Subd. 13. **Refund, beneficiary.** If upon death a former employee has in possession a
110.5 commissioner of management and budget's ~~warrant~~ warrant payment which does not exceed \$1,000
110.6 covering a refund of accumulated contributions in the retirement fund, in the absence of
110.7 probate proceedings the commissioner of management and budget's ~~warrant~~ warrant payment may
110.8 be returned for cancellation, and then upon application made by the last designated
110.9 beneficiary of the deceased former employee, refund of the accumulated contributions must
110.10 be paid to the last designated beneficiary. Payments made under this subdivision are a bar
110.11 to recovery by any other person or persons.

110.12 Sec. 70. Minnesota Statutes 2016, section 353.05, is amended to read:

110.13 **353.05 CUSTODIAN OF FUNDS.**

110.14 The commissioner of management and budget shall be ex officio treasurer of the
110.15 retirement funds of the association and the general bond of the commissioner of management
110.16 and budget to the state must be so conditioned as to cover all liability for acts as treasurer
110.17 of these funds. All money of the association received by the commissioner of management
110.18 and budget must be set aside in the state treasury to the credit of the proper fund or account.
110.19 The commissioner of management and budget shall transmit monthly to the executive
110.20 director a detailed statement of all amounts so received and credited to the funds. Payments
110.21 out of the funds may only be made ~~on warrants~~ as payments issued by the commissioner of
110.22 management and budget, upon abstracts signed by the executive director; provided that
110.23 abstracts for investment may be signed by the executive director of the State Board of
110.24 Investment.

110.25 Sec. 71. Minnesota Statutes 2016, section 353.27, subdivision 7, is amended to read:

110.26 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided
110.27 in paragraph (b), erroneous employee deductions and erroneous employer contributions and
110.28 additional employer contributions to the general employees retirement plan of the Public
110.29 Employees Retirement Association or to the public employees police and fire retirement
110.30 plan for a person who otherwise does not qualify for membership under this chapter, are
110.31 considered:

111.1 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
111.2 determination of the error by the association, the person may continue membership in the
111.3 association while employed in the same position for which erroneous deductions were taken,
111.4 or file a written election to terminate membership and apply for a refund upon termination
111.5 of public service or defer an annuity under section 353.34; or

111.6 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
111.7 1990. Upon determination of the error, the association shall refund all erroneous employee
111.8 deductions and all erroneous employer contributions as specified in paragraph (e). No person
111.9 may claim a right to continued or past membership in the association based on erroneous
111.10 deductions which began on or after January 1, 1990.

111.11 (b) Erroneous deductions taken from the salary of a person who did not qualify for
111.12 membership in the general employees retirement plan of the Public Employees Retirement
111.13 Association or in the public employees police and fire retirement plan by virtue of concurrent
111.14 employment before July 1, 1978, which required contributions to another retirement fund
111.15 or relief association established for the benefit of officers and employees of a governmental
111.16 subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid
111.17 service if forfeited and, upon termination of public service, the association shall refund all
111.18 erroneous employee deductions to the person, with interest as determined under section
111.19 353.34, subdivision 2, and all erroneous employer contributions without interest to the
111.20 employer. This paragraph has both retroactive and prospective application.

111.21 (c) Adjustments to correct employer contributions and employee deductions taken in
111.22 error from amounts which are not salary under section 353.01, subdivision 10, must be
111.23 made as specified in paragraph (e). The period of adjustment must be limited to the fiscal
111.24 year in which the error is discovered by the association and the immediate two preceding
111.25 fiscal years.

111.26 (d) If there is evidence of fraud or other misconduct on the part of the employee or the
111.27 employer, the board of trustees may authorize adjustments to the account of a member or
111.28 former member to correct erroneous employee deductions and employer contributions on
111.29 invalid salary and the recovery of any overpayments for a period longer than provided for
111.30 under paragraph (c).

111.31 (e) Upon discovery of the receipt of erroneous employee deductions and employer
111.32 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
111.33 the employer to discontinue the erroneous employee deductions and erroneous employer
111.34 contributions reported on behalf of a member. Upon discontinuation, the association must:

112.1 (1) for a member, provide a refund in the amount of the invalid employee deductions
112.2 with interest on the invalid employee deductions at the rate specified under section 353.34,
112.3 subdivision 2, from the received date of each invalid salary transaction through the date the
112.4 credit or refund is made;

112.5 (2) for a former member who:

112.6 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
112.7 deductions to the former member through a refund with interest at the rate specified under
112.8 section 353.34, subdivision 2, from the received date of each invalid salary transaction
112.9 through the date the credit or refund is made; or

112.10 (ii) is receiving a retirement annuity or disability benefit, or a person who is receiving
112.11 an optional annuity or survivor benefit, for whom it has been determined an overpayment
112.12 must be recovered, adjust the payment amount and recover the overpayments as provided
112.13 under this section; and

112.14 (3) return the invalid employer contributions reported on behalf of a member or former
112.15 member to the employer by providing a credit against future contributions payable by the
112.16 employer.

112.17 (f) In the event that a salary ~~warrant or check payment~~ from which a deduction for the
112.18 retirement fund was taken has been canceled or the amount of the ~~warrant or check payment~~
112.19 returned to the funds of the department making the payment, a refund of the sum deducted,
112.20 or any portion of it that is required to adjust the deductions, must be made to the department
112.21 or institution.

112.22 (g) If the association discovers that a retirement annuity, survivor benefit, or disability
112.23 benefit has been incorrectly calculated by using invalid service or salary, or due to any
112.24 erroneous calculation procedure, the association must recalculate the annuity or benefit
112.25 payable and begin payment of the corrected annuity or benefit effective the first of the month
112.26 following discovery of the error. Any overpayment resulting from the incorrect calculation
112.27 must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment
112.28 in the amount of the annuity or benefit calculated after the accrual date, except adjustments
112.29 required under section 353.656, subdivision 4, falls within the current fiscal year and the
112.30 two immediate previous fiscal years.

112.31 (h) Notwithstanding the provisions of this subdivision, the association may apply the
112.32 Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
112.33 Compliance Resolution System and not issue a refund of erroneous employee deductions
113.1 and employer contributions or not recover a small overpayment of benefits if the cost to
113.2 correct the error would exceed the amount of the member refund or overpayment.

113.3 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure
113.4 by an employer to follow the statutory requirements for reporting eligible members and
113.5 salary must be paid by the employer.

113.6 Sec. 72. Minnesota Statutes 2016, section 354.42, subdivision 7, is amended to read:

113.7 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions taken
113.8 from the salary of an employee for the retirement fund in excess of amounts required must
113.9 be refunded to the employee upon the discovery of the error and after the verification of
113.10 the error by the employing unit making the deduction. The corresponding excess employer
113.11 contribution and excess additional employer contribution amounts attributable to the
113.12 erroneous salary deduction must be refunded to the employing unit.

113.13 (b) If salary deductions and employer contributions were erroneously transmitted to the
113.14 retirement fund and should have been transmitted to the plan covered by chapter 352D,
113.15 353D, 354B, or 354D, the executive director must transfer these salary deductions and
113.16 employer contributions to the account of the appropriate person under the applicable plan.
113.17 The transfer to the applicable defined contribution plan account must include interest at the
113.18 rate of 0.71 percent per month, compounded annually, from the first day of the month
113.19 following the month in which coverage should have commenced in the defined contribution
113.20 plan until the end of the month in which the transfer occurs.

113.21 (c) A potential transfer under paragraph (b) that would cause the plan to fail to be a
113.22 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
113.23 made by the executive director. Within 30 days after being notified by the Teachers
113.24 Retirement Association of an unmade potential transfer under this paragraph, the employer
113.25 of the affected person must transmit an amount representing the applicable salary deductions
113.26 and employer contributions, without interest, to the account of the applicable person under
113.27 the appropriate plan. The retirement association must provide a credit for the amount of the
113.28 erroneous salary deductions and employer contributions against future contributions from
113.29 the employer.

113.30 (d) If a salary ~~warrant or check~~ payment from which a deduction for the retirement fund
113.31 was taken has been canceled or the amount of the ~~warrant or if a check~~ payment has been
113.32 returned to the funds of the employing unit making the payment, a refund of the amount
113.33 deducted, or any portion of it that is required to adjust the salary deductions, must be made
113.34 to the employing unit.

114.1 (e) Erroneous direct payments of member-paid contributions or erroneous salary
 114.2 deductions that were not refunded during the regular payroll cycle processing must be
 114.3 refunded to the member, plus interest computed using the rate and method specified in
 114.4 section 354.49, subdivision 2.

114.5 (f) Any refund under this subdivision that would cause the plan to fail to be a qualified
 114.6 plan under section 401(a) of the Internal Revenue Code, as amended, may not be refunded
 114.7 and instead must be credited against future contributions payable by the employer. The
 114.8 employer is responsible for refunding to the applicable employee any amount that was
 114.9 erroneously deducted from the salary of the employee, with interest as specified in paragraph
 114.10 (e).

114.11 (g) If erroneous employee deductions and employer contributions are caused by an error
 114.12 in plan coverage involving the plan and any other plan specified in section 356.99, that
 114.13 section applies.

114.14 Sec. 73. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

114.15 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
 114.16 due to the association and furnish a statement indicating the amount due and transmitted
 114.17 with any other information required by the executive director. If an amount due is not
 114.18 received by the association within 14 calendar days of the payroll ~~warrant payment~~, the
 114.19 amount accrues interest at an annual rate of 8.5 percent compounded annually from the due
 114.20 date until the amount is received by the association. All amounts due and other employer
 114.21 obligations not remitted within 60 days of notification by the association must be certified
 114.22 to the commissioner of management and budget who shall deduct the amount from any state
 114.23 aid or appropriation amount applicable to the employing unit.

114.24 Sec. 74. Minnesota Statutes 2016, section 354.52, subdivision 4b, is amended to read:

114.25 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide the
 114.26 following data to the association for payroll ~~warrant payments~~ on an ongoing basis within
 114.27 14 calendar days after the date of the payroll ~~warrant payments~~ in a format prescribed by
 114.28 the executive director:

114.29 (1) association member number;

114.30 (2) employer-assigned employee number;

114.31 (3) Social Security number;

114.32 (4) amount of each salary deduction;

115.1 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
115.2 deduction was made;

115.3 (6) reason for payment;

115.4 (7) the beginning and ending dates of the payroll period covered and the date of actual
115.5 payment;

115.6 (8) fiscal year of salary earnings;

115.7 (9) total remittance amount including employee, employer, and additional employer
115.8 contributions;

115.9 (10) reemployed annuitant salary under section 354.44, subdivision 5; and

115.10 (11) other information as may be required by the executive director.

115.11 Sec. 75. Minnesota Statutes 2016, section 401.15, subdivision 1, is amended to read:

115.12 Subdivision 1. **Certified statements; determinations; adjustments.** Within 60 days
115.13 of the end of each calendar quarter, participating counties which have received the payments
115.14 authorized by section 401.14 shall submit to the commissioner certified statements detailing
115.15 the amounts expended and costs incurred in furnishing the correctional services provided
115.16 in sections 401.01 to 401.16. Upon receipt of certified statements, the commissioner shall,
115.17 in the manner provided in sections 401.10 and 401.12, determine the amount each
115.18 participating county is entitled to receive, making any adjustments necessary to rectify any
115.19 disparity between the amounts received pursuant to the estimate provided in section 401.14
115.20 and the amounts actually expended. If the amount received pursuant to the estimate is greater
115.21 than the amount actually expended during the quarter, the commissioner may withhold the
115.22 difference from any subsequent monthly payments made pursuant to section 401.14. Upon
115.23 certification by the commissioner of the amount a participating county is entitled to receive
115.24 under the provisions of section 401.14 or of this subdivision the commissioner of
115.25 management and budget shall thereupon issue a ~~state warrant payment~~ to the chief fiscal
115.26 officer of each participating county for the amount due together with a copy of the certificate
115.27 prepared by the commissioner.

115.28 Sec. 76. Minnesota Statutes 2016, section 446A.086, subdivision 4, is amended to read:

115.29 Subd. 4. **Notifications; payment; appropriation.** (a) After receipt of a notice of a
115.30 default or potential default in payment of principal or interest in debt obligations covered
115.31 by this section or an agreement under this section, and after consultation with the
115.32 governmental unit and the paying agent, and after verification of the accuracy of the

116.1 information provided, the authority shall notify the commissioner of the potential default.
116.2 The notice must include a final figure as to the amount due that the governmental unit will
116.3 be unable to repay on the date due.

116.4 (b) Upon receipt of this notice from the authority, the commissioner shall issue a ~~warrant~~
116.5 payment and authorize the authority to pay to the bond holders or paying agent for the debt
116.6 obligation the specified amount on or before the date due. The amounts needed for the
116.7 purposes of this subdivision are annually appropriated to the authority from the general
116.8 fund.

116.9 Sec. 77. Minnesota Statutes 2016, section 446A.16, subdivision 1, is amended to read:

116.10 Subdivision 1. **Functions of commissioner of management and budget.** Except as
116.11 otherwise provided in this section, money of the authority must be paid to the commissioner
116.12 of management and budget as agent of the authority and the commissioner shall not
116.13 commingle the money with other money. The money in the accounts of the authority must
116.14 be paid out only ~~on warrants drawn~~ by the commissioner of management and budget on
116.15 requisition of the chair of the authority or of another officer or employee as the authority
116.16 authorizes. Deposits of the authority's money must, if required by the commissioner or the
116.17 authority, be secured by obligations of the United States or of the state of a market value
116.18 equal at all times to the amount of the deposit and all banks and trust companies are
116.19 authorized to give security for the deposits.

116.20 Sec. 78. Minnesota Statutes 2016, section 462A.18, subdivision 1, is amended to read:

116.21 Subdivision 1. **Functions of commissioner of management and budget.** All moneys
116.22 of the agency, except as otherwise authorized or provided in this section, shall be paid to
116.23 the commissioner of management and budget as agent of the agency, who shall not
116.24 commingle such moneys with any other moneys. The moneys in such accounts shall be
116.25 paid out ~~on warrants drawn~~ by the commissioner on requisition of the chair of the agency
116.26 or of such other officer or employee as the agency shall authorize to make such requisition.
116.27 All deposits of such moneys shall, if required by the commissioner or the agency, be secured
116.28 by obligations of the United States or of the state of a market value equal at all times to the
116.29 amount of the deposit and all banks and trust companies are authorized to give such security
116.30 for such deposits.

117.1 Sec. 79. Minnesota Statutes 2016, section 475A.04, subdivision 1, is amended to read:

117.2 Subdivision 1. **Procedure.** In the event that funds sufficient to pay all of the principal
117.3 and interest due on any guaranteed bond are not in the hands of the municipal treasurer or
117.4 the paying agent at least 15 days before the due date, the treasurer or agent shall report the
117.5 amount of the deficiency to the paying agent and the auditor who shall grant a loan to the
117.6 issuer in this amount and shall certify to the issuer, the paying agent, and the auditor and

117.7 treasurer of each county in which property subject to taxation by the issuer is situated, the
 117.8 amount of the loan and interest to accrue thereon to the due date of the loan, and the
 117.9 commissioner of management and budget shall issue a ~~warrant~~ payment for the principal
 117.10 amount and shall remit it to the paying agent on or before the due date. If the municipal
 117.11 treasurer fails to deposit funds with the paying agent sufficient to pay all principal and
 117.12 interest due on any guaranteed bond on any date, without having previously given the notice
 117.13 herein required, the paying agent may report the amount of the deficiency to the
 117.14 commissioner of management and budget, who shall forthwith grant a loan to the issuer for
 117.15 this amount plus interest to accrue thereon for one month at the rate represented by the
 117.16 coupons then due, and the loan shall be certified and remitted as provided above. The paying
 117.17 agent may advance its own funds for the payment of any guaranteed bonds and interest due
 117.18 for which it has not received sufficient funds from the municipality, and may contract with
 117.19 the municipality to make such advances, and shall be entitled to reimbursement therefor
 117.20 from the proceeds of the loan, with interest at the rate represented by the coupons due. The
 117.21 issuing municipality shall give a receipt to the commissioner of management and budget
 117.22 for the amount of the loan and interest.

117.23 Sec. 80. Minnesota Statutes 2016, section 525.841, is amended to read:

117.24 **525.841 ESCHEAT RETURNED.**

117.25 In all such cases the commissioner of management and budget shall be furnished with
 117.26 a certified copy of the court's order assigning the escheated property to the persons entitled
 117.27 thereto, and upon notification of payment of the estate tax, the commissioner of management
 117.28 and budget shall ~~draw a warrant~~ issue a payment or execute a proper conveyance to the
 117.29 persons designated in such order. In the event any escheated property has been sold pursuant
 117.30 to sections 11A.04, clause (9), and 11A.10, subdivision 2, or 16B.281 to 16B.287, then the
 117.31 ~~warrant~~ payment shall be for the appraised value as established during the administration
 117.32 of the decedent's estate. There is hereby annually appropriated from any moneys in the state
 117.33 treasury not otherwise appropriated an amount sufficient to make payment to all such
 117.34 designated persons. No interest shall be allowed on any amount paid to such persons.

55.11

ARTICLE 3

55.12

ELECTIONS

55.13 Section 1. VOTING EQUIPMENT GRANT.

55.14

55.15 Subdivision 1. Voting equipment grant account. A voting equipment grant program
 55.16 is established. The secretary of state must use money appropriated for the program to provide
 55.17 grants to counties and municipalities as authorized by this section. Funds appropriated for
 55.18 the grant are available until June 30, 2020.

- 55.18 Subd. 2. **Authorized equipment.** (a) A county or municipality may apply to receive a
55.19 grant under this section for the purchase or lease of the following equipment:
- 55.20 (1) electronic roster equipment and software that meets the technology requirements of
55.21 Minnesota Statutes, section 201.225, subdivision 2;
- 55.22 (2) assistive voting technology; or
- 55.23 (3) automatic tabulating equipment.
- 55.24 A purchase or lease of equipment is eligible for a grant under this section if the purchase
55.25 is made, or lease entered, on or after July 1, 2017. A county or municipality that has
55.26 purchased or leased eligible equipment before July 1, 2017, may apply for reimbursement.
- 55.27 (b) The grant funds must not be used for maintenance or repair of voting equipment.
- 55.28 Subd. 3. **Amount of grant.** A county or municipal government is eligible to receive a
55.29 grant equal to 75 percent of the total cost of the electronic roster equipment and software
55.30 or 50 percent of the total cost for assistive voting technology or automatic tabulating
56.1 equipment. The secretary of state must first award grants to counties and municipalities
56.2 leasing or purchasing new equipment or software. If funds remain after awarding grants for
56.3 new equipment or software, the secretary of state must use the remaining funds for grants
56.4 to counties and municipalities seeking reimbursement for equipment or software already
56.5 purchased.
- 56.6 Subd. 4. **Application for grant; certification of costs.** (a) To receive a grant, a county
56.7 or municipality must submit an application to the secretary of state. The secretary of state
56.8 shall prescribe a form for this purpose. At a minimum, the application must describe:
- 56.9 (1) the type of equipment or software proposed for purchase or lease;
- 56.10 (2) the expected total cost of the equipment or software, and sources of funding that will
56.11 be used for the purchase or lease in addition to the grant funding provided by this section;
- 56.12 (3) the county's or municipality's plan to address the long-term maintenance, repair, and
56.13 eventual replacement costs for the equipment or software without using any funds from the
56.14 grant for these purposes; and
- 56.15 (4) any other information required by the secretary of state.
- 56.16 (b) The secretary of state must establish:

56.17 (1) a deadline for receipt of grant applications;

56.18 (2) a procedure for awarding and distributing grants;

56.19 (3) criteria for the fair, proportional distribution of grants if the funds do not completely
56.20 cover the requests for a particular type of equipment; and

56.21 (4) a process for verifying the proper use of the grants after distribution.

56.22 Subd. 5. **Report to legislature.** No later than January 15, 2018, and annually thereafter
56.23 until the appropriations provided for grants under this section have been exhausted, the
56.24 secretary of state must submit a report to the legislative committees with jurisdiction over
56.25 elections policy on grants awarded by this section. The report must detail each grant awarded,
56.26 including the jurisdiction, the amount of the grant, and the type of equipment or software
56.27 purchased.

118.1

ARTICLE 4

118.2

ADMINISTRATIVE RULEMAKING

118.3 Section 1. Minnesota Statutes 2016, section 3.842, subdivision 4a, is amended to read:

118.4 Subd. 4a. **Objections to rules or proposed rules.** (a) For purposes of this subdivision,
118.5 "committee" means the house of representatives policy committee or senate policy committee
118.6 with primary jurisdiction over state governmental operations. The commission or a committee
118.7 may object to a rule or proposed rule as provided in this subdivision. ~~If the commission or~~
118.8 ~~a committee objects to all or some portion of a rule because the commission or committee~~
118.9 ~~considers it to be~~ on the grounds that the rule or proposed rule:

118.10 (1) is beyond the procedural or substantive authority delegated to the agency, including
118.11 a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3,
118.12 paragraph (e);

118.13 (2) is inconsistent with the enabling statute;

118.14 (3) is unnecessary or redundant;

118.15 (4) has a substantial economic impact as defined in section 14.02, subdivision 5;

118.16 (5) is not based on sound, reasonably available scientific, technical, economic, or other
118.17 information;

118.18 (6) is not cost-effective;

118.19 (7) is unduly burdensome; or

118.20 (8) is more restrictive than the standard, limitation, or requirement imposed by federal

118.21 law or rule pertaining to the same subject matter.

118.22 If the commission or committee objects to all or some portion of a rule or proposed rule,

118.23 the commission or committee ~~may~~ shall file that objection in the Office of the Secretary of

118.24 State. The filed objection must contain a concise statement of the commission's or

118.25 committee's reasons for its action. ~~An objection to a proposed rule submitted by the~~

118.26 ~~commission or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3,~~

118.27 ~~paragraph (c), may not be filed before the rule is adopted.~~ For a proposed rule, the objection

118.28 must be filed within 30 days of receipt of the notice under section 14.14, 14.22, 14.386,

118.29 14.388, 14.389, or 14.3895.

118.30 (b) The secretary of state shall affix to each objection a certification of the date and time

118.31 of its filing and as soon after the objection is filed as practicable shall electronically transmit

118.32 a ~~certified~~ copy of it to the agency issuing the rule in question and to the revisor of statutes.

119.1 The secretary of state shall also maintain a permanent register open to public inspection of

119.2 all objections by the commission or committee.

119.3 (c) The commission or committee shall publish and index an objection filed under this

119.4 section in the next issue of the State Register. The revisor of statutes shall indicate the

119.5 existence of the objection adjacent to the rule in question when that rule is published in

119.6 Minnesota Rules.

119.7 (d) Within 14 days after the filing of an objection by the commission or committee to a

119.8 rule or proposed rule, the issuing agency shall respond in writing to the objecting entity.

119.9 After receipt of the response, the commission or committee may withdraw or modify its

119.10 objection. After the filing of an objection that is not subsequently withdrawn, the agency

119.11 may not adopt the rule until the legislature adjourns the annual legislative session that began

119.12 after the objection was filed. If the commission files an objection that is not subsequently

119.13 withdrawn, the commission must, as soon as practical, make a recommendation on a bill

119.14 that approves the proposed rule, prohibits adoption of the proposed rule, or amends or repeals

119.15 the law governing a previously adopted rule for which an objection was filed.

119.16 (e) After the filing of an objection by the commission or committee that is not

119.17 subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review

119.18 or for enforcement of the rule to establish that the whole or portion of the rule objected to

119.19 is valid and demonstrates that the objection raised under paragraph (a) is not justified, based

119.20 on the criteria for objecting to a rule under paragraph (a).

119.21 (f) The failure of the commission or a committee to object to a rule is not an implied
119.22 legislative authorization of its validity.

119.23 (g) In accordance with sections 14.44 and 14.45, the commission or a committee may
119.24 petition for a declaratory judgment to determine the validity of a rule objected to by the
119.25 commission or committee. The action must be started within two years after an objection
119.26 is filed in the Office of the Secretary of State.

119.27 (h) The commission or a committee may intervene in litigation arising from agency
119.28 action. For purposes of this paragraph, agency action means the whole or part of a rule, or
119.29 the failure to issue a rule.

119.30 Sec. 2. Minnesota Statutes 2016, section 10A.02, subdivision 13, is amended to read:

119.31 Subd. 13. **Rules.** (a) Chapter 14 applies to the board. The board may adopt rules to carry
119.32 out the purposes of this chapter if, before June 1, 2017, the board has published a notice of
119.33 intent to adopt a rule without public hearing under section 14.22, subdivision 1, 14.389,
120.1 subdivision 2, or 14.3895, subdivision 3; a dual notice under section 14.22, subdivision 2;
120.2 or a notice of hearing on a proposed rule under section 14.14.

120.3 (b) After May 31, 2017, the board may only adopt rules that:

120.4 (1) incorporate specific changes set forth in applicable statutes when no interpretation
120.5 of law is required; or

120.6 (2) make changes to rules that do not alter the sense, meaning, or effect of a rule.

120.7 (c) In addition to the notice required under chapter 14, the board shall notify the chairs
120.8 and ranking minority members of the committees or subcommittees in the senate and house
120.9 of representatives with primary jurisdiction over elections within seven calendar days of
120.10 taking the following actions:

120.11 (1) publication of a notice of intent to adopt rules or a notice of hearing;

120.12 (2) publication of proposed rules in the State Register;

120.13 (3) issuance of a statement of need and reasonableness; or

120.14 (4) adoption of final rules.

120.15 **EFFECTIVE DATE.** This section is effective the day following final enactment for
120.16 rules for which a notice of intent to adopt a rule without public hearing under Minnesota

120.17 Statutes, section 14.22, subdivision 1, 14.389, subdivision 2, or 14.3895, subdivision 3; a
120.18 dual notice under Minnesota Statutes, section 14.22, subdivision 2; or a notice of hearing
120.19 on a proposed rule under Minnesota Statutes, section 14.14, was published before June 1,
120.20 2017.

120.21 Sec. 3. Minnesota Statutes 2016, section 10A.025, subdivision 1a, is amended to read:

120.22 Subd. 1a. **Electronic filing.** A report or statement required to be filed under this chapter
120.23 may be filed electronically. The board shall adopt rules ~~to regulate~~ on the technical aspects
120.24 of regulating electronic filing and ~~to ensure~~ ensuring that the electronic filing process is
120.25 secure.

120.26 Sec. 4. Minnesota Statutes 2016, section 14.002, is amended to read:

120.27 **14.002 STATE REGULATORY POLICY.**

120.28 The legislature recognizes the important and sensitive role for administrative rules in
120.29 implementing policies and programs created by the legislature. However, the legislature
120.30 finds that some regulatory rules and programs have become overly prescriptive and inflexible,
121.1 thereby increasing costs to the state, local governments, and the regulated community and
121.2 decreasing the effectiveness of the regulatory program. Therefore, ~~whenever feasible~~, state
121.3 agencies must develop rules and regulatory programs that emphasize superior achievement
121.4 in meeting the agency's regulatory objectives and maximum flexibility for the regulated
121.5 party and the agency in meeting those goals.

121.6 Sec. 5. Minnesota Statutes 2016, section 14.02, is amended by adding a subdivision to
121.7 read:

121.8 Subd. 5. **Substantial economic impact.** A rule has a "substantial economic impact" if
121.9 the rule would result in, or likely result in:

121.10 (1) an adverse effect or impact on the private-sector economy of the state of Minnesota
121.11 of \$5,000,000 or more in a single year;

121.12 (2) a significant increase in costs or prices for consumers, individual private-sector
121.13 industries, state agencies, local governments, individuals, or private-sector enterprises within
121.14 certain geographic regions inside the state of Minnesota;

121.15 (3) significant adverse impacts on the competitiveness of private-sector Minnesota-based
121.16 enterprises, or on private-sector employment, investment, productivity, or innovation within
121.17 the state of Minnesota; or

121.18 (4) compliance costs, in the first year after the rule takes effect, of more than \$25,000
121.19 for any one business that has fewer than 50 full-time employees, or for any one statutory
121.20 or home rule charter city that has fewer than ten full-time employees.

121.21 Sec. 6. Minnesota Statutes 2016, section 14.05, subdivision 1, is amended to read:

121.22 Subdivision 1. **Authority to adopt original rules restricted.** (a) Each agency shall
121.23 adopt, amend, suspend, or repeal its rules;

121.24 (1) in accordance with the procedures specified in sections 14.001 to 14.69, and;

121.25 (2) only pursuant to authority delegated by law; and

121.26 (3) in full compliance with its duties and obligations.

121.27 (b) If a law authorizing rules is repealed, the rules adopted pursuant to that law are
121.28 automatically repealed on the effective date of the law's repeal unless there is another law
121.29 authorizing the rules.

122.1 (c) Except as provided in section sections 14.055, 14.06, 14.388, 14.389, and 14.3895,
122.2 sections 14.001 to 14.69 shall not be authority for an agency to adopt, amend, suspend, or
122.3 repeal rules.

122.4 Sec. 7. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
122.5 read:

122.6 Subd. 1a. **Limitation regarding certain policies, guidelines, and other interpretive**
122.7 **statements.** An agency shall not seek to implement or enforce against any person a policy,
122.8 guideline, or other interpretive statement that meets the definition of a rule under this chapter
122.9 if the policy, guideline, or other interpretive statement has not been adopted as a rule in
122.10 accordance with this chapter including but not limited to solid waste policy plan revisions
122.11 authorized by other law. In any proceeding under chapter 14 challenging an agency action
122.12 prohibited by this subdivision, the reviewing authority must independently and without
122.13 deference to the agency determine if the agency has violated this subdivision. The agency
122.14 must overcome the presumption that its action may not be enforced as a rule.

122.15 Sec. 8. Minnesota Statutes 2016, section 14.05, subdivision 2, is amended to read:

122.16 Subd. 2. **Authority to modify proposed rule.** (a) An agency may modify a proposed
122.17 rule in accordance with the procedures of the Administrative Procedure Act. However, an
122.18 agency may not modify a proposed rule so that it is substantially different from the proposed
122.19 rule in the notice of intent to adopt rules or notice of hearing.

122.20 (b) A modification does not make a proposed rule substantially different if:

122.21 (1) the differences are within the scope of the matter announced in the notice of intent
122.22 to adopt or notice of hearing and are in character with the issues raised in that notice;

122.23 (2) the differences are a logical outgrowth of the contents of the notice of intent to adopt
122.24 or notice of hearing and the comments submitted in response to the notice; and

122.25 (3) the notice of intent to adopt or notice of hearing provided fair warning that the
122.26 outcome of that rulemaking proceeding could be the rule in question.

122.27 (c) In determining whether the notice of intent to adopt or notice of hearing provided
122.28 fair warning that the outcome of that rulemaking proceeding could be the rule in question
122.29 the following factors must be considered:

122.30 (1) the extent to which persons who will be affected by the rule should have understood
122.31 that the rulemaking proceeding on which it is based could affect their interests;

123.1 (2) the extent to which the subject matter of the rule or issues determined by the rule are
123.2 different from the subject matter or issues contained in the notice of intent to adopt or notice
123.3 of hearing; and

123.4 (3) the extent to which the effects of the rule differ from the effects of the proposed rule
123.5 contained in the notice of intent to adopt or notice of hearing.

123.6 (d) A modification makes a proposed rule substantially different if the modification
123.7 causes a rule that did not previously have a substantial economic impact to have a substantial
123.8 economic impact.

123.9 Sec. 9. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
123.10 read:

123.11 Subd. 5a. **Review and repeal of rules.** By December 1 of each odd-numbered year,
123.12 beginning December 1, 2017, an agency must submit to the governor, the Legislative
123.13 Coordinating Commission, the policy and funding committees and divisions with jurisdiction
123.14 over the agency, and the revisor of statutes, a list of any rules or portions of rules that are
123.15 obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must
123.16 also include an explanation of why the rule or portion of the rule is obsolete, unnecessary,
123.17 or duplicative of other state or federal statutes or rules. The agency must either report a
123.18 timetable for repeal of the rule or portion of the rule, or must develop a bill for submission
123.19 to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule.
123.20 A report submitted under this subdivision must be signed by the person in the agency who

123.21 is responsible for identifying and initiating repeal of obsolete rules. The report also must
123.22 identify the status of any rules identified in the prior report as obsolete, unnecessary, or
123.23 duplicative. If none of an agency's rules are obsolete, unnecessary, or duplicative, an agency's
123.24 report must state that conclusion.

123.25 Sec. 10. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to
123.26 read:

123.27 Subd. 5b. **Review and repeal of environmental assessment worksheets and impact**
123.28 **statements.** By December 1, 2017, and each odd-numbered year thereafter, the
123.29 Environmental Quality Board, Pollution Control Agency, Department of Natural Resources,
123.30 and Department of Transportation, after consultation with political subdivisions, shall submit
123.31 to the governor, the Legislative Coordinating Commission, the chairs and ranking minority
123.32 members of the house of representatives and senate committees having jurisdiction over
123.33 environment and natural resources, and the revisor of statutes a list of mandatory
124.1 environmental assessment worksheets or mandatory environmental impact statements for
124.2 which the agency or a political subdivision is designated as the responsible government
124.3 unit, and for each worksheet or statement, a document including:

124.4 (1) intended outcomes of the specific worksheet or statement;

124.5 (2) the cost to state and local government and the private sector;

124.6 (3) the relationship of the worksheet or statement to other local, state, and federal permits;

124.7 and

124.8 (4) a justification for why the mandatory worksheet or statement should not be eliminated
124.9 and its intended outcomes achieved through an existing permit or other federal, state, or
124.10 local law.

124.11 Sec. 11. Minnesota Statutes 2016, section 14.05, subdivision 6, is amended to read:

124.12 Subd. 6. **Veto of adopted rules.** The governor may veto all or a severable portion of a
124.13 rule of an agency as defined in section 14.02, subdivisions 2 and 4, by submitting notice of
124.14 the veto to the State Register within 14 days of receiving a copy of the rule from the secretary
124.15 of state under section 14.16, subdivision 3, 14.26, subdivision ~~3~~ 5, ~~or 14.386~~, or the agency
124.16 under section 14.389, subdivision 3, or section 14.3895. The veto is effective when the veto
124.17 notice is submitted to the State Register. This authority applies only to the extent that the
124.18 agency itself would have authority, through rulemaking, to take such action. If the governor
124.19 vetoes a rule or portion of a rule under this section, the governor shall notify the chairs of
124.20 the legislative committees having jurisdiction over the agency whose rule was vetoed.

124.21 Sec. 12. Minnesota Statutes 2016, section 14.05, subdivision 7, is amended to read:

124.22 Subd. 7. **Electronic documents permitted.** (a) If sections 14.05 to 14.3895 require an
124.23 agency to provide notice or documents to the public, the legislature, or other state agency,
124.24 the agency may send the notice or document, or a link to the notice or document, using any
124.25 reliable method of electronic transmission.

124.26 (b) The agency must also send a paper copy of the notice or document if requested to
124.27 do so by a member of the public, legislature, or other state agency.

124.28 (c) An agency may file rule-related documents with the Office of Administrative Hearings
124.29 by electronic transmission in the manner approved by that office and the Office of the
124.30 Revisor of Statutes by electronic transmission in the manner approved by that office.

125.1 Sec. 13. Minnesota Statutes 2016, section 14.101, subdivision 1, is amended to read:

125.2 Subdivision 1. **Required notice.** In addition to seeking information by other methods
125.3 designed to reach persons or ~~classes~~ categories of persons who might be affected by the
125.4 proposal, an agency, at least 60 days before publication of a notice of intent to adopt or a
125.5 notice of hearing, shall solicit comments from the public on the subject matter of a possible
125.6 rulemaking proposal under active consideration within the agency by causing notice to be
125.7 published in the State Register. The notice must include a description of the subject matter
125.8 of the proposal and the types of groups and individuals likely to be affected, and must
125.9 indicate where, when, and how persons may comment on the proposal and whether and
125.10 how drafts of any proposal may be obtained from the agency.

125.11 This notice must be published within 60 days of the effective date of any new or
125.12 amendatory law requiring rules to be adopted, amended, or repealed.

125.13 An agency intending to adopt an expedited rule under section 14.389 is exempt from
125.14 the requirements of this section.

125.15 Sec. 14. **[14.105] RULE NOTIFICATION.**

125.16 Subdivision 1. **Rule notification list.** (a) Each agency shall maintain a list of all persons
125.17 who have registered with the agency for the purpose of receiving notice of rule proceedings.
125.18 A person may register to receive notice of rule proceedings by submitting to the agency:

125.19 (1) the person's electronic mail address; or

125.20 (2) the person's name and United States mail address, along with a request to receive
125.21 copies of the notices by mail.

125.22 (b) The agency shall post information on its Web site describing the registration process.

125.23 (c) The agency may inquire as to whether those persons on the list in paragraph (a) wish
125.24 to remain on it and may remove persons for whom there is a negative reply or no reply
125.25 within 60 days.

125.26 Subd. 2. **Additional notice.** (a) Each agency shall make reasonable efforts to notify
125.27 persons or categories of persons who may be significantly affected by the rule being proposed
125.28 by giving notice of its rule proceedings in newsletters, newspapers, or other publications,
125.29 or through other means of communication.

125.30 (b) For each rulemaking, the agency shall develop an additional notice plan describing
125.31 its efforts to provide additional notification to persons or categories of persons who may be
125.32 affected by the proposed rule or must explain why these efforts were not made. The additional
126.1 notice plan must be submitted to the administrative law judge with the other submissions
126.2 required by section 14.14, subdivision 2a, or 14.26. The agency also may seek prior approval
126.3 of the additional notice plan under the rules of the Office of Administrative Hearings.

126.4 Sec. 15. Minnesota Statutes 2016, section 14.116, is amended to read:

126.5 **14.116 NOTICE TO LEGISLATURE.**

126.6 (a) By January 15 each year, each agency must submit its current rulemaking docket
126.7 maintained under section 14.366, and the official rulemaking record required under section
126.8 14.365 for any rule adopted during the preceding calendar year, to the chairs and ranking
126.9 minority members of the legislative policy and budget committees with jurisdiction over
126.10 the subject matter of the proposed rule and to the Legislative Coordinating Commission.
126.11 Each agency must post a link to its rulemaking docket on the agency Web site home page.

126.12 (b) When an agency mails sends a notice of intent to adopt rules hearing under section
126.13 14.14 or a notice of intent to adopt rules or dual notice under section 14.22, the agency must
126.14 send a copy of the same notice and a copy of the statement of need and reasonableness to
126.15 the chairs and ranking minority party members of the legislative policy and budget
126.16 committees with jurisdiction over the subject matter of the proposed rules and to the
126.17 Legislative Coordinating Commission.

126.18 (c) In addition, if the mailing of the notice is within two years of the effective date of
126.19 the law granting the agency authority to adopt the proposed rules, the agency shall make
126.20 reasonable efforts to send a copy of the notice and the statement to all sitting legislators
126.21 who were chief house of representatives and senate authors of the bill granting the rulemaking

126.22 authority. If the bill was amended to include this rulemaking authority, the agency shall
126.23 make reasonable efforts to send the notice and the statement to the chief house of
126.24 representatives and senate authors of the amendment granting rulemaking authority, rather
126.25 than to the chief authors of the bill.

126.26 Sec. 16. Minnesota Statutes 2016, section 14.125, is amended to read:

126.27 **14.125 TIME LIMIT ON AUTHORITY TO ADOPT, AMEND, OR REPEAL**
126.28 **RULES.**

126.29 An agency shall publish a ~~notice of intent to adopt rules or a notice of hearing under~~
126.30 ~~section 14.14, or a notice of intent to adopt rules or dual notice under section 14.22,~~ within
126.31 18 months of the effective date of the law authorizing or requiring rules to be adopted,
126.32 amended, or repealed. If the notice is not published within the time limit imposed by this
127.1 section, the ~~authority for the rules expires. The agency shall not use other law in existence~~
127.2 ~~at the time of the expiration of rulemaking authority under this section as authority to adopt,~~
127.3 ~~amend, or repeal these rules~~ agency shall report to the Legislative Coordinating Commission,
127.4 other appropriate committees of the legislature, and the governor its failure to publish a
127.5 notice and the reasons for that failure.

127.6 An agency that publishes a notice of intent to adopt rules or a notice of hearing within
127.7 the time limit specified in this section may subsequently amend or repeal the rules without
127.8 additional legislative authorization.

127.9 Sec. 17. Minnesota Statutes 2016, section 14.127, is amended to read:

127.10 **14.127 LEGISLATIVE APPROVAL REQUIRED.**

127.11 Subdivision 1. ~~Cost thresholds~~ **Substantial economic impact.** An agency must
127.12 determine if the cost of complying with a proposed rule in the first year after the rule takes
127.13 effect will exceed \$25,000 for: (1) any one business that has less than 50 full-time employees;
127.14 or (2) any one statutory or home rule charter city that has less than ten full-time employees.
127.15 For purposes of this section, "business" means a business entity organized for profit or as
127.16 a nonprofit, and includes an individual, partnership, corporation, joint venture, association,
127.17 or cooperative has a substantial economic impact, as defined in section 14.02, subdivision
127.18 5.

127.19 Subd. 2. **Agency determination.** An agency must make the determination required by
127.20 subdivision 1 before the close of the hearing record, or before the agency submits the record
127.21 to the administrative law judge if there is no hearing. The administrative law judge must
127.22 review and approve or disapprove the agency determination under this section agency gives
127.23 notice under section 14.14, 14.22, 14.225, or 14.389.

127.24 Subd. 3. **Legislative approval required.** (a) If the agency determines that a proposed
127.25 rule has a substantial economic impact, the agency must request the legislative auditor to
127.26 convene a five-person peer review advisory panel to conduct an impact analysis of the
127.27 proposed rule. Within 30 days of receipt of the agency's request, the legislative auditor shall
127.28 convene a peer review advisory panel. The advisory panel must be made up of individuals
127.29 who have not directly or indirectly been involved in the work conducted or contracted by
127.30 the agency and who are not employed by the agency. The agency must pay each panel
127.31 member for the costs of the person's service on the panel, as determined by the legislative
127.32 auditor. The agency shall transfer an amount from the agency's operating budget to the
127.33 legislative auditor to pay for costs for convening the peer review advisory panel process.
127.34 The panel may receive written and oral comments from the public during its review. The
128.1 panel must submit its report within 60 days of being convened. The agency must receive a
128.2 final report from the panel before the agency conducts a public hearing on a proposed rule
128.3 or, if no hearing is held, before the rule is submitted to the administrative law judge. The
128.4 panel's report must include its conclusions on the extent to which the proposed rule:

128.5 (1) is based on sound, reasonably available scientific, technical, economic, or other
128.6 information or rationale; and

128.7 (2) is more restrictive than a standard, limitation, or requirement imposed by federal law
128.8 or rule pertaining to the same subject matter, and a justification based on sound, reasonably
128.9 available scientific, technical, economic, or other information and rationale that the more
128.10 stringent standard is necessary to protect the public's health, safety, or welfare.

128.11 (b) If the agency determines that a rule does not have a substantial economic impact,
128.12 the administrative law judge must review this determination. If the administrative law judge
128.13 determines that a rule may have a substantial economic impact, the agency must have the
128.14 legislative auditor arrange for the analysis required by paragraph (a), and the agency must
128.15 give new notice of intent to adopt the proposed rule after receiving this analysis. The
128.16 administrative law judge may make this determination as part of the administrative law
128.17 judge's report on the proposed rule, or at any earlier time after the administrative law judge
128.18 is assigned to the rule proceeding.

128.19 (c) If the agency determines that the cost exceeds the threshold in subdivision 1 proposed
128.20 rule has a substantial economic impact, or if the administrative law judge disapproves the
128.21 agency's determination that the cost rule does not exceed the threshold in subdivision 1,
128.22 any business that has less than 50 full-time employees or any statutory or home rule charter
128.23 city that has less than ten full-time employees may file a written statement with the agency
128.24 claiming a temporary exemption from the rules. Upon filing of such a statement with the
128.25 agency, the rules do not apply to that business or that city until the rules are have a substantial
128.26 economic impact, the agency or the administrative law judge shall deliver the determination
128.27 and peer review advisory panel report to the Legislative Coordinating Commission and to
128.28 the chairs and ranking minority members of the house of representatives and senate

128.29 committees and divisions with jurisdiction over the subject matter of the rule, and the
 128.30 proposed rule does not take effect until the rule is approved by a law enacted after the agency
 128.31 determination or administrative law judge disapproval.

128.32 Subd. 4. **Exceptions.** ~~(a) Subdivision 3 does not apply if the administrative law judge~~
 128.33 ~~approves an agency's determination that the legislature has appropriated money to sufficiently~~
 129.1 ~~fund the expected cost of the rule upon the business or city proposed to be regulated by the~~
 129.2 ~~rule.~~

129.3 ~~(b)~~ (a) Subdivision 3 does not apply if the administrative law judge approves an agency's
 129.4 determination that the rule has been proposed pursuant to a specific federal statutory or
 129.5 regulatory mandate.

129.6 ~~(c)~~ (b) This section does not apply if the rule is adopted under section 14.388 or under
 129.7 another law specifying that the rulemaking procedures of this chapter do not apply.

129.8 ~~(d)~~ (c) This section does not apply to a rule adopted by the Public Utilities Commission.

129.9 ~~(e) Subdivision 3 does not apply if the governor waives application of subdivision 3.~~
 129.10 ~~The governor may issue a waiver at any time, either before or after the rule would take~~
 129.11 ~~effect, but for the requirement of legislative approval. As soon as possible after issuing a~~
 129.12 ~~waiver under this paragraph, the governor must send notice of the waiver to the speaker of~~
 129.13 ~~the house and the president of the senate and must publish notice of this determination in~~
 129.14 ~~the State Register.~~

129.15 Subd. 5. **Severability.** If an administrative law judge determines that part of a proposed
 129.16 rule ~~exceeds the threshold specified in subdivision 1~~ has a substantial economic impact, but
 129.17 that a severable portion of a proposed rule does not ~~exceed the threshold in subdivision 1~~
 129.18 have a substantial economic impact, the administrative law judge may provide that the
 129.19 severable portion of the rule that does not ~~exceed the threshold~~ have a substantial economic
 129.20 impact may take effect without legislative approval.

27.13 Sec. 6. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR**
 27.14 **REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

27.15 Subdivision 1. **Definition.** As used in this section, "residential construction" means the
 27.16 new construction or remodeling of any building subject to the Minnesota Residential Code.

27.17 Subd. 2. **Impact on housing cost; agency determination.** An agency must determine
 27.18 if implementation of a proposed rule, or any portion of a proposed rule, will, on average,
 27.19 increase the cost of residential construction or remodeling by \$1,000 or more per unit. The

27.20 agency must make this determination before the close of the hearing record. Upon request
 27.21 of a party affected by the proposed rule, an administrative law judge must review and
 27.22 approve or disapprove an agency's determination that any portion of a proposed rule will
 27.23 increase the cost of a dwelling unit by \$1,000 or more.

27.24 Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that
 27.25 the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision
 27.26 2, or if the administrative law judge separately confirms the cost of any portion of a rule
 27.27 exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing,
 27.28 the chairs and ranking minority members of the policy committees of the house of
 27.29 representatives and the senate with jurisdiction over the subject matter of the proposed rule
 27.30 within ten days of the determination.

27.31 (b) If a committee of either the house of representatives or senate with jurisdiction over
 27.32 the subject matter of the proposed rule or a portion of a rule that meets or exceeds the
 27.33 threshold in subdivision 2 votes to advise an agency that the rule should not be adopted as
 27.34 proposed, the agency may not adopt the rule unless the rule is approved by a law enacted
 28.1 after the vote of the committee. Section 14.126, subdivision 2, applies to a vote of a
 28.2 committee under this subdivision.

28.3 Subd. 4. **Severability.** If the agency or an administrative law judge determines that part
 28.4 of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a
 28.5 severable portion of the proposed rule does not meet or exceed that threshold, the agency
 28.6 may proceed to adopt the severable portions of the proposed rule regardless of whether a
 28.7 legislative committee has voted under subdivision 3 to advise an agency that the rule should
 28.8 not be adopted as proposed.

28.9 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to
 28.10 administrative rules proposed on or after that date.

129.21 Sec. 18. **[14.129] IMPACT ANALYSIS OF PROPOSED RULE.**

129.22 (a) Within 30 days of receipt of the notice required under section 14.116, paragraph (b),
 129.23 a standing committee with jurisdiction over the subject matter of a proposed rule may request
 129.24 the legislative auditor to conduct an impact analysis of the proposed rule. The request must
 129.25 be sent in writing to the legislative auditor and the agency. Upon receipt of the request, the
 129.26 agency may not proceed to adopt the proposed rule until it has received a positive declaration
 129.27 from the requesting standing committee. Within 60 days of receipt of a request, the legislative
 129.28 auditor shall convene a five-person peer review panel to review the proposed rule. The
 129.29 advisory panel must be made up of individuals who have not directly or indirectly been
 129.30 involved in work conducted or contracted by the agency and who are not employed by the
 129.31 agency. The panel may receive written and oral comments from the public during its review

129.32 of the proposed rule. The panel must prepare a report that includes a conclusion on whether
129.33 the proposed rule:

130.1 (1) is based on sound, reasonably available scientific, technical, economic, and other
130.2 information and rationale; and

130.3 (2) if the proposed rule is more restrictive than a standard, limitation, or requirement
130.4 imposed by federal law or rule pertaining to the same subject matter, a justification based
130.5 on sound, reasonably available scientific, technical, economic, or other information and
130.6 rationale that the more stringent standard is necessary to protect the public's health, safety,
130.7 or welfare.

130.8 (b) Within 150 days of being convened, the panel must submit its report to the chairs
130.9 and ranking minority members of the requesting committee and the legislative auditor.
130.10 Within five days of receipt of the panel's report, the requesting standing committee shall
130.11 send the report to the agency along with either:

130.12 (1) a positive declaration that the agency may proceed with the proposed rule; or

130.13 (2) a negative declaration that the agency may not proceed with the proposed rule in its
130.14 current form.

130.15 (c) If the requesting standing committee issues a negative declaration to an agency under
130.16 paragraph (b), clause (2), the agency may not adopt the rule until the legislature adjourns
130.17 the annual legislative session that began after the issuance of the negative declaration.

130.18 Sec. 19. Minnesota Statutes 2016, section 14.131, is amended to read:

130.19 **14.131 STATEMENT OF NEED AND REASONABLENESS.**

130.20 By the date of the section 14.14, subdivision 1a, notice, the agency must prepare, review,
130.21 and make available for public review a statement of the need for and reasonableness of the
130.22 rule. The statement of need and reasonableness must be prepared under rules adopted by
130.23 the chief administrative law judge and must include a citation to the most specific statutory
130.24 authority for the rule and the following to the extent the agency, through reasonable effort,
130.25 can ascertain this information:

130.26 (1) a description of the classes of persons who probably will be affected by the proposed
130.27 rule, including classes that will bear the costs of the proposed rule and classes that will
130.28 benefit from the proposed rule;

- 130.29 ~~(2) the probable costs to the agency and to any other agency of the implementation and~~
 130.30 ~~enforcement of the proposed rule and any anticipated effect on state revenues;~~
- 130.31 ~~(3) a determination of whether there are less costly methods or less intrusive methods~~
 130.32 ~~for achieving the purpose of the proposed rule;~~
- 131.1 ~~(4) a description of any alternative methods for achieving the purpose of the proposed~~
 131.2 ~~rule that were seriously considered by the agency and the reasons why they were rejected~~
 131.3 ~~in favor of the proposed rule;~~
- 131.4 ~~(5) the probable costs of complying with the proposed rule, including the portion of the~~
 131.5 ~~total costs that will be borne by identifiable categories of affected parties, such as separate~~
 131.6 ~~classes of governmental units, businesses, or individuals;~~
- 131.7 ~~(6) the probable costs or consequences of not adopting the proposed rule, including those~~
 131.8 ~~costs or consequences borne by identifiable categories of affected parties, such as separate~~
 131.9 ~~classes of government units, businesses, or individuals;~~
- 131.10 (1) a description of the persons or classifications of persons who will probably be affected
 131.11 by the proposed rule;
- 131.12 (2) the probable costs of the rule to affected persons and the agency, including those
 131.13 costs or consequences borne by identifiable categories of affected parties, such as separate
 131.14 classes of government units, businesses, or individuals, and the probable benefits of adopting
 131.15 the rule;
- 131.16 ~~(7)~~ (3) an assessment of any differences between the proposed rule and existing or
 131.17 proposed federal regulations standards and similar standards in relevant states bordering
 131.18 Minnesota or within Environmental Protection Agency Region 5 and a specific analysis of
 131.19 the need for and reasonableness of each difference; and
- 131.20 ~~(8)~~ (4) an assessment of the cumulative effect of the rule with other federal and state
 131.21 regulations related to the specific purpose of the rule: all rules adopted by the agency or any
 131.22 other agency, and all federal regulations and local ordinances or regulations, related to the
 131.23 specific purpose for which the rule is being adopted; and
- 131.24 (5) the agency's findings and conclusions that support its determination that the proposed
 131.25 rule is based on sound, reasonably available scientific, technical, economic, or other
 131.26 information and rationale; and if the proposed rule is more restrictive than a standard,
 131.27 limitation, or requirement imposed by federal law or rule pertaining to the same subject
 131.28 matter, a justification based on sound, reasonably available scientific, technical, economic,

131.29 ~~or other information and rationale that the more stringent standard is necessary to protect~~
131.30 ~~the public's health, safety, or welfare.~~

131.31 The statement must describe how the agency, in developing the rules, considered and
131.32 implemented the legislative policy supporting performance-based regulatory systems set
131.33 forth in section 14.002 in a cost-effective and timely manner.

132.1 For purposes of clause ~~(8)~~ (4), "cumulative effect" means the impact that results from
132.2 incremental impact of the proposed rule in addition to other rules, regardless of what state
132.3 or federal agency has adopted the other rules. Cumulative effects can result from individually
132.4 minor but collectively significant rules adopted over a period of time.

132.5 ~~The statement must also describe the agency's efforts to provide additional notification~~
132.6 ~~under section 14.14, subdivision 1a, to persons or classes of persons who may be affected~~
132.7 ~~by the proposed rule or must explain why these efforts were not made.~~

132.8 The statement must describe, with reasonable particularity, the scientific, technical, and
132.9 economic information that supports the proposed rule.

132.10 The agency must consult with the commissioner of management and budget to help
132.11 evaluate the fiscal impact and fiscal benefits of the proposed rule on units of local
132.12 government. The agency must send a copy of the statement of need and reasonableness to
132.13 the Legislative Reference Library no later than when the notice of hearing is ~~mailed under~~
132.14 ~~section 14.14, subdivision 1a sent.~~

132.15 Sec. 20. Minnesota Statutes 2016, section 14.14, subdivision 1a, is amended to read:

132.16 Subd. 1a. **Notice of rule hearing.** (a) ~~Each agency shall maintain a list of all persons~~
132.17 ~~who have registered with the agency for the purpose of receiving notice of rule proceedings.~~
132.18 ~~Persons may register to receive notice of rule proceedings by submitting to the agency:~~

132.19 ~~(1) their electronic mail address; or~~

132.20 ~~(2) their name and United States mail address.~~

132.21 ~~The agency may inquire as to whether those persons on the list wish to remain on it and~~
132.22 ~~may remove persons for whom there is a negative reply or no reply within 60 days. The~~
132.23 ~~agency shall, at least 30 days before the date set for the hearing, give notice of its intention~~
132.24 ~~to adopt hold a hearing on the proposed rules by United States mail or electronic mail to all~~
132.25 ~~persons on its list who have registered with the agency under section 14.105, and by~~
132.26 ~~publication in the State Register.~~

132.27 ~~The mailed notice must include either a copy of the proposed rule or an easily readable~~
132.28 ~~and understandable description of its nature and effect and an announcement that a free~~
132.29 ~~copy of the proposed rule is available on request from the agency. In addition, each agency~~
132.30 ~~shall make reasonable efforts to notify persons or classes of persons who may be significantly~~
132.31 ~~affected by the rule being proposed by giving notice of its intention in newsletters,~~
132.32 ~~newspapers, or other publications, or through other means of communication. The notice~~
132.33 ~~in the State Register must include the proposed rule or an amended rule in the form required~~
133.1 ~~by the revisor under section 14.07, together with an easily readable and understandable~~
133.2 ~~summary of the overall nature and effect of the proposed rule, a citation to the most specific~~
133.3 ~~statutory authority for the proposed rule, a statement of the place, date, and time of the~~
133.4 ~~public hearing, a statement that a free copy of the proposed rule and the statement of need~~
133.5 ~~and reasonableness may be requested from the agency, a statement that persons may register~~
133.6 ~~with the agency for the purpose of receiving notice of rule proceedings and notice that the~~
133.7 ~~agency intends to adopt a rule, and other information required by law or rule. When an~~
133.8 ~~entire rule is proposed to be repealed, the agency need only publish that fact, along with an~~
133.9 ~~easily readable and understandable summary of the overall nature of the rules proposed for~~
133.10 ~~repeal, and a citation to the rule to be repealed.~~

133.11 The mailed notice of hearing must be the same as the notice published in the State
133.12 Register, except that the mailed notice may omit the text of the proposed rule if it includes
133.13 an announcement of where a copy of the proposed rule may be obtained.

133.14 (b) The chief administrative law judge may authorize an agency to omit from the notice
133.15 of rule hearing the text of any proposed rule, the publication of which would be unduly
133.16 cumbersome, expensive, or otherwise inexpedient if:

133.17 (1) knowledge of the rule is likely to be important to only a small class of persons;

133.18 (2) the notice of rule hearing states that a free copy of the entire rule is available upon
133.19 request to the agency; and

133.20 (3) the notice of rule hearing states in detail the specific subject matter of the omitted
133.21 rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose
133.22 and motivation.

133.23 Sec. 21. Minnesota Statutes 2016, section 14.14, subdivision 2a, is amended to read:

133.24 Subd. 2a. **Hearing procedure.** When a hearing is held on a proposed rule, it shall be
133.25 conducted by an administrative law judge assigned by the chief administrative law judge.
133.26 The administrative law judge shall ensure that all persons involved in the rule hearing are
133.27 treated fairly and impartially. The agency shall submit into the record the jurisdictional
133.28 documents, including the statement of need and reasonableness, comments and hearing

133.29 requests received, and any written exhibits in support of the proposed rule. The agency may
 133.30 also present additional oral evidence. Interested persons may present written and oral
 133.31 evidence. The administrative law judge shall allow questioning of agency representatives
 133.32 or witnesses, or of interested persons making oral statements, in order to explain the purpose
 133.33 or intended operation of a proposed rule, or a suggested modification, or for other purposes
 134.1 if material to the evaluation or formulation of the proposed rule. The administrative law
 134.2 judge may limit repetitive or immaterial oral statements and questioning.

28.11 Sec. 7. Minnesota Statutes 2016, section 14.18, subdivision 1, is amended to read:

28.12 Subdivision 1. **Generally.** Unless a later date is required by section 14.126 or other law
 28.13 or is specified in the rule, a rule is effective after:

28.14 (1) it has been subjected to all requirements described in sections 14.131 to 14.20 ~~and~~
 28.15 ~~five working days after;~~

28.16 (2) the notice of adoption is published in the State Register ~~unless a later date is required~~
 28.17 ~~by section 14.126 or other law or specified in the rule;~~ and

28.18 (3) it has been approved by a law enacted after publication of the notice of adoption; ~~if~~
 28.19 ~~any of the following applies:~~

28.20 (i) the rule is enacted without a specific authorization of rulemaking to enact rules to
 28.21 implement a specific statute section;

28.22 (ii) a sanction or penalty can be imposed for failure to comply with the rule; or

28.23 (iii) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 28.24 about enforcement of or violation of the rule.

28.25 If the rule adopted is the same as the proposed rule, publication may be made by
 28.26 publishing notice in the State Register that the rule has been adopted as proposed and by
 28.27 citing the prior publication. If the rule adopted differs from the proposed rule, the portions
 28.28 of the adopted rule that differ from the proposed rule must be included in the notice of
 28.29 adoption together with a citation to the prior State Register publication of the remainder of
 28.30 the proposed rule. The nature of the modifications must be clear to a reasonable person
 28.31 when the notice of adoption is considered together with the State Register publication of
 29.1 the proposed rule, except that modifications may also be made that comply with the form
 29.2 requirements of section 14.07, subdivision 7.

29.3 If the agency omitted from the notice of proposed rule adoption the text of the proposed
 29.4 rule, as permitted by section 14.14, subdivision 1a, paragraph (b), the chief administrative
 29.5 law judge may provide that the notice of the adopted rule need not include the text of any
 29.6 changes from the proposed rule. However, the notice of adoption must state in detail the
 29.7 substance of the changes made from the proposed rule, and must state that a free copy of
 29.8 the portion of the adopted rule that was the subject of the rulemaking proceeding, not
 29.9 including any material adopted by reference as permitted by section 14.07, is available upon
 29.10 request to the agency.

134.3 Sec. 22. Minnesota Statutes 2016, section 14.19, is amended to read:

134.4 **14.19 DEADLINE TO COMPLETE RULEMAKING.**

134.5 Within 180 days after issuance of the administrative law judge's report or that of the
 134.6 chief administrative law judge, the agency shall submit its notice of adoption, amendment,
 134.7 or repeal to the State Register for publication. If the agency has not submitted its notice to
 134.8 the State Register within 180 days, the rule is automatically withdrawn. The agency may
 134.9 not adopt the withdrawn rules without again following the procedures of sections 14.05 to
 134.10 14.28, with the exception of section 14.101, if the noncompliance is approved by the chief
 134.11 administrative law judge. The agency shall report to the Legislative Coordinating
 134.12 Commission, other appropriate committees of the legislature, and the governor its failure
 134.13 to adopt rules and the reasons for that failure. The 180-day time limit of this section does
 134.14 not include:

134.15 (1) any days used for review by the chief administrative law judge or the commission
 134.16 if the review is required by law; or

134.17 (2) days during which the rule cannot be adopted, because of votes by legislative
 134.18 committees under section 14.126; ~~or~~

134.19 ~~(3) days during which the rule cannot be adopted because approval of the legislature is~~
 134.20 ~~required under section 14.127.~~

134.21 Sec. 23. Minnesota Statutes 2016, section 14.22, subdivision 1, is amended to read:

134.22 Subdivision 1. **Contents.** (a) ~~Unless an agency proceeds directly to a public hearing on~~
 134.23 ~~a proposed rule and gives the notice prescribed in section 14.14, subdivision 1a, the agency~~
 134.24 ~~shall give notice of its intention to adopt a rule without public hearing. The agency shall~~
 134.25 ~~give the notice required by this section, unless the agency gives notice of a hearing under~~
 134.26 ~~section 14.14 or a notice under section 14.389, subdivision 2. The agency shall give notice~~
 134.27 ~~must be given of its intention to adopt a rule by publication in the State Register and by~~
 134.28 United States mail or electronic mail to persons who have registered their names with the
 134.29 agency under section ~~14.14, subdivision 1a~~ 14.105. ~~The mailed notice must include either~~

134.30 ~~a copy of the proposed rule or an easily readable and understandable description of its nature~~
134.31 ~~and effect and an announcement that a free copy of the proposed rule is available on request~~
134.32 ~~from the agency. In addition, each agency shall make reasonable efforts to notify persons~~
135.1 ~~or classes of persons who may be significantly affected by the rule by giving notice of its~~
135.2 ~~intention in newsletters, newspapers, or other publications, or through other means of~~
135.3 ~~communication. The notice in the State Register must include the proposed rule or the~~
135.4 ~~amended rule in the form required by the revisor under section 14.07; an easily readable~~
135.5 ~~and understandable summary of the overall nature and effect of the proposed rule; a citation~~
135.6 ~~to the most specific statutory authority for the proposed rule; a statement that a free copy~~
135.7 ~~of the statement of need and reasonableness may be requested from the agency; a statement~~
135.8 ~~that persons may register with the agency for the purpose of receiving to receive notice of~~
135.9 ~~rule proceedings and notice that a rule has been submitted to the chief administrative law~~
135.10 ~~judge; and other information required by law or rule. When an entire rule is proposed to~~
135.11 ~~be repealed, the notice need only state that fact, along with an easily readable and~~
135.12 ~~understandable summary of the overall nature of the rule proposed for repeal, and a~~
135.13 ~~citation to the rule to be repealed. The notice must include a statement advising the public:~~

135.14 (1) that the public has at least 30 days in which to submit comment in support of or in
135.15 opposition to the proposed rule and that comment is encouraged;

135.16 (2) that each comment should identify the portion part and subpart, if any, of the proposed
135.17 rule addressed, the reason for the comment, and any change proposed;

135.18 (3) that the requester is encouraged to propose any change desired;

135.19 ~~(4)~~ (4) that if 25 or more persons submit a written request for a public hearing within
135.20 the ~~30-day~~ comment period, a public hearing will be held and the agency will use the process
135.21 under section 14.14;

135.22 ~~(4)~~ (5) of the manner in which persons must request a public hearing on the proposed
135.23 rule, including the requirements contained in section 14.25 relating to a written request for
135.24 a public hearing; and

135.25 ~~(5) of the requirements contained in section 14.25 relating to a written request for a~~
135.26 ~~public hearing, and that the requester is encouraged to propose any change desired;~~

135.27 (6) that the agency may modify the proposed rule ~~may be modified~~ if the modifications
135.28 are supported by the data and views submitted; ~~and~~

135.29 ~~(7) that if a hearing is not required, notice of the date of submission of the proposed rule~~
135.30 ~~to the chief administrative law judge for review will be mailed to any person requesting to~~
135.31 ~~receive the notice.~~

135.32 In connection with the statements required in clauses (1) and ~~(3)~~ (4), the notice must
135.33 also include the date on which the ~~30-day~~ comment period ends. The mailed notice of intent
136.1 to adopt a rule must be the same as the notice published in the State Register, except that
136.2 the mailed notice may omit the text of the proposed rule if it includes an announcement of
136.3 where a copy of the proposed rule may be obtained.

136.4 (b) The chief administrative law judge may authorize an agency to omit from the notice
136.5 of intent to adopt the text of any proposed rule, the publication of which would be unduly
136.6 cumbersome, expensive, or otherwise inexpedient if:

136.7 (1) knowledge of the rule is likely to be important to only a small class of persons;

136.8 (2) the notice of intent to adopt states that a free copy of the entire rule is available upon
136.9 request to the agency; and

136.10 (3) the notice of intent to adopt states in detail the specific subject matter of the omitted
136.11 rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose
136.12 and motivation.

136.13 Sec. 24. Minnesota Statutes 2016, section 14.23, is amended to read:

136.14 **14.23 STATEMENT OF NEED AND REASONABLENESS.**

136.15 By the date of the section 14.22 notice, the agency shall prepare a statement of need and
136.16 reasonableness, which must be available to the public. The statement of need and
136.17 reasonableness must include the analysis information required in section 14.131. ~~The~~
136.18 ~~statement must also describe the agency's efforts to provide additional notification under~~
136.19 ~~section 14.22 to persons or classes of persons who may be affected by the proposed rules~~
136.20 ~~or must explain why these efforts were not made. For at least 30 days following the notice,~~
136.21 ~~the agency shall afford the public an opportunity to request a public hearing and to submit~~
136.22 ~~data and views on the proposed rule in writing.~~

136.23 The agency shall send a copy of the statement of need and reasonableness to the
136.24 Legislative Reference Library no later than when the notice of intent to adopt is ~~mailed~~ sent.

136.25 Sec. 25. Minnesota Statutes 2016, section 14.25, subdivision 1, is amended to read:

136.26 Subdivision 1. **Requests for hearing.** If, during the ~~30-day~~ period allowed for comment
136.27 under section 14.22, 25 or more persons submit to the agency a written request for a public
136.28 hearing of the proposed rule, the agency shall proceed under the provisions of sections 14.14
136.29 to 14.20. The written request must include:

136.30 (1) the name and address of the person requesting the public hearing; ~~and~~

137.1 (2) ~~the portion or portions part or subpart, if any, of the rule to which the person objects~~
137.2 ~~or a statement that the person opposes the entire rule. If not previously published under~~
137.3 ~~section 14.22, subdivision 2, a notice of the public hearing must be published in the State~~
137.4 ~~Register and mailed to those persons who submitted a written request for the public hearing.~~
137.5 ~~Unless the agency has modified the proposed rule, the notice need not include the text of~~
137.6 ~~the proposed rule but only a citation to the State Register pages where the text appears; and~~

137.7 (3) the reasons for the objection to each portion of the rule identified.

137.8 A written request for a public hearing that does not comply with the requirements of this
137.9 section is invalid and may not be counted by the agency for purposes of determining whether
137.10 a public hearing must be held. A written request for a public hearing is not invalid due to
137.11 failure of the request to correctly identify the portion of the rule to which the person objects
137.12 if the agency reasonably can determine which portion of the rule is the basis for the objection.

137.13 Sec. 26. Minnesota Statutes 2016, section 14.26, is amended to read:

137.14 **14.26 ADOPTION OF PROPOSED RULE; SUBMISSION TO ADMINISTRATIVE**
137.15 **LAW JUDGE.**

137.16 Subdivision 1. **Submission.** If no hearing is required, the agency shall submit to an
137.17 administrative law judge assigned by the chief administrative law judge the proposed rule
137.18 and notice as published, the rule as adopted, any written comments received by the agency,
137.19 and a statement of need and reasonableness for the rule. The agency shall give notice to all
137.20 persons who requested to be informed that these materials have been submitted to the
137.21 administrative law judge. This notice must be given on the same day that the record is
137.22 submitted. If the proposed rule has been modified, the notice must state that fact, and must
137.23 also state that a free copy of the proposed rule, as modified, is available upon request from
137.24 the agency. The rule and these materials must be submitted to the administrative law judge
137.25 within 180 days of the day that the comment period for the rule is over or the rule is
137.26 automatically withdrawn. The agency may not adopt the withdrawn rules without again
137.27 following the procedures of sections 14.05 to 14.28, with the exception of section 14.101,
137.28 if the noncompliance is approved by the chief administrative law judge. The agency shall
137.29 report its failure to adopt the rules and the reasons for that failure to the Legislative
137.30 Coordinating Commission, other appropriate legislative committees, and the governor.

137.31 ~~Subd. 2. **Resubmission.** Even if the 180-day period expires while the administrative~~
137.32 ~~law judge reviews the rule, if the administrative law judge rejects the rule, the agency may~~
137.33 ~~resubmit it after taking corrective action. The resubmission must occur within 30 days of~~
137.34 ~~when the agency receives written notice of the disapproval. If the rule is again disapproved,~~
138.1 ~~the rule is withdrawn. An agency may resubmit at any time before the expiration of the~~

138.2 ~~180-day period. If the agency withholds some of the proposed rule, it may not adopt the~~
138.3 ~~withheld portion without again following the procedures of sections 14.14 to 14.28.~~

138.4 Subd. 3. **Review.** ~~(a)~~ Within 14 days of receiving a submission under subdivision 1, the
138.5 administrative law judge shall approve or disapprove the rule as to its legality and its form
138.6 to the extent that the form relates to legality, including the issues of whether the rule if
138.7 modified is substantially different, as determined under section 14.05, subdivision 2, from
138.8 the rule as originally proposed, whether the agency has the authority to adopt the rule, and
138.9 whether the record demonstrates a rational basis for the need for and reasonableness of the
138.10 proposed rule. ~~If the rule is approved, the administrative law judge shall promptly file four~~
138.11 ~~paper copies or an electronic copy of the adopted rule in the Office of the Secretary of State.~~
138.12 ~~The secretary of state shall forward one copy of each rule to the revisor of statutes, to the~~
138.13 ~~agency, and to the governor.~~ If the rule is disapproved, the administrative law judge shall
138.14 state in writing the reasons for the disapproval and make recommendations to overcome
138.15 the defects.

138.16 Subd. 3b. **Harmless error.** The administrative law judge shall disregard any error or
138.17 defect in the proceeding due to the agency's failure to satisfy any procedural requirements
138.18 imposed by law or rule if the administrative law judge finds:

138.19 (1) that the failure did not deprive any person or entity of an opportunity to participate
138.20 meaningfully in the rulemaking process; or

138.21 (2) that the agency has taken corrective action to cure the error or defect so that the
138.22 failure did not deprive any person or entity of an opportunity to participate meaningfully
138.23 in the rulemaking process.

138.24 Subd. 3c. **Correction of defects.** ~~(b)~~ (a) The written disapproval must be submitted to
138.25 the chief administrative law judge for approval. If the chief administrative law judge approves
138.26 of the findings of the administrative law judge, the chief administrative law judge shall send
138.27 the statement of the reasons for disapproval of the rule to the agency, the Legislative
138.28 Coordinating Commission, the house of representatives and senate policy committees with
138.29 primary jurisdiction over state governmental operations, and the revisor of statutes and
138.30 advise the agency and the revisor of statutes of actions that will correct the defects. The rule
138.31 may not be filed in the Office of the Secretary of State, nor be published, until the chief
138.32 administrative law judge determines that the defects have been corrected or, if applicable,
138.33 that the agency has satisfied the rule requirements for the adoption of a substantially different
138.34 rule.

139.1 (b) The agency may resubmit the disapproved rule under paragraph (a) to the chief
139.2 administrative law judge after correcting the defects. If the 180-day period expires while
139.3 the chief administrative law judge is reviewing the rule, the agency may resubmit the rule
139.4 within 30 days of the date the agency received written notice of disapproval. In all other

139.5 cases, the agency may resubmit the rule at any time before the expiration of the 180-day
139.6 period in subdivision 1. If the resubmitted rule is disapproved by the chief administrative
139.7 law judge, the rule is withdrawn. If the agency does not resubmit a portion of the rule, it
139.8 may not adopt that portion of the rule without again following the procedures of sections
139.9 14.14 to 14.28.

139.10 Subd. 3d. **Need or reasonableness not established.** ~~(e)~~ If the chief administrative law
139.11 judge determines that the need for or reasonableness of the rule has not been established,
139.12 and if the agency does not elect to follow the suggested actions of the chief administrative
139.13 law judge to correct that defect, then the agency shall submit the proposed rule to the
139.14 Legislative Coordinating Commission and to the house of representatives and senate policy
139.15 committees with primary jurisdiction over state governmental operations for advice and
139.16 comment. The agency may not adopt the rule until it has received and considered the advice
139.17 of the commission and committees. However, the agency need not wait for advice for more
139.18 than 60 days after the commission and committees have received the agency's submission.

139.19 ~~(d) The administrative law judge shall disregard any error or defect in the proceeding~~
139.20 ~~due to the agency's failure to satisfy any procedural requirements imposed by law or rule~~
139.21 ~~if the administrative law judge finds:~~

139.22 ~~(1) that the failure did not deprive any person or entity of an opportunity to participate~~
139.23 ~~meaningfully in the rulemaking process; or~~

139.24 ~~(2) that the agency has taken corrective action to cure the error or defect so that the~~
139.25 ~~failure did not deprive any person or entity of an opportunity to participate meaningfully~~
139.26 ~~in the rulemaking process.~~

139.27 Subd. 3a. **Filing.** ~~If the rule is approved, the administrative law judge shall promptly~~
139.28 ~~file four paper copies or an electronic copy of the adopted rule in the Office of the Secretary~~
139.29 ~~of State. The secretary of state shall forward one copy of each rule to the revisor of statutes,~~
139.30 ~~to the agency, and to the governor.~~

139.31 Subd. 4. **Costs.** ~~The Office of Administrative Hearings shall assess an agency for the~~
139.32 ~~actual cost of processing rules under this section. Each agency shall include in its budget~~
139.33 ~~money to pay the assessment. Receipts from the assessment must be deposited in the~~
139.34 ~~administrative hearings account created in section 14.54.~~

140.1 Subd. 5. **Filing.** If the rule is approved, the chief administrative law judge shall promptly
140.2 file four paper copies or an electronic copy of it in the Office of the Secretary of State. The
140.3 secretary of state shall forward one copy of the rule to the revisor of statutes, one copy to
140.4 the agency, and one copy to the governor.

140.5 Subd. 6. **Costs.** The Office of Administrative Hearings shall assess an agency for the
 140.6 actual cost of processing rules under this section. Each agency shall include in its budget
 140.7 money to pay the assessment. Receipts from the assessment must be deposited in the
 140.8 administrative hearings account created in section 14.54.

29.11 Sec. 8. Minnesota Statutes 2016, section 14.27, is amended to read:

29.12 **14.27 PUBLICATION OF ADOPTED RULE; EFFECTIVE DATE.**

29.13 (a) Except as provided in paragraph (b), the rule is effective upon after publication of
 29.14 the notice of adoption in the State Register in the same manner as provided for adopted
 29.15 rules in section 14.18.

29.16 (b) A rule is effective after publication of the notice of adoption in the State Register
 29.17 and after approval by law in the same manner as provided for adopted rules in section 14.18,
 29.18 if any of the following applies:

29.19 (1) the rule is enacted without a specific authorization of rulemaking to enact rules to
 29.20 implement a specific statute section;

29.21 (2) a sanction or penalty can be imposed for failure to comply with the rule; or

29.22 (3) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 29.23 about enforcement of or violation of the rule.

29.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 29.25 applies to rules for which a notice of adoption is published on or after that date.

140.9 Sec. 27. Minnesota Statutes 2016, section 14.365, is amended to read:

140.10 **14.365 OFFICIAL RULEMAKING RECORD.**

140.11 The agency shall maintain the official rulemaking record for every rule adopted under
 140.12 sections 14.05 to ~~14.389~~ 14.3895. The record must be available for public inspection. The
 140.13 record required by this section constitutes the official and exclusive agency rulemaking
 140.14 record with respect to agency action on or judicial review of the rule. The record must
 140.15 contain:

140.16 (1) copies of all publications in the State Register pertaining to the rule;

140.17 (2) all written petitions, and all requests, submissions, or comments received by the
140.18 agency or the administrative law judge after publication of the notice of intent to adopt or
140.19 the notice of hearing in the State Register pertaining to the rule;

140.20 (3) the statement of need and reasonableness for the rule;

140.21 (4) any report prepared by the peer review panel pursuant to section 14.129;

140.22 ~~(4)~~ (5) the official transcript of the hearing if one was held, or the tape recording of the
140.23 hearing if a transcript was not prepared;

140.24 ~~(5)~~ (6) the report of the administrative law judge, if any;

140.25 ~~(6)~~ (7) the rule in the form last submitted to the administrative law judge under sections
140.26 14.14 to 14.20 or first submitted to the administrative law judge under sections 14.22 to
140.27 14.28;

140.28 ~~(7)~~ (8) the administrative law judge's written statement of required modifications and
140.29 of approval or disapproval by the chief administrative law judge, if any;

140.30 ~~(8)~~ (9) any documents required by applicable rules of the Office of Administrative
140.31 Hearings;

141.1 ~~(9)~~ (10) the agency's order adopting the rule;

141.2 ~~(10)~~ (11) the revisor's certificate approving the form of the rule; and

141.3 ~~(11)~~ (12) a copy of the adopted rule as filed with the secretary of state.

141.4 Sec. 28. Minnesota Statutes 2016, section 14.381, subdivision 3, is amended to read:

141.5 Subd. 3. **Costs.** The agency is liable for all Office of Administrative Hearings costs
141.6 associated with review of the petition. If the administrative law judge rules in favor of the
141.7 agency, the agency may recover all or a portion of the costs from the petitioner unless the
141.8 petitioner is entitled to proceed in forma pauperis under section 563.01 or the administrative
141.9 law judge determines that the petition was brought in good faith and that an assessment of
141.10 the costs would constitute an undue hardship for the petitioner. ~~If an agency has reason to
141.11 believe it will prevail in the consideration of a petition, and that an effort to recover costs
141.12 from the petitioner will be unsuccessful, it may request the chief administrative law judge
141.13 to require the petitioner to provide bond or a deposit to the agency in an amount the chief~~

141.14 ~~administrative law judge estimates will be the cost to the Office of Administrative Hearings~~
141.15 ~~to review the petition.~~

141.16 Sec. 29. Minnesota Statutes 2016, section 14.388, subdivision 1, is amended to read:

141.17 Subdivision 1. **Requirements.** If an agency for good cause finds that the rulemaking
141.18 provisions of this chapter are unnecessary, impracticable, or contrary to the public interest
141.19 when adopting, amending, or repealing a rule to:

141.20 (1) address a serious and immediate threat to the public health, safety, or welfare;

141.21 (2) comply with a court order or a requirement in federal law in a manner that does not
141.22 allow for compliance with sections 14.14 to 14.28;

141.23 (3) incorporate specific changes set forth in applicable statutes when no interpretation
141.24 of law is required; or

141.25 (4) make changes that do not alter the sense, meaning, or effect of a rule,

141.26 the agency may adopt, amend, or repeal the rule after satisfying the requirements of
141.27 subdivision 2 and section 14.386, paragraph (a), clauses (1) to (4). The agency shall
141.28 incorporate its findings and a brief statement of its supporting reasons in its order adopting,
141.29 amending, or repealing the rule.

142.1 After considering the agency's statement and any comments received, the Office of
142.2 Administrative Hearings shall determine whether the agency has provided adequate
142.3 justification for its use of this section.

142.4 Rules adopted, amended, or repealed under ~~clauses clause (1) and (2)~~ are effective for
142.5 a period of two years from the date of publication of the rule in the State Register.

142.6 Rules adopted, amended, or repealed under clause (2), (3), or (4) are effective upon
142.7 publication in the State Register.

142.8 Sec. 30. Minnesota Statutes 2016, section 14.388, subdivision 2, is amended to read:

142.9 Subd. 2. **Notice.** An agency proposing to adopt, amend, or repeal a rule under this section
142.10 must give notice to the chairs and ranking minority members of the legislative policy and
142.11 budget committees with jurisdiction over the subject matter of the proposed rules and to
142.12 the Legislative Coordinating Commission, must give electronic notice of its intent in
142.13 accordance with section 16E.07, subdivision 3, and must give notice by United States mail
142.14 or electronic mail to persons who have registered their names with the agency under section

142.15 14.14, subdivision 1a. The notice must be given no later than the date the agency submits
 142.16 the proposed rule to the Office of Administrative Hearings for review of its legality and
 142.17 must include:

142.18 (1) the proposed rule, amendment, or repeal;

142.19 (2) an explanation of why the rule meets the requirements of the good cause exemption
 142.20 under subdivision 1; and

142.21 (3) a statement that interested parties have five business days after the date of the notice
 142.22 to submit comments to the Office of Administrative Hearings.

29.26 Sec. 9. Minnesota Statutes 2016, section 14.389, subdivision 3, is amended to read:

29.27 Subd. 3. **Adoption.** (a) The agency may modify a proposed rule if the modifications do
 29.28 not result in a substantially different rule, as defined in section 14.05, subdivision 2,
 29.29 paragraphs (b) and (c). If the final rule is identical to the rule originally published in the
 29.30 State Register, the agency must publish a notice of adoption in the State Register. If the
 29.31 final rule is different from the rule originally published in the State Register, the agency
 30.1 must publish a copy of the changes in the State Register. The agency must also file a copy
 30.2 of the rule with the governor. ~~The rule is effective upon publication in the State Register.~~

30.3 (b) Except as provided in paragraph (c), the rule is effective upon publication in the
 30.4 State Register.

30.5 (c) The rule is effective upon publication of the notice of adoption if it has been approved
 30.6 by a law enacted after publication of the notice of adoption, if any of the following applies:

30.7 (1) the rule is enacted without a specific authorization of rulemaking to enact rules to
 30.8 implement a specific statute section;

30.9 (2) a sanction or penalty can be imposed for failure to comply with the rule; or

30.10 (3) the regulating agency has the authority to adjudicate a dispute with a regulated entity
 30.11 about enforcement of or violation of the rule.

30.12 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 30.13 applies to rules for which a notice of adoption is published on or after that date.

142.23 Sec. 31. Minnesota Statutes 2016, section 14.44, is amended to read:

142.24 **14.44 DETERMINATION OF VALIDITY OF RULE.**

142.25 (a) The validity of any rule, or the validity of any agency policy, guideline, bulletin,
142.26 criterion, manual standard, or similar pronouncement that the petitioner believes is a rule
142.27 as defined in section 14.02, subdivision 4, may be determined upon the petition for a
142.28 declaratory judgment thereon, addressed to the Court of Appeals, when it appears that the
142.29 rule or pronouncement, or its threatened application, interferes with or impairs, or threatens
142.30 to interfere with or impair the legal rights or privileges of the petitioner. The agency shall
142.31 be made a party to the proceeding. The declaratory judgment may be rendered whether or
142.32 not the petitioner has first requested the agency to pass upon the validity of the rule in
143.1 question, whether or not the petitioner has petitioned the Office of Administrative Hearings
143.2 under section 14.381, and whether or not the agency has commenced an action against the
143.3 petitioner to enforce the rule.

143.4 (b) If the subject of the petition is an agency policy, guideline, bulletin, criterion, manual
143.5 standard, or similar pronouncement, the agency must cease enforcement of the
143.6 pronouncement upon filing of the petition until the Court of Appeals rules on the matter.
143.7 The agency is liable for all costs associated with review of the petition. If the Court of
143.8 Appeals rules in favor of the agency, the agency may recover all or a portion of the cost
143.9 from the petitioner unless the petitioner is entitled to proceed in a forma pauperis under
143.10 section 563.01, or the court determines that the petition was brought in good faith or the
143.11 assessment of the costs would constitute an undue hardship for the petitioner.

143.12 Sec. 32. Minnesota Statutes 2016, section 14.45, is amended to read:

143.13 **14.45 RULE DECLARED INVALID.**

143.14 In proceedings under section 14.44, the court shall declare the rule or agency policy,
143.15 guideline, bulletin, criterion, manual standard, or similar pronouncement invalid if it finds
143.16 that it violates constitutional provisions or exceeds the statutory authority of the agency or
143.17 if the rule was adopted or the policy, guideline, bulletin, criterion, manual standard, or
143.18 similar pronouncement was improperly implemented without compliance with statutory
143.19 rulemaking procedures. Any party to proceedings under section 14.44, including the agency,
143.20 may appeal an adverse decision of the Court of Appeals to the Supreme Court as in other
143.21 civil cases.

143.22 Sec. 33. Minnesota Statutes 2016, section 14.51, is amended to read:

143.23 **14.51 PROCEDURAL RULES.**

143.24 The chief administrative law judge shall adopt rules to govern: (1) the procedural conduct
143.25 of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings,

143.26 contested case hearings, and workers' compensation hearings, and to govern the conduct of
 143.27 voluntary mediation sessions for rulemaking and contested cases other than those within
 143.28 the jurisdiction of the Bureau of Mediation Services; and (2) the review of rules adopted
 143.29 without a public hearing. The chief administrative law judge may adopt rules to govern the
 143.30 procedural conduct of other hearings conducted by the Office of Administrative Hearings.
 143.31 The procedural rules shall be binding upon all agencies and shall supersede any other agency
 143.32 procedural rules with which they may be in conflict. The procedural rules shall include in
 143.33 addition to normal procedural matters provisions relating to the procedure to be followed
 144.1 when the proposed final rule of an agency is substantially different, as determined under
 144.2 section 14.05, subdivision 2, from that which was proposed. The procedural rules shall
 144.3 establish a procedure whereby the proposed final rule of an agency shall be reviewed by
 144.4 the chief administrative law judge on the issue of whether the proposed final rule of the
 144.5 agency is substantially different than that which was proposed or failure of the agency to
 144.6 meet the requirements of chapter 14. The rules must also provide: (1) an expedited procedure,
 144.7 consistent with section 14.001, clauses (1) to (5), for the adoption of substantially different
 144.8 rules by agencies; and (2) a procedure to allow an agency to receive prior binding approval
 144.9 of its plan regarding the additional notice contemplated under sections 14.101, 14.131,
 144.10 14.14, 14.22, ~~and~~ 14.23, and 14.389. Upon the chief administrative law judge's own initiative
 144.11 or upon written request of an interested party, the chief administrative law judge may issue
 144.12 a subpoena for the attendance of a witness or the production of books, papers, records or
 144.13 other documents as are material to any matter being heard by the Office of Administrative
 144.14 Hearings. The subpoenas shall be enforceable through the district court in the district in
 144.15 which the subpoena is issued.

30.14 Sec. 10. Minnesota Statutes 2016, section 14.57, is amended to read:

30.15 **14.57 INITIATION; DECISION; AGREEMENT TO ARBITRATE.**

30.16 (a) An agency shall initiate a contested case proceeding when one is required by law.
 30.17 ~~Unless otherwise provided by law,~~ An agency shall ~~decide~~ submit a contested case ~~only~~ only
 30.18 to the Office of Administrative Hearings for disposition in accordance with the contested case
 30.19 procedures of the Administrative Procedure Act. Upon initiation of a contested case
 30.20 proceeding, ~~an agency may, by order, provide that~~ the report or order of the administrative
 30.21 law judge constitutes the final decision in the case.

30.22 (b) As an alternative to initiating or continuing with a contested case proceeding, the
 30.23 parties, subsequent to agency approval, may enter into a written agreement to submit the
 30.24 issues raised to arbitration by an administrative law judge according to sections 572B.01
 30.25 to 572B.31.

30.26 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to contested
 30.27 cases initiated on or after that date.

30.28 Sec. 11. **[14.605] AFFIRMATIVE DEFENSE.**

30.29 In a contested case or any other action to enforce a rule or to sanction or penalize a
 30.30 person for violation of a rule, a person shall have an affirmative defense if the person shows
 31.1 by a preponderance of the evidence that the cost for the person to comply with the rule
 31.2 exceeds \$50,000.

31.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 31.4 applies to rules for which a notice of adoption is published on or after that date.

52.4 Sec. 46. **MINNESOTA ADMINISTRATIVE RULES STATUS SYSTEM (MARSS)**
 52.5 **WORKING GROUP.**

52.6 Subdivision 1. **Creation.** The MARSS working group consists of the following nine
 52.7 members:

52.8 (1) the chief judge of the Office of Administrative Hearings, or a designee;

52.9 (2) the secretary of state, or a designee;

52.10 (3) a representative from the Interagency Rules Committee (IRC) appointed by the
 52.11 committee;

52.12 (4) a representative from each of the following agencies with rulemaking experience
 52.13 appointed by the appropriate commissioner:

52.14 (i) the Department of Health;

52.15 (ii) the Minnesota Pollution Control Agency;

52.16 (iii) the Department of Transportation; and

52.17 (iv) the Department of Labor and Industry;

52.18 (5) as designated by the IRC, a representative from a health-related board; and

52.19 (6) as designated by the IRC, a representative from a non-health-related board.

52.20 Subd. 2. **MARSS description.** The Minnesota Administrative Rules Status System
 52.21 (MARSS) is a concept for a new software application. The application would be built and
 52.22 maintained by the Revisor's Office. Executive branch agencies and others would upload
 52.23 official rulemaking record documents to the system. The goal is to improve public access,
 52.24 security, preservation, and transparency of state agencies' official rulemaking records through
 52.25 the creation of a single online records system. The system would serve as a single Internet
 52.26 location for the public to track rulemaking progress and access the official rulemaking
 52.27 record. Agencies would fulfill their requirement to maintain and preserve the official
 52.28 rulemaking record by submitting required documents to the revisor for inclusion in the
 52.29 online records system.

52.30 Subd. 3. **Duties.** The working group must report by February 1, 2018, to the chairs and
 52.31 ranking minority members of the committees in the house of representatives and senate
 53.1 with jurisdiction over policy and finance for the legislature. The report must identify the
 53.2 functional and nonfunctional requirements of the MARSS system. The working group must
 53.3 define a funding mechanism to share the cost to build and maintain the MARSS system
 53.4 among state agencies and departments.

53.5 Subd. 4. **Administration provisions.** (a) The revisor of statutes or the revisor's designee
 53.6 must convene the initial meeting of the working group by August 1, 2017. Upon request of
 53.7 the working group, the revisor must provide meeting space and administrative services for
 53.8 the group.

53.9 (b) The working group must elect a chair from among its members at the first meeting.

53.10 (c) Members serve without compensation and without reimbursement for expenses.

53.11 (d) The working group expires on February 1, 2018, or upon submission of documents
 53.12 fulfilling its duties, whichever is earlier.

53.13 Subd. 5. **Deadline for appointments and designations.** The appointments and
 53.14 designations authorized by this section must be completed by July 1, 2017.

144.16 Sec. 34. **REPEALER.**

144.17 Minnesota Statutes 2016, section 14.05, subdivision 5, is repealed.

144.18 Sec. 35. **EFFECTIVE DATE; APPLICATION.**

144.19 Except where otherwise provided, this article is effective August 1, 2017, and applies

144.20 to rules for which a notice of hearing under Minnesota Statutes, section 14.14; a notice of

144.21 intent to adopt under Minnesota Statutes, section 14.22; or a dual notice under Minnesota
144.22 Statutes, section 14.225, is published in the State Register on or after that date.

144.23 **ARTICLE 5**

144.24 **MINNESOTA SPORTS FACILITIES AUTHORITY**

144.25 Section 1. Minnesota Statutes 2016, section 13.55, subdivision 2, is amended to read:

144.26 Subd. 2. **Public data.** (a) The data made not public by the provisions of subdivision 1
144.27 shall become public upon the occurrence of any of the following:

144.28 ~~(a)~~ (1) five years elapse from the date on which the lease or contract is entered into
144.29 between the facility and the inquiring party or parties or the event which was the subject of
144.30 inquiry occurs at the facility, whichever occurs earlier;

144.31 ~~(b)~~ (2) the event which was the subject of inquiry does not occur; or

145.1 ~~(c)~~ (3) the event which was the subject of inquiry occurs elsewhere.

145.2 (b) Data regarding persons receiving free or discounted admission, tickets, or other gifts
145.3 from publicly owned and operated convention facilities, civic center authorities, or the
145.4 Minnesota Sports Facilities Authority is public data unless the data is subject to the provisions
145.5 of subdivision 1 or 4, paragraph (b).

145.6 Sec. 2. Minnesota Statutes 2016, section 16A.965, is amended by adding a subdivision to
145.7 read:

145.8 Subd. 11. **Prepayment of bonds.** Each fiscal year in which there is a reduction in the
145.9 amount of the payment for stadium operating expenses as a result of the provisions of section
145.10 473J.09, subdivision 15, the commissioner shall set aside the amount of the savings in a
145.11 separate account in the general fund for that purpose. When a sufficient amount of savings
145.12 have been accumulated in that account to make it practicable, the commissioner must use
145.13 amounts in the account to prepay or defease bonds issued under this subdivision in a manner
145.14 that preserves the tax exempt status of the bonds.

145.15 Sec. 3. Minnesota Statutes 2016, section 297A.994, subdivision 4, is amended to read:

145.16 Subd. 4. **General fund allocations.** The commissioner must retain and deposit to the
145.17 general fund the following amounts, as required by subdivision 3, clause (3):

145.18 (1) for state bond debt service support beginning in calendar year 2021, and for each
145.19 calendar year thereafter through calendar year 2046, periodic amounts so that not later than
145.20 December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been
145.21 deposited in the general fund. To determine aggregate present value, the commissioner must
145.22 consult with the commissioner of management and budget regarding the present value dates,
145.23 discount rate or rates, and schedules of annual amounts. The present value date or dates
145.24 must be based on the date or dates bonds are sold under section 16A.965, or the date or
145.25 dates other state funds, if any, are deposited into the construction fund. The discount rate
145.26 or rates must be based on the true interest cost of the bonds issued under section 16A.965,
145.27 or an equivalent 30-year bond index, as determined by the commissioner of management
145.28 and budget. The schedule of annual amounts must be certified to the commissioner by the
145.29 commissioner of management and budget and the finance officer of the city;

145.30 (2) for the capital improvement reserve appropriation to the Minnesota Sports Facilities
145.31 Authority beginning in calendar year 2021, and for each calendar year thereafter through
145.32 calendar year 2046, an aggregate annual amount equal to the amount paid by the state for
145.33 this purpose in that calendar year under section 473J.13, subdivision 4;

146.1 (3) for the operating expense appropriation to the Minnesota Sports Facilities Authority
146.2 beginning in calendar year 2021, and for each calendar year thereafter through calendar
146.3 year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose
146.4 in that calendar year under section 473J.13, subdivision 2, determined without regard to the
146.5 reduction in that amount for any amounts reported under section 473J.09, subdivision 15,
146.6 paragraph (c);

146.7 (4) for recapture of state advances for capital improvements and operating expenses for
146.8 calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar
146.9 year thereafter until all amounts under this clause have been paid, proportionate amounts
146.10 periodically until an aggregate amount equal to the present value of all amounts paid by the
146.11 state have been deposited in the general fund. To determine the present value of the amounts
146.12 paid by the state to the authority and the present value of amounts deposited to the general
146.13 fund under this clause, the commissioner shall consult with the commissioner of management
146.14 and budget regarding the present value dates, discount rate or rates, and schedule of annual
146.15 amounts. The present value dates must be based on the dates state funds are paid to the
146.16 authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause
146.17 to the general fund. The discount rates must be based on the reasonably equivalent cost of
146.18 state funds as determined by the commissioner of management and budget. The schedule
146.19 of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision
146.20 2, paragraph (b), for 2016 to 2020, and subdivision 4, paragraph (c), for 2016 to 2020, and
146.21 taxes deposited to the general fund from time to time under this clause, and the schedule
146.22 and revised schedules must be certified to the commissioner by the commissioner of
146.23 management and budget and the finance officer of the city, and are transferred as accrued
146.24 from the general fund for repayment of advances made by the state to the authority.

146.25 Determination of the present value amounts must be made without regard to any reduction
146.26 in the state advances resulting from amounts reported under section 473J.09, subdivision
146.27 15, paragraph (c); and

146.28 (5) to capture increases in taxes imposed under the special law, for the benefit of the
146.29 Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each calendar
146.30 year thereafter through 2046, there shall be deposited to the general fund in proportionate
146.31 periodic payments in the following year, an amount equal to the following:

146.32 (i) 50 percent of the difference, if any, by which the amount of the net annual taxes for
146.33 the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus
146.34 \$1,000,000, inflated at two percent per year since 2011, minus

147.1 (ii) 25 percent of the difference, if any, by which the amount of the net annual taxes for
147.2 the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus
147.3 \$3,000,000, inflated at two percent per year since 2011.

147.4 Sec. 4. Minnesota Statutes 2016, section 473J.07, subdivision 2, is amended to read:

147.5 Subd. 2. **Membership.** (a) The authority shall consist of ~~five~~ seven members.

147.6 (b) ~~The chair and two members~~ One member shall be appointed by the governor. ~~One~~
147.7 ~~This member appointed by the governor shall serve until December 31 of the third year~~
147.8 ~~following appointment and one member shall serve until December 31 of the fourth year~~
147.9 ~~following appointment.~~ Thereafter, members appointed by the governor shall serve four-year
147.10 terms, beginning January 1. Each member serves until a successor is appointed and takes
147.11 office. ~~The chair serves at the pleasure of the governor.~~

147.12 (c) The mayor of the city shall appoint ~~two members~~ one member to the authority. ~~One~~
147.13 ~~This member appointed by the mayor of the city shall serve until December 31 of the third~~
147.14 ~~second year following appointment and one member shall serve until December 31 of the~~
147.15 ~~fourth year following appointment.~~ Thereafter, members appointed under this paragraph
147.16 shall serve four-year terms beginning January 1. Each member serves until a successor is
147.17 appointed and takes office. Members appointed under this paragraph may reside within the
147.18 city and may be appointed officials of a political subdivision.

147.19 (d) ~~The initial members of the authority must be appointed not later than June 13, 2012.~~
147.20 The legislature shall appoint the remaining members of the authority, who may not be
147.21 members of the legislature, as follows:

147.22 (1) the speaker of the house shall appoint one member;

147.23 (2) the majority leader of the senate shall appoint one member;

147.24 (3) the minority leader of the house of representatives shall appoint one member; and

147.25 (4) the minority leader of the senate shall appoint one member.

147.26 (e) The chair of the Legislative Coordinating Commission shall appoint a voting member
147.27 of the board, who must be a certified public accountant. Members appointed by the legislature
147.28 shall serve for three-year terms.

147.29 Sec. 5. Minnesota Statutes 2016, section 473J.07, subdivision 3, is amended to read:

147.30 Subd. 3. **Compensation.** The authority may compensate its members, ~~other than the~~
147.31 ~~chair, as provided in section 15.0575. The chair shall receive, unless otherwise provided by~~
148.1 ~~other law, a salary in an amount fixed by the authority;~~ the same compensation as other
148.2 board members and shall be reimbursed for reasonable expenses to the same extent as a
148.3 member.

148.4 Sec. 6. Minnesota Statutes 2016, section 473J.07, subdivision 4, is amended to read:

148.5 Subd. 4. **Chair.** The chair presides at all meetings of the authority, if present, and
148.6 performs all other assigned duties and functions. The members of the board shall biennially
148.7 elect a chair from among its members. The authority may appoint from among its members
148.8 a vice-chair to act for the chair during the temporary absence or disability of the chair, and
148.9 any other officers the authority determines are necessary or convenient.

148.10 Sec. 7. Minnesota Statutes 2016, section 473J.07, subdivision 8, is amended to read:

148.11 Subd. 8. **Executive director; employees.** The authority may appoint an executive director
148.12 to serve as the chief executive officer of the authority. The executive director serves at the
148.13 pleasure of the authority and receives compensation as determined by the authority, but in
148.14 no instance may the compensation of the executive director exceed that of the governor.
148.15 The executive director may be responsible for the operation, management, and promotion
148.16 of activities of the authority, as prescribed by the authority. The executive director has the
148.17 powers necessarily incident to the performance of duties required and powers granted by
148.18 the authority, but does not have authority to incur liability or make expenditures on behalf
148.19 of the authority without general or specific directions by the authority, as shown by the
148.20 bylaws or minutes of a meeting of the authority. The executive director is responsible for
148.21 hiring, supervision, and dismissal of all other employees of the authority. The authority
148.22 must conduct an annual employee evaluation of the executive director, which must be
148.23 reviewed and approved by the entire board.

148.24 Sec. 8. Minnesota Statutes 2016, section 473J.07, is amended by adding a subdivision to
148.25 read:

148.26 Subd. 8a. **Budget; report.** After adoption, the authority shall submit its annual budget
148.27 to the commissioner of management and budget and to the chairs and ranking minority
148.28 members of the senate finance and house of representatives ways and means committees.
148.29 All elements of the authority budget, meeting minutes, policies, and procedures must be
148.30 available on the authority Web site.

149.1 Sec. 9. Minnesota Statutes 2016, section 473J.09, subdivision 6, is amended to read:

149.2 Subd. 6. **Employees; contracts for services.** The authority may employ persons and
149.3 contract for services necessary to carry out its functions, including the utilization of
149.4 employees and consultants retained by other governmental entities. As a condition of
149.5 employment, employees selected by the authority may not engage in partisan political
149.6 activities. The authority shall enter into an agreement with the city regarding traffic control
149.7 for the stadium.

149.8 Sec. 10. Minnesota Statutes 2016, section 473J.09, subdivision 13, is amended to read:

149.9 Subd. 13. **Legislative report.** The authority must report to the chairs and ranking minority
149.10 members of the legislative committees with jurisdiction over state government finance by
149.11 January 15 of each year on the following:

149.12 (1) any recommended increases in the rate or dollar amount of tax;

149.13 (2) any recommended increases in the debt of the authority;

149.14 (3) the overall work and role of the authority;

149.15 (4) the authority's proposed and past operating and capital budgets; and

149.16 (5) the authority's implementation of the operating and capital budgets.

149.17 Sec. 11. Minnesota Statutes 2016, section 473J.09, is amended by adding a subdivision
149.18 to read:

149.19 Subd. 15. **Use of stadium suites.** (a) The authority's marketing vendor may enter into
149.20 agreements for the use of game and event tickets, and stadium suites, for the purpose of
149.21 marketing the stadium to potential users. Use of stadium suites is subject to the following
149.22 requirements:

149.23 (1) stadium suites may not be used by board members, except when participating in a
149.24 marketing effort arranged by the authority's marketing vendor, or conducting oversight of
149.25 authority responsibilities. The executive director shall ensure that use of the suite does not
149.26 violate open meeting laws. A board member may not use a suite more than twice per year
149.27 for oversight duties, and must pay the fair market value for use of the suite;

149.28 (2) stadium suite use must be limited to only those persons and activities with a legitimate
149.29 business purpose. Family members and friends of board members and authority staff are
149.30 presumed not to have a legitimate business purpose for attendance in a suite unless the
150.1 attendance has been approved by public vote of the authority, and the stated business purpose
150.2 made a part of the public record;

150.3 (3) if the authority has contracted or contracts for stadium marketing services and access
150.4 to a suite is included in the existing or future contract, the contract terms must require that
150.5 the contractor determine when suites are needed for marketing purposes and transmits to
150.6 the authority all data regarding its suite use, including but not limited to:

150.7 (i) the costs of use;

150.8 (ii) the identity of each attendee and their legitimate business purpose for attendance;

150.9 (iii) the date, time, and a general description of the stadium event at which the suite was
150.10 used, if applicable; and

150.11 (iv) the value and a description of any food, parking, or other benefits provided to
150.12 attendees.

150.13 The data required by this clause must be transmitted to the authority within 30 days after
150.14 each event at which a suite was used;

150.15 (4) authority staff may not use a suite except with the express written assignment of
150.16 duties by the executive director, may not be provided free food, and may not be provided
150.17 free parking unless necessary to complete the assigned duties; and

150.18 (5) provision of tickets to events and use of suites for a purpose other than marketing or
150.19 oversight must be reported to the legislative auditor.

150.20 (b) The authority must negotiate a return of all stadium suites to the primary tenant, or
150.21 other interested parties, in return for fair market value. A provision may be negotiated
150.22 allowing limited access to suites for marketing purposes. Any revenues received pursuant

- 150.23 to this paragraph must be deposited in the authority's operating reserves, established under
150.24 section 473J.13, subdivision 2, paragraph (c).
- 150.25 (c) No later than 60 days after the close of each fiscal year, the authority must report to
150.26 the commissioner of management and budget the amount deposited in the authority's reserves
150.27 under the provisions of paragraph (b).
- 150.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 151.1 Sec. 12. Minnesota Statutes 2016, section 473J.09, is amended by adding a subdivision
151.2 to read:
- 151.3 Subd. 16. **Code of conduct.** The authority shall adopt and comply with the latest version
151.4 of the state code of conduct promulgated by Minnesota Management and Budget.
- 151.5 Sec. 13. Minnesota Statutes 2016, section 473J.13, subdivision 2, is amended to read:
- 151.6 Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid all operating
151.7 expenses of the stadium. The authority must require in the lease or use agreement with the
151.8 NFL team that the NFL team pay the authority, beginning January 1, 2016, or other date as
151.9 mutually agreed upon by the parties, toward operating costs of the stadium, \$8,500,000
151.10 each year, increased by a three percent annual inflation rate.
- 151.11 (b) Beginning January 1, 2016, or other date as mutually agreed upon by the parties,
151.12 and continuing through 2020, the state shall pay the authority operating expenses, \$6,000,000
151.13 each year, increased by an annual adjustment factor. The payment of \$6,000,000 per year
151.14 beginning in 2016 is a payment by the state, which shall be repaid to the state, using funds
151.15 as provided under section 297A.994, subdivision 4, clause (4). After 2020, the state shall
151.16 assume this payment, using funds generated in accordance with the city of Minneapolis as
151.17 specified under section 297A.994, subdivision 4, clause (3). The amount of the payment
151.18 obligation under this paragraph for any fiscal year is reduced by the dollar amount for the
151.19 prior fiscal year reported to the commissioner of management and budget under section
151.20 473J.09, subdivision 15, paragraph (c).
- 151.21 (c) The authority may establish an operating reserve to cover operating expense shortfalls
151.22 and may accept funds from any source for deposit in the operating reserve. The establishment
151.23 or funding of an authority operating reserve must not decrease the amounts required to be
151.24 paid to the authority toward operating costs under this subdivision unless agreed to by the
151.25 authority.
- 151.26 (d) The authority will be responsible for operating cost overruns.

151.27 (e) After the joint selection of the third-party manager or program manager, the authority
151.28 may agree with a program manager or other third-party manager of the stadium on a fixed
151.29 cost operating, management, or employment agreement with operating cost protections
151.30 under which the program manager or third-party manager assumes responsibility for stadium
151.31 operating costs and shortfalls. The agreement with the manager must require the manager
151.32 to prepare an initial and ongoing operating plan and operating budgets for approval by the
152.1 authority in consultation with the NFL team. The manager must agree to operate the stadium
152.2 in accordance with the approved operating plan and operating budget.

152.3 Sec. 14. **RECOVERY.**

152.4 The Minnesota Sports Facilities Authority must recover the fair market value of any
152.5 food, parking, tickets, and access to stadium suites provided to a person prior to January 1,
152.6 2017, if the provision of those benefits to the person was not in the public interest. The
152.7 authority shall report on recovery efforts to the commissioner of management and budget
152.8 and to the chairs and ranking minority members of the senate finance and house of
152.9 representatives ways and means committees on the second Monday of each month until a
152.10 full recovery is completed.

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

152.12 Sec. 15. **LEGISLATIVE AUDITOR REVIEW.**

152.13 (a) No later than January 15, 2018, the legislative auditor is requested to review the
152.14 operations and management structure of major sports event facilities in Minnesota that are
152.15 both publicly owned and publicly operated. Upon completion, the review must be submitted
152.16 to the chairs and ranking minority members of the legislative committees with jurisdiction
152.17 over state government finance, and to the Legislative Commission on Minnesota Sports
152.18 Facilities.

152.19 (b) At a minimum, the review must consider:

152.20 (1) the structure and oversight responsibilities of each facility's public governing body;

152.21 (2) whether the public governing bodies have access to tickets, suites, or other premium
152.22 amenities for events conducted in the facilities they oversee, including the terms under
152.23 which the access is provided; and

152.24 (3) whether the public governing bodies have adopted policies or procedures to ensure
152.25 their oversight activities, including those of individual members acting on behalf of the
152.26 governing body, are transparent and in furtherance of the public interest.

152.27 (c) The review must compare and contrast the practices of each public governing body
152.28 and may recommend best practices for improving the governance, operations, and public
152.29 accountability of each body. As necessary, the review may also propose any changes in law
152.30 necessary to implement these best practices.

153.1 Sec. 16. **REPEALER.**

153.2 Minnesota Statutes 2016, section 473J.09, subdivision 14, is repealed.

153.3 Sec. 17. **EFFECTIVE DATE.**

153.4 Except where otherwise provided, this article is effective July 1, 2017, and,
153.5 notwithstanding any law to the contrary, the appointment of the current executive director
153.6 of the Minnesota Sports Facilities Authority and the terms of all current members of the
153.7 authority terminate on that date. New appointments as required by Minnesota Statutes,
153.8 section 473J.07, subdivision 2, must be made no later than July 15, 2017.