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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 3027

03/13/2014 Authored by Allen

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

03/21/2014 By motion, recalled and re-referred to the Committee on Early Childhood and Youth Development Policy

1.1 A bill for an act
1.2 relating to human services; modifying provisions relating to children and family
1.3 services; changing requirements for the Northstar Care for Children program,
1.4 background studies, and adoption; making technical changes; amending
1.5 Minnesota Statutes 2012, sections 256I.04, subdivision 2a; 257.85, subdivision
1.6 11; 259.41, subdivision 1; Minnesota Statutes 2013 Supplement, sections 252.27,
1.7 subdivision 2a; 256B.055, subdivision 1; 256D.44, subdivision 5; 256N.02, by
1.8 adding a subdivision; 256N.21, subdivision 2, by adding a subdivision; 256N.22,
1.9 subdivision 6; 256N.23, subdivision 1; 256N.24, subdivisions 9, 10; 259.35,
1.10 subdivision 1; 609B.445.

1.11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.12 ARTICLE 1

1.13 NORTHSTAR CARE FOR CHILDREN

1.14 Section 1. Minnesota Statutes 2013 Supplement, section 252.27, subdivision 2a,
1.15 is amended to read:

1.16 Subd. 2a. **Contribution amount.** (a) The natural or adoptive parents of a minor
1.17 child, including a child determined eligible for medical assistance without consideration of
1.18 parental income, must contribute to the cost of services used by making monthly payments
1.19 on a sliding scale based on income, unless the child is married or has been married,
1.20 parental rights have been terminated, or the child's adoption is subsidized according to
1.21 chapter 256N or 259A or through title IV-E of the Social Security Act. The parental
1.22 contribution is a partial or full payment for medical services provided for diagnostic,
1.23 therapeutic, curing, treating, mitigating, rehabilitation, maintenance, and personal care
1.24 services as defined in United States Code, title 26, section 213, needed by the child with a
1.25 chronic illness or disability.

(b) For households with adjusted gross income equal to or greater than 275 percent of federal poverty guidelines, the parental contribution shall be computed by applying the following schedule of rates to the adjusted gross income of the natural or adoptive parents:

(1) if the adjusted gross income is equal to or greater than 275 percent of federal poverty guidelines and less than or equal to 545 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at 2.76 percent of adjusted gross income at 275 percent of federal poverty guidelines and increases to 7.5 percent of adjusted gross income for those with adjusted gross income up to 545 percent of federal poverty guidelines;

(2) if the adjusted gross income is greater than 545 percent of federal poverty guidelines and less than 675 percent of federal poverty guidelines, the parental contribution shall be 7.5 percent of adjusted gross income;

(3) if the adjusted gross income is equal to or greater than 675 percent of federal poverty guidelines and less than 975 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at 7.5 percent of adjusted gross income at 675 percent of federal poverty guidelines and increases to ten percent of adjusted gross income for those with adjusted gross income up to 975 percent of federal poverty guidelines; and

(4) if the adjusted gross income is equal to or greater than 975 percent of federal poverty guidelines, the parental contribution shall be 12.5 percent of adjusted gross income.

If the child lives with the parent, the annual adjusted gross income is reduced by \$2,400 prior to calculating the parental contribution. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form, except, effective retroactive to July 1, 2003, taxable capital gains to the extent the funds have been used to purchase a home shall not be counted as income.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted. All reimbursements must include a notice that the amount reimbursed may be taxable income if the parent paid for the parent's fees through an employer's health care flexible spending account under the Internal Revenue Code, section 125, and that the parent is responsible for paying the taxes owed on the amount reimbursed.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a). An amount equal to the annual court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the adjusted gross income of the parent making the payment prior to calculating the parental contribution under paragraph (b).

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, "insurance" means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

(i) The contribution under paragraph (b) shall be reduced by \$300 per fiscal year if, in the 12 months prior to July 1:

(1) the parent applied for insurance for the child;

(2) the insurer denied insurance;

(3) the parents submitted a complaint or appeal, in writing to the insurer, submitted a complaint or appeal, in writing, to the commissioner of health or the commissioner of commerce, or litigated the complaint or appeal; and

(4) as a result of the dispute, the insurer reversed its decision and granted insurance.

For purposes of this section, "insurance" has the meaning given in paragraph (h).

A parent who has requested a reduction in the contribution amount under this paragraph shall submit proof in the form and manner prescribed by the commissioner or county agency, including, but not limited to, the insurer's denial of insurance, the written letter or complaint of the parents, court documents, and the written response of the insurer approving insurance. The determinations of the commissioner or county agency under this paragraph are not rules subject to chapter 14.

Sec. 2. Minnesota Statutes 2013 Supplement, section 256B.055, subdivision 1, is amended to read:

Subdivision 1. **Children eligible for subsidized adoption assistance.** Medical assistance may be paid for a child eligible for or receiving adoption assistance payments under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, and to any child who is not title IV-E eligible but who was determined eligible for adoption assistance under chapter 256N or section 259A.10, subdivision 2, and has a special need for medical or rehabilitative care.

Sec. 3. Minnesota Statutes 2013 Supplement, section 256N.02, is amended by adding a subdivision to read:

Subd. 14a. **Licensed child foster parent.** "Licensed child foster parent" means a person who is licensed for child foster care under Minnesota Rules, parts 2960.3000 to 2960.3340, or licensed by a Minnesota tribe in accordance with tribal standards.

Sec. 4. Minnesota Statutes 2013 Supplement, section 256N.21, subdivision 2, is amended to read:

Subd. 2. **Placement in foster care.** To be eligible for foster care benefits under this section, the child must be in placement away from the child's legal parent or guardian

and ~~all of the following criteria must be met~~ must meet the criteria in clause (1) and either clause (2) or (3):

(1) ~~the legally responsible agency must have placement authority and care responsibility, including for a child 18 years old or older and under age 21, who maintains eligibility for foster care consistent with section 260C.451;~~

(2) the legally responsible agency must have placement authority and care responsibility to place the child with a voluntary placement agreement or a court order, consistent with sections 260B.198, 260C.001, 260D.01, or ~~continued eligibility~~ consistent with section 260C.451 for a child 18 years old or older and under age 21 who maintains eligibility for foster care; and

(3) ~~(2) the child must be placed in an emergency relative placement under section 245A.035, with a licensed foster family setting, foster residence setting, or treatment foster care setting licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, a family foster home licensed or approved by a tribal agency or, for a child 18 years old or older and under age 21, child foster parent; or~~

(3) the child must be placed in one of the following unlicensed child foster care settings:

(i) an emergency relative placement under section 245A.035, with the legally responsible agency ensuring the relative completes the required child foster care application process;

(ii) a licensed adult foster home with an approved six-month variance under section 245A.16; or

(iii) for a child 18 years old or older and under age 21 who is eligible for extended foster care under section 260C.451, an unlicensed supervised independent living setting approved by the agency responsible for the youth's child's care.

Sec. 5. Minnesota Statutes 2013 Supplement, section 256N.21, is amended by adding a subdivision to read:

Subd. 7. **Background study.** (a) A county or private agency conducting a background study for purposes of child foster care licensing or approval must conduct the study in accordance with chapter 245C and must meet the requirements in United States Code, title 42, section 671(a)(20).

(b) A tribal organization conducting a background study for purposes of child foster care licensing or approval must conduct the study in accordance with the requirements in United States Code, title 25, sections 1931 to 1932. The study must meet the requirements in United States Code, title 42, section 671(a)(20), when applicable.

6.1 Sec. 6. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 6, is
6.2 amended to read:

6.3 Subd. 6. **Exclusions.** (a) A child with a guardianship assistance agreement under
6.4 Northstar Care for Children is not eligible for the Minnesota family investment program
6.5 child-only grant under chapter 256J.

6.6 (b) The commissioner shall not enter into a guardianship assistance agreement with:

6.7 (1) a child's biological parent or stepparent;

6.8 (2) an individual assuming permanent legal and physical custody of a child or the
6.9 equivalent under tribal code without involvement of the child welfare system; or

6.10 (3) an individual assuming permanent legal and physical custody of a child who was
6.11 placed in Minnesota by another state or a tribe outside of Minnesota.

6.12 Sec. 7. Minnesota Statutes 2013 Supplement, section 256N.23, subdivision 1, is
6.13 amended to read:

6.14 Subdivision 1. **General eligibility requirements.** (a) To be eligible for adoption
6.15 assistance under this section, a child must:

6.16 (1) be determined to be a child with special needs under subdivision 2;

6.17 (2) meet the applicable citizenship and immigration requirements in subdivision 3;

6.18 (3)(i) meet the criteria in section 473 of the Social Security Act; or

6.19 (ii) have had foster care payments paid on the child's behalf while in out-of-home
6.20 placement through the county or tribe ~~and be either under the~~ tribal social service agency
6.21 prior to the issuance of a court order transferring the child's guardianship of to the
6.22 commissioner or under the jurisdiction of a Minnesota tribe and adoption, according
6.23 to tribal law, is in the child's documented permanency plan ordering the child a ward
6.24 of tribal court; and

6.25 (4) have a written, binding agreement under section 256N.25 among the adoptive
6.26 parent, the financially responsible agency, or, if there is no financially responsible agency,
6.27 the agency designated by the commissioner, and the commissioner established prior to
6.28 finalization of the adoption.

6.29 (b) In addition to the requirements in paragraph (a), an eligible child's adoptive parent
6.30 or parents must meet the applicable background study requirements in subdivision 4.

6.31 (c) A child who meets all eligibility criteria except those specific to title IV-E adoption
6.32 assistance shall receive adoption assistance paid through funds other than title IV-E.

6.33 (d) A child receiving Northstar kinship assistance payments under section 256N.22
6.34 is eligible for adoption assistance when the criteria in paragraph (a) are met and the child's
6.35 legal custodian is adopting the child.

7.1 Sec. 8. Minnesota Statutes 2013 Supplement, section 256N.24, subdivision 9, is
7.2 amended to read:

7.3 Subd. 9. **Timing of and requests for reassessments.** Reassessments for an eligible
7.4 child must be completed within 30 days of any of the following events:

7.5 (1) for a child in continuous foster care, when six months have elapsed since
7.6 ~~completion of the last assessment~~ the initial assessment, and annually thereafter;

7.7 (2) for a child in continuous foster care, change of placement location;

7.8 (3) for a child in foster care, at the request of the financially responsible agency or
7.9 legally responsible agency;

7.10 (4) at the request of the commissioner; or

7.11 (5) at the request of the caregiver under subdivision 9 10.

7.12 Sec. 9. Minnesota Statutes 2013 Supplement, section 256N.24, subdivision 10, is
7.13 amended to read:

7.14 Subd. 10. **Caregiver requests for reassessments.** (a) A caregiver may initiate
7.15 a reassessment request for an eligible child in writing to the financially responsible
7.16 agency or, if there is no financially responsible agency, the agency designated by the
7.17 commissioner. The written request must include the reason for the request and the
7.18 name, address, and contact information of the caregivers. ~~For an eligible child with a~~
7.19 ~~guardianship assistance or adoption assistance agreement,~~ The caregiver may request a
7.20 reassessment if at least six months have elapsed since any previously requested review.
7.21 ~~For an eligible foster child, a foster parent may request reassessment in less than six~~
7.22 ~~months with written documentation that there have been significant changes in the child's~~
7.23 ~~needs that necessitate an earlier reassessment.~~

7.24 (b) A caregiver may request a reassessment of an at-risk child for whom a
7.25 guardianship assistance or adoption assistance agreement has been executed if the
7.26 caregiver has satisfied the commissioner with written documentation from a qualified
7.27 expert that the potential disability upon which eligibility for the agreement was based has
7.28 manifested itself, consistent with section 256N.25, subdivision 3, paragraph (b).

7.29 (c) If the reassessment cannot be completed within 30 days of the caregiver's request,
7.30 the agency responsible for reassessment must notify the caregiver of the reason for the
7.31 delay and a reasonable estimate of when the reassessment can be completed.

7.32 (d) Notwithstanding any provision to the contrary in paragraph (a) or subdivision 9,
7.33 when a Northstar kinship assistance agreement or adoption assistance agreement under
7.34 section 256N.25 has been signed by all parties, no reassessment may be requested or

conducted for up to two years until the Northstar kinship assistance agreement or the adoption assistance agreement goes into effect or expires.

Sec. 10. Minnesota Statutes 2012, section 257.85, subdivision 11, is amended to read:

Subd. 11. **Financial considerations.** (a) Payment of relative custody assistance under a relative custody assistance agreement is subject to the availability of state funds and payments may be reduced or suspended on order of the commissioner if insufficient funds are available.

(b) ~~Upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians. The~~ A local agency may not seek and the commissioner shall not provide reimbursement for the administrative costs associated with performing the duties described in subdivision 4.

(c) For the purposes of determining eligibility or payment amounts under MFIP, relative custody assistance payments shall be excluded in determining the family's available income.

(d) For expenditures made on or before December 31, 2014, upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians.

(e) For expenditures made on or after January 1, 2015, upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency as part of the Northstar Care for Children fiscal reconciliation process under section 256N.27.

Sec. 11. Minnesota Statutes 2013 Supplement, section 259.35, subdivision 1, is amended to read:

Subdivision 1. **Parental responsibilities.** Prior to commencing an investigation of the suitability of proposed adoptive parents, a child-placing agency shall give the individuals the following written notice in all capital letters at least one-eighth inch high:

"Minnesota Statutes, ~~section~~ sections 259.59 and 260C.635, ~~provides~~ provide that upon legally adopting a child, adoptive parents assume all the rights and responsibilities of birth parents. The responsibilities include providing for the child's financial support and caring for health, emotional, and behavioral problems. Except for subsidized adoptions under Minnesota Statutes, chapter 259A, section 256N.23, or any other provisions of law that expressly apply to adoptive parents and children, adoptive parents are not eligible for state or federal financial subsidies besides those that a birth parent would be eligible to

9.1 receive for a child. Adoptive parents may not terminate their parental rights to a legally
9.2 adopted child for a reason that would not apply to a birth parent seeking to terminate rights
9.3 to a child. An individual who takes guardianship of a child for the purpose of adopting the
9.4 child shall, upon taking guardianship from the child's country of origin, assume all the
9.5 rights and responsibilities of birth and adoptive parents as stated in this paragraph."

9.6 Sec. 12. Minnesota Statutes 2012, section 259.41, subdivision 1, is amended to read:

9.7 Subdivision 1. **Study required before placement; certain relatives excepted.** (a)
9.8 An approved adoption study; completed background study, as required under section
9.9 245C.33; and written report must be completed before the child is placed in a prospective
9.10 adoptive home under this chapter, except as allowed by section 259.47, subdivision 6.
9.11 In an agency placement, the report must be filed with the court at the time the adoption
9.12 petition is filed. In a direct adoptive placement, the report must be filed with the court in
9.13 support of a motion for temporary preadoptive custody under section 259.47, subdivision
9.14 3, or, if the study and report are complete, in support of an emergency order under section
9.15 259.47, subdivision 6. The study and report shall be completed by a licensed child-placing
9.16 agency and must be thorough and comprehensive. The study and report shall be paid for
9.17 by the prospective adoptive parent, except as otherwise required under section 256.01,
9.18 subdivision 2, paragraph (h), ~~259.67, or 256N.25, 259.73, or 259A.70.~~

9.19 (b) A placement for adoption with an individual who is related to the child, as
9.20 defined by section 245A.02, subdivision 13, is subject to a background study required
9.21 by subdivision 2, paragraph (a), clause (1), items (i) and (ii), and subdivision 3. In the
9.22 case of a stepparent adoption, a background study must be completed on the stepparent
9.23 and any children as required under subdivision 3, paragraph (b), except that a child of
9.24 the stepparent does not need to have a background study complete if they are a sibling
9.25 through birth or adoption of the person being adopted. The local social services agency
9.26 of the county in which the prospective adoptive parent lives must initiate a background
9.27 study unless a child-placing agency has been involved with the adoption. The local social
9.28 service agency may charge a reasonable fee for the background study. If a placement is
9.29 being made the background study must be completed prior to placement pursuant to
9.30 section 259.29, subdivision 1, paragraph (c). Background study results must be filed with
9.31 the adoption petition according to section 259.22, except in an adult adoption where an
9.32 adoption study and background study are not needed.

9.33 (c) In the case of a licensed foster parent seeking to adopt a child who is in the foster
9.34 parent's care, any portions of the foster care licensing process that duplicate requirements of
9.35 the home study may be submitted in satisfaction of the relevant requirements of this section.

Sec. 13. Minnesota Statutes 2013 Supplement, section 609B.445, is amended to read:

**609B.445 CERTAIN CONVICTIONS; PROSPECTIVE ADOPTIVE
PARENTS; DISQUALIFICATION FOR ADOPTION ASSISTANCE.**

Under section 256N.23, subdivision 4, or 259A.10, subdivision 4, a disqualifying condition for adoption assistance exists if a criminal background check reveals a felony conviction for child abuse or neglect or spousal abuse; for a crime against children; for a crime involving violence, including rape, sexual assault, or homicide; or for a felony conviction within the past five years for physical assault, battery, or a drug-related offense.

Sec. 14. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the term "guardianship assistance" to "Northstar kinship assistance" wherever it appears in Minnesota Statutes and Minnesota Rules to refer to the program components related to Northstar Care for Children under Minnesota Statutes, chapter 256N.

ARTICLE 2

OTHER CHILDREN AND FAMILY SERVICES PROVISIONS

Section 1. Minnesota Statutes 2013 Supplement, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **Special needs.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

(a) The county agency shall pay a monthly allowance for medically prescribed diets if the cost of those additional dietary needs cannot be met through some other maintenance benefit. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the thrifty food plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the thrifty food plan that are covered are as follows:

(1) high protein diet, at least 80 grams daily, 25 percent of thrifty food plan;

(2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of thrifty food plan;

(3) controlled protein diet, less than 40 grams and requires special products, 125 percent of thrifty food plan;

11.1 (4) low cholesterol diet, 25 percent of thrifty food plan;

11.2 (5) high residue diet, 20 percent of thrifty food plan;

11.3 (6) pregnancy and lactation diet, 35 percent of thrifty food plan;

11.4 (7) gluten-free diet, 25 percent of thrifty food plan;

11.5 (8) lactose-free diet, 25 percent of thrifty food plan;

11.6 (9) antidumping diet, 15 percent of thrifty food plan;

11.7 (10) hypoglycemic diet, 15 percent of thrifty food plan; or

11.8 (11) ketogenic diet, 25 percent of thrifty food plan.

11.9 (b) Payment for nonrecurring special needs must be allowed for necessary home
11.10 repairs or necessary repairs or replacement of household furniture and appliances using
11.11 the payment standard of the AFDC program in effect on July 16, 1996, for these expenses,
11.12 as long as other funding sources are not available.

11.13 (c) A fee for guardian or conservator service is allowed at a reasonable rate
11.14 negotiated by the county or approved by the court. This rate shall not exceed five percent
11.15 of the assistance unit's gross monthly income up to a maximum of \$100 per month. If the
11.16 guardian or conservator is a member of the county agency staff, no fee is allowed.

11.17 (d) The county agency shall continue to pay a monthly allowance of \$68 for
11.18 restaurant meals for a person who was receiving a restaurant meal allowance on June 1,
11.19 1990, and who eats two or more meals in a restaurant daily. The allowance must continue
11.20 until the person has not received Minnesota supplemental aid for one full calendar month
11.21 or until the person's living arrangement changes and the person no longer meets the criteria
11.22 for the restaurant meal allowance, whichever occurs first.

11.23 (e) A fee of ten percent of the recipient's gross income or \$25, whichever is less,
11.24 is allowed for representative payee services provided by an agency that meets the
11.25 requirements under SSI regulations to charge a fee for representative payee services. This
11.26 special need is available to all recipients of Minnesota supplemental aid regardless of
11.27 their living arrangement.

11.28 (f)(1) Notwithstanding the language in this subdivision, an amount equal to the
11.29 maximum allotment authorized by the federal Food Stamp Program for a single individual
11.30 which is in effect on the first day of July of each year will be added to the standards of
11.31 assistance established in subdivisions 1 to 4 for adults under the age of 65 who qualify
11.32 as shelter needy and are: (i) relocating from an institution, or an adult mental health
11.33 residential treatment program under section 256B.0622; (ii) eligible for the self-directed
11.34 supports option as defined under section 256B.0657, subdivision 2; or (iii) home and
11.35 community-based waiver recipients living in their own home or rented or leased apartment

which is not owned, operated, or controlled by a provider of service not related by blood or marriage, unless allowed under paragraph (g).

(2) Notwithstanding subdivision 3, paragraph (c), an individual eligible for the shelter needy benefit under this paragraph is considered a household of one. An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

(3) "Shelter needy" means that the assistance unit incurs monthly shelter costs that exceed 40 percent of the assistance unit's gross income before the application of this special needs standard. "Gross income" for the purposes of this section is the applicant's or recipient's income as defined in section 256D.35, subdivision 10, or the standard specified in subdivision 3, paragraph (a) or (b), whichever is greater. A recipient of a federal or state housing subsidy, that limits shelter costs to a percentage of gross income, shall not be considered shelter needy for purposes of this paragraph.

(g) Notwithstanding this subdivision, to access housing and services as provided in paragraph (f), the recipient may choose housing that may be owned, operated, or controlled by the recipient's service provider. ~~In a multifamily building of more than four units, the maximum number of units that may be used by recipients of this program shall be the greater of four units or 25 percent of the units in the building, unless required by the Housing Opportunities for Persons with AIDS Program. In multifamily buildings of four or fewer units, all of the units may be used by recipients of this program.~~ When housing is controlled by the service provider, the individual may choose the individual's own service provider as provided in section 256B.49, subdivision 23, clause (3). When the housing is controlled by the service provider, the service provider shall implement a plan with the recipient to transition the lease to the recipient's name. Within two years of signing the initial lease, the service provider shall transfer the lease entered into under this subdivision to the recipient. In the event the landlord denies this transfer, the commissioner may approve an exception within sufficient time to ensure the continued occupancy by the recipient. This paragraph expires June 30, 2016.

Sec. 2. Minnesota Statutes 2012, section 256I.04, subdivision 2a, is amended to read:

Subd. 2a. **License required.** A county agency may not enter into an agreement with an establishment to provide group residential housing unless:

(1) the establishment is licensed by the Department of Health as a hotel and restaurant; a board and lodging establishment; a residential care home; a boarding care home before March 1, 1985; or a supervised living facility, and the service provider for residents of the facility is licensed under chapter 245A. However, an establishment

licensed by the Department of Health to provide lodging need not also be licensed to provide board if meals are being supplied to residents under a contract with a food vendor who is licensed by the Department of Health;

(2) the residence is: (i) licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265; (ii) certified by a county human services agency prior to July 1, 1992, using the standards under Minnesota Rules, parts 9555.5050 to 9555.6265; ~~or (iii) a residence~~ licensed by the commissioner under Minnesota Rules, parts 2960.0010 to 2960.0120, with a variance under section 245A.04, subdivision 9; or (iv) licensed by the commissioner as a community residential setting under sections 245D.21 to 245D.26;

(3) the establishment is registered under chapter 144D and provides three meals a day, or is an establishment voluntarily registered under section 144D.025 as a supportive housing establishment; or

(4) an establishment voluntarily registered under section 144D.025, other than a supportive housing establishment under clause (3), is not eligible to provide group residential housing.

The requirements under clauses (1) to (4) do not apply to establishments exempt from state licensure because they are located on Indian reservations and subject to tribal health and safety requirements.

APPENDIX
Article locations in 14-3584

ARTICLE 1 NORTHSTAR CARE FOR CHILDREN Page.Ln 1.12

ARTICLE 2 OTHER CHILDREN AND FAMILY SERVICES PROVISIONS Page.Ln 10.14