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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **2209**

03/07/2017 Authored by Garofalo

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

03/30/2017 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to state government; appropriating money for jobs and economic

1.3 development; appropriating money for the Department of Employment and

1.4 Economic Development, Housing Finance Agency, Department of Labor and

1.5 Industry, Bureau of Mediation Services, Workers' Compensation Court of Appeals,

1.6 Department of Commerce, Public Utilities Commission, Public Facilities Authority,

1.7 and the Department of Iron Range Resources and Rehabilitation; making policy

1.8 and housekeeping changes to labor and industry provisions; making policy changes

1.9 to employment, economic development, and workforce development provisions;

1.10 making policy changes to the Department of Iron Range Resources and

1.11 Rehabilitation; making policy, housekeeping, and technical changes regarding

1.12 unemployment insurance; making changes to commerce, telecommunications, and

1.13 energy policy; making other miscellaneous policy changes; allocating workforce

1.14 housing tax-exempt bonds; modifying fees; modifying rulemaking procedures;

1.15 modifying criminal penalties; requiring reports; amending Minnesota Statutes

1.16 2016, sections 3.732, subdivision 1; 3.736, subdivision 3; 3.8851, subdivision 1;

1.17 15.01; 15.38, subdivision 7; 15A.0815, subdivision 3; 16B.323; 43A.02, subdivision

1.18 22; 45.013; 45.0135, subdivision 6; 65B.84, subdivision 1; 85.0146, subdivision

1.19 1; 116.03, by adding a subdivision; 116C.779, subdivision 1, by adding a

1.20 subdivision; 116C.7792; 116D.04, subdivision 1a; 116J.01, subdivision 5; 116J.013;

1.21 116J.423, subdivision 2; 116J.424; 116J.994, subdivisions 3, 5, 7; 116L.17,

1.22 subdivision 1; 175.45; 216A.03, subdivision 1, by adding a subdivision; 216B.03;

1.23 216B.16, subdivisions 1a, 6; 216B.161, subdivision 1; 216B.1691, subdivision 2f;

1.24 216B.1694, subdivision 1; 216B.241, subdivisions 1b, 1c, 2, 5, 5d, 7; 216B.2422,

1.25 subdivisions 2, 3, 4; 216B.243, subdivision 8; 216C.05, subdivision 2; 216C.41,

1.26 subdivisions 2, 5a; 216C.435, by adding a subdivision; 216E.03, subdivisions 3,

1.27 9; 216E.04, subdivision 7; 216F.01, subdivision 2; 216F.011; 216F.04; 216H.03,

1.28 subdivisions 3, 4, 7; 237.01, by adding subdivisions; 268.031, subdivision 1;

1.29 268.035, subdivisions 15, 20, 21d, 23, 30; 268.042, subdivision 1; 268.046,

1.30 subdivision 3; 268.051, subdivisions 1, 9; 268.065, subdivision 2; 268.07,

1.31 subdivisions 2, 3a, 3b; 268.085, subdivisions 1, 6, 7, 12, 13, 13a; 268.0865,

1.32 subdivision 5; 268.095, subdivisions 1, 2, 5; 268.101, subdivision 2; 268.105,

1.33 subdivision 2; 268.131; 268.18, subdivisions 2, 2b, 5; 268.182; 268.184; 268.194,

1.34 subdivisions 1, 4; 276A.01, subdivisions 8, 17; 276A.06, subdivision 8; 282.38,

1.35 subdivisions 1, 3; 297I.11, subdivision 2; 298.001, subdivision 8, by adding a

1.36 subdivision; 298.018, subdivision 1; 298.17; 298.22, subdivisions 1, 1a, 5a, 6, 10,

1.37 11, by adding subdivisions; 298.221; 298.2211, subdivisions 3, 6; 298.2212;

1.38 298.2214, subdivision 2; 298.223; 298.227; 298.27; 298.28, subdivisions 7, 7a,

1.39 9c, 9d, 11; 298.292, subdivision 2; 298.296; 298.2961; 298.297; 298.46,

3.1	<u>General</u>	<u>93,997,000</u>	<u>84,160,000</u>
3.2	<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
3.3	<u>Workforce</u>		
3.4	<u>Development</u>	<u>26,164,000</u>	<u>26,164,000</u>
3.5	<u>Special Revenue</u>	<u>7,350,000</u>	<u>0</u>

3.6 (a) The amounts that may be spent for each
 3.7 purpose are specified in the following
 3.8 subdivisions.

3.9 (b) Notwithstanding Minnesota Statutes,
 3.10 section 16A.285, the commissioner of
 3.11 employment and economic development must
 3.12 not allow transfers of money appropriated in
 3.13 this section between divisions or programs of
 3.14 the Department of Employment and Economic
 3.15 Development.

3.16 (c) Notwithstanding Minnesota Statutes,
 3.17 section 16B.37, subdivision 4, the
 3.18 commissioner of employment and economic
 3.19 development must not allow billing between
 3.20 divisions or programs within the Department
 3.21 of Employment and Economic Development,
 3.22 or otherwise use any "Internal Billing
 3.23 Expenditures."

3.24 (d) Notwithstanding Minnesota Statutes,
 3.25 sections 16B.37, subdivision 4, and 471.59,
 3.26 except for work performed by MN.IT under
 3.27 Minnesota Statutes, chapter 16E, the
 3.28 commissioner of employment and economic
 3.29 development must not allow billing or
 3.30 transfers between other executive branch
 3.31 agencies or departments and the Department
 3.32 of Employment and Economic Development.

3.33	<u>Subd. 2. Business and Community Development</u>	<u>48,084,000</u>	<u>38,834,000</u>
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3.34 Appropriations by Fund

3.35	<u>General</u>	<u>39,134,000</u>	<u>37,234,000</u>
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4.1	<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
4.2	<u>Workforce</u>		
4.3	<u>Development</u>	<u>900,000</u>	<u>900,000</u>
4.4	<u>Special Revenue</u>	<u>7,350,000</u>	<u>0</u>

4.5 (a) Of the amounts appropriated in this
 4.6 subdivision, no more than \$4,154,000 in fiscal
 4.7 year 2018 and \$4,219,000 in fiscal year 2019
 4.8 may be expended on full-time equivalent
 4.9 positions, totaling no more than 40.2 full-time
 4.10 equivalent positions in fiscal year 2018 and
 4.11 40.2 full-time equivalent positions in fiscal
 4.12 year 2019.

4.13 (b)(1) \$12,000,000 the first year and
 4.14 \$11,000,000 the second year are for the
 4.15 Minnesota investment fund under Minnesota
 4.16 Statutes, section 116J.8731. Of this amount,
 4.17 the commissioner of employment and
 4.18 economic development may use up to three
 4.19 percent for administrative expenses and
 4.20 technology upgrades. This appropriation is
 4.21 available until June 30, 2021.

4.22 (2) Of the amount appropriated in fiscal year
 4.23 2018, \$4,000,000 is for a loan to construct and
 4.24 equip a wholesale electronic component
 4.25 distribution center investing a minimum of
 4.26 \$200,000,000 and constructing a facility at
 4.27 least 700,000 square feet in size. Loan funds
 4.28 may be used for purchases of materials,
 4.29 supplies, and equipment for the construction
 4.30 of the facility and are available from July 1,
 4.31 2017, to June 30, 2021. The commissioner of
 4.32 employment and economic development shall
 4.33 forgive the loan after verification that the
 4.34 project has satisfied performance goals and
 4.35 contractual obligations as required under
 4.36 Minnesota Statutes, section 116J.8731.

5.1 (3) Of the amount appropriated in fiscal year
5.2 2018, \$700,000 is for a loan to extend an
5.3 effluent pipe that will deliver wastewater to
5.4 an innovative waste-to-biofuel project
5.5 investing a minimum of \$150,000,000 and
5.6 constructing a facility that is designed to
5.7 process approximately 400,000 tons of waste
5.8 annually. Loan funds are available until June
5.9 30, 2021.

5.10 (c)(1) \$5,000,000 each year is for the
5.11 Minnesota job creation fund under Minnesota
5.12 Statutes, section 116J.8748. Of this amount,
5.13 the commissioner of employment and
5.14 economic development may use up to three
5.15 percent for administrative expenses. This
5.16 appropriation is available until expended. In
5.17 fiscal year 2020 and beyond the base amount
5.18 is \$6,500,000.

5.19 (2) Notwithstanding Minnesota Statutes,
5.20 section 116J.8748, for applications in fiscal
5.21 years 2018 and 2019, the only businesses
5.22 eligible to enter the program under section
5.23 116J.8748 are those located in counties in
5.24 which the average unemployment rate for the
5.25 prior 12 months is equal to or greater than the
5.26 state average for the same 12 months, as
5.27 determined by the commissioner of
5.28 employment and economic development.

5.29 (d) \$1,272,000 in fiscal year 2018 and
5.30 \$2,272,000 in fiscal year 2019 are for
5.31 contaminated site cleanup and development
5.32 grants under Minnesota Statutes, sections
5.33 116J.551 to 116J.558. This appropriation is
5.34 available until expended. In fiscal year 2020
5.35 and beyond, the base amount is \$1,272,000.

6.1 (e) \$1,425,000 each year is for the business
6.2 development competitive grant program. Of
6.3 this amount, up to five percent is for
6.4 administration and monitoring of the business
6.5 development competitive grant program. All
6.6 grant awards shall be for two consecutive
6.7 years. Grants shall be awarded in the first year.

6.8 (f) \$4,195,000 each year is for the Minnesota
6.9 job skills partnership program under
6.10 Minnesota Statutes, sections 116L.01 to
6.11 116L.17. If the appropriation for either year
6.12 is insufficient, the appropriation for the other
6.13 year is available. This appropriation is
6.14 available until June 30, 2021.

6.15 (g) \$163,000 each year is for the Minnesota
6.16 Film and TV Board. The appropriation in each
6.17 year is available only upon receipt by the
6.18 board of \$1 in matching contributions of
6.19 money or in-kind contributions from nonstate
6.20 sources for every \$3 provided by this
6.21 appropriation, except that each year up to
6.22 \$50,000 is available on July 1 even if the
6.23 required matching contribution has not been
6.24 received by that date.

6.25 (h) \$750,000 each year is for a grant to the
6.26 Minnesota Film and TV Board for the film
6.27 production jobs program under Minnesota
6.28 Statutes, section 116U.26. This appropriation
6.29 is available until June 30, 2021.

6.30 (i) \$875,000 each year is for the Host
6.31 Community Economic Development Program
6.32 established in Minnesota Statutes, section
6.33 116J.548.

7.1 (j) \$300,000 each year is for grants to the
7.2 Rural Policy and Development Center under
7.3 Minnesota Statutes, section 116J.421.

7.4 (k)(1) \$2,300,000 the first year and \$1,300,000
7.5 the second year are for the greater Minnesota
7.6 business development public infrastructure
7.7 grant program under Minnesota Statutes,
7.8 section 116J.431. This appropriation is
7.9 available until spent. Funds available under
7.10 this paragraph may be used for site preparation
7.11 of property owned and to be used by private
7.12 entities.

7.13 (2) Of the amount appropriated in fiscal year
7.14 2018, \$1,000,000 is for a grant to the city of
7.15 Thief River Falls to support utility extensions,
7.16 roads, and other public improvements related
7.17 to the construction of a wholesale electronic
7.18 component distribution center at least 700,000
7.19 square feet in size and investing a minimum
7.20 of \$200,000,000. Notwithstanding Minnesota
7.21 Statutes, section 116J.431, a local match is
7.22 not required. Grant funds are available from
7.23 July 1, 2017, to June 30, 2021.

7.24 (l)(1) \$500,000 in fiscal year 2018 is for grants
7.25 to local communities to increase the supply of
7.26 quality child care providers in order to support
7.27 economic development. At least 60 percent of
7.28 grant funds must go to communities located
7.29 outside of the seven-county metropolitan area,
7.30 as defined under Minnesota Statutes, section
7.31 473.121, subdivision 2. Grant recipients must
7.32 obtain a 50 percent nonstate match to grant
7.33 funds in either cash or in-kind contributions.
7.34 Grant funds available under this paragraph
7.35 must be used to implement solutions to reduce

8.1 the child care shortage in the state, including
8.2 but not limited to funding for child care
8.3 business start-ups or expansion, training,
8.4 facility modifications or improvements
8.5 required for licensing, and assistance with
8.6 licensing and other regulatory requirements.

8.7 In awarding grants, the commissioner must
8.8 give priority to communities that have
8.9 documented a shortage of child care providers
8.10 in the area.

8.11 (2) Within one year of receiving grant funds,
8.12 grant recipients must report to the
8.13 commissioner on the outcomes of the grant
8.14 program, including but not limited to the
8.15 number of new providers, the number of
8.16 additional child care provider jobs created, the
8.17 number of additional child care slots, and the
8.18 amount of local funds invested.

8.19 (3) By January 1 of each year, starting in 2019,
8.20 the commissioner must report to the standing
8.21 committees of the legislature having
8.22 jurisdiction over child care and economic
8.23 development on the outcomes of the program
8.24 to date.

8.25 (m) \$750,000 each year is for grants to the
8.26 Neighborhood Development Center for small
8.27 business programs.

8.28 (n) \$1,175,000 each year is for grants to the
8.29 Metropolitan Economic Development
8.30 Association (MEDA) for statewide business
8.31 development and assistance services, including
8.32 services to entrepreneurs with businesses that
8.33 have the potential to create job opportunities
8.34 for unemployed and underemployed people,

- 9.1 with an emphasis on minority-owned
9.2 businesses.
- 9.3 (o) \$125,000 each year is for grants to the
9.4 White Earth Nation for the White Earth Nation
9.5 Integrated Business Development System to
9.6 provide business assistance with workforce
9.7 development, outreach, technical assistance,
9.8 infrastructure and operational support,
9.9 financing, and other business development
9.10 activities.
- 9.11 (p) \$1,375,000 in fiscal year 2018 and
9.12 \$1,575,000 in fiscal year 2019 are for grants
9.13 to Enterprise Minnesota, Inc.
- 9.14 (q) \$250,000 in fiscal year 2018 is for a grant
9.15 to the Minnesota Design Center at the
9.16 University of Minnesota for the greater
9.17 Minnesota community design pilot project.
- 9.18 (r) \$225,000 in fiscal year 2018 is for a grant
9.19 to WomenVenture to provide business
9.20 training, mentoring, technical assistance, and
9.21 loans in order to establish two pilot
9.22 women-run cooperative child care businesses
9.23 in low-income urban areas. The commissioner
9.24 shall report data on outcomes and
9.25 recommendations for replication of this pilot
9.26 program throughout Minnesota to the governor
9.27 and the legislative committees with
9.28 jurisdiction over child care by January 31,
9.29 2020. Funds are available until June 30, 2019.
- 9.30 (s) \$125,000 in fiscal year 2018 is for a grant
9.31 to WomenVenture to operate a business
9.32 training program for child care providers and
9.33 to create materials that could be used, free of
9.34 charge, for start-up, expansion, and operation

10.1 of child care businesses statewide, with the
10.2 goal of helping new and existing child care
10.3 businesses in underserved areas of the state
10.4 become profitable and sustainable. The
10.5 commissioner shall report data on outcomes
10.6 and recommendations for replication of this
10.7 training program throughout Minnesota to the
10.8 governor and the committees of the house of
10.9 representatives and the senate with jurisdiction
10.10 over child care by December 15, 2019. Funds
10.11 are available until June 30, 2019.

10.12 (t)(1) \$125,000 each year is for small business
10.13 development center (SBDC) services to
10.14 support business transition planning. In fiscal
10.15 year 2020 and beyond, the base amount is \$0.
10.16 For purposes of this paragraph, business
10.17 transition planning includes, but is not limited
10.18 to:

10.19 (i) succession planning for next generation
10.20 proprietors. For purposes of this item, next
10.21 generation proprietors do not include
10.22 immediate family members of the current
10.23 business owner;

10.24 (ii) providing business owners seeking to sell
10.25 existing businesses and aspiring business
10.26 owners with a venue and opportunity to
10.27 exchange information. Such services under
10.28 this clause may be targeted to small businesses
10.29 located in economically disadvantaged
10.30 communities or areas of declining population.
10.31 For purposes of this item, "economically
10.32 disadvantaged communities" means
10.33 communities in which average household
10.34 income is less than 80 percent of statewide
10.35 median household income as measured by the

- 11.1 United States Census Bureau; or communities
11.2 that contain two or more contiguous census
11.3 tracts in which average household income is
11.4 less than 80 percent of the statewide median
11.5 household income as measured by the United
11.6 States Census Bureau; and
- 11.7 (iii) providing information and counseling
11.8 services to business owners, prospective
11.9 owners, and others regarding the importance
11.10 of business transition and succession planning,
11.11 the transition and succession process, and
11.12 financing options and requirements related to
11.13 the business transition and succession process.
- 11.14 (2) Funds available under this paragraph may
11.15 be used to:
- 11.16 (i) provide the necessary information and
11.17 services under clause (1);
- 11.18 (ii) build small business development center
11.19 staff capacity to provide business transition
11.20 and succession planning services; and
- 11.21 (iii) match funds under the federal Small
11.22 Business Development Center Program under
11.23 United States Code, title 15, section 648, and
11.24 other federal, state, or local funds available
11.25 for the purposes of this paragraph.
- 11.26 (u) \$350,000 in fiscal year 2018 is for a grant
11.27 to the Hallie Q. Brown Community Center,
11.28 Inc., for youth intervention services through
11.29 the community ambassadors and youth
11.30 employment program.
- 11.31 (v)(1) \$500,000 in fiscal year 2018 is for a
11.32 grant to East Side Enterprise Center (ESEC)
11.33 to expand culturally tailored resources that
11.34 address small business growth and job

12.1 creation. This appropriation is onetime and is
12.2 available until June 30, 2021. The
12.3 appropriation shall fund the work of African
12.4 Economic Development Solutions, the Asian
12.5 Economic Development Association, the
12.6 Dayton's Bluff Community Council, and the
12.7 Latino Economic Development Center in a
12.8 collaborative approach to economic
12.9 development that is effective with smaller,
12.10 culturally diverse communities that seek to
12.11 increase the productivity and success of new
12.12 immigrant and minority populations living
12.13 and working in the community. Programs shall
12.14 provide minority business growth and capacity
12.15 building that generate wealth and jobs creation
12.16 for local residents and business owners on the
12.17 East Side of St. Paul.

12.18 (2) In fiscal year 2019 ESEC shall use funds
12.19 to share its integrated service model and
12.20 evolving collaboration principles with civic
12.21 and economic development leaders in greater
12.22 Minnesota communities which have diverse
12.23 populations similar to the East Side of St. Paul.
12.24 ESEC shall submit a report of activities and
12.25 program outcomes, including quantifiable
12.26 measures of success, annually to the house of
12.27 representatives and senate committees with
12.28 jurisdiction over economic development.

12.29 (w) \$100,000 in fiscal year 2018 is for a grant
12.30 to the city of Virginia to be used for grants to
12.31 city businesses for infrastructure revitalization
12.32 and code compliance. In making grants, the
12.33 city must give preference to projects that
12.34 promote economic development and that
12.35 include private dollar contributions.

- 13.1 (x) In fiscal year 2020 and beyond, the base
13.2 amount for the rural agriculture diversification
13.3 initiative under Minnesota Statutes, section
13.4 116J.6582, is \$5,000,000.
- 13.5 (y) \$50,000 in fiscal year 2018 is from the
13.6 workforce development fund for a grant to
13.7 Fighting Chance for behavioral intervention
13.8 programs for at-risk youth.
- 13.9 (z) \$1,000,000 each year is for the central
13.10 Minnesota opportunity grant program
13.11 established under Minnesota Statutes, section
13.12 116J.9922. These appropriations are available
13.13 until June 30, 2022. Starting in fiscal year
13.14 2020, the base amount for this program shall
13.15 be \$0.
- 13.16 (aa) \$75,000 each year is for grants to the
13.17 state's recipient of funding from the Federal
13.18 and State Technology (FAST) Partnership
13.19 Program to strengthen the technological
13.20 competitiveness of small businesses.
- 13.21 (bb) \$900,000 each year is from the workforce
13.22 development fund and \$461,000 in fiscal year
13.23 2018 and \$1,461,000 in fiscal year 2019 are
13.24 for job training grants under Minnesota
13.25 Statutes, section 116L.42.
- 13.26 (cc) \$700,000 each year is from the
13.27 remediation fund for contaminated site cleanup
13.28 and development grants under Minnesota
13.29 Statutes, sections 116J.551 to 116J.558. This
13.30 appropriation is available until June 30, 2021.
- 13.31 (dd) \$350,000 in fiscal year 2018 is from the
13.32 energy fund account in the special revenue
13.33 fund established in Minnesota Statutes, section
13.34 116C.779, subdivision 1, for a grant to the

14.1 East Phillips Improvement Coalition to create
14.2 the East Phillips Neighborhood Institute
14.3 (EPNI) to expand culturally tailored resources
14.4 that address small business growth and job
14.5 creation. The grant shall fund the collaborative
14.6 work of Tamales y Bicicletas, Little Earth of
14.7 the United Tribes, a nonprofit serving East
14.8 Africans, and other coalition members towards
14.9 developing EPNI as a community space to
14.10 host activities including, but not limited to,
14.11 creation and expansion of small businesses,
14.12 culturally specific entrepreneurial activities,
14.13 indoor urban farming, job training, education,
14.14 and skills development. Eligible uses for grant
14.15 funds include, but are not limited to, planning
14.16 and start-up costs, staff and consultant costs,
14.17 building improvements, rent, supplies, utilities,
14.18 vehicles, marketing, and program activities.
14.19 The commissioner shall submit a report on
14.20 grant activities and quantifiable outcomes to
14.21 the committees of the house of representatives
14.22 and the senate with jurisdiction over economic
14.23 development by December 15, 2020. Funds
14.24 are available until June 30, 2020.

14.25 (ee) \$2,000,000 in fiscal year 2018 is from the
14.26 energy fund account in the special revenue
14.27 fund established in Minnesota Statutes, section
14.28 116C.779, subdivision 1, for a grant to the city
14.29 of Duluth to upgrade the municipal district
14.30 heating facility and systems, including
14.31 conversion of the distribution system along
14.32 Superior Street from steam with no condensate
14.33 return to closed-loop hot water. This
14.34 appropriation is for one or more of the project
14.35 elements or phases: predesign, design,
14.36 engineering, renovation, construction,

15.1 furnishing, and equipping the facility, systems,
 15.2 and infrastructure.
 15.3 (ff) \$5,000,000 in fiscal year 2018 is from the
 15.4 energy fund account in the special revenue
 15.5 fund established in Minnesota Statutes, section
 15.6 116C.779, subdivision 1, for a grant to Dakota
 15.7 County under Minnesota Statutes, sections
 15.8 103G.511 and 103G.515, to design and
 15.9 construct capital improvements to the
 15.10 hydroelectric generating facility, including
 15.11 replacement of obsolete turbines, at the
 15.12 Byllesby Dam, located on the Cannon River.

15.13 **Subd. 3. Workforce Development** 31,829,000 30,829,000

	<u>Appropriations by Fund</u>	
15.14		
15.15	<u>14,412,000</u>	<u>13,475,000</u>
15.16		
15.17	<u>17,417,000</u>	<u>17,417,000</u>

15.18 (a) Of the amounts appropriated in this
 15.19 subdivision, no more than \$773,000 in fiscal
 15.20 year 2018 and \$780,000 in fiscal year 2019
 15.21 may be expended on full-time equivalent
 15.22 positions, totaling no more than 16.1 full-time
 15.23 equivalent positions in fiscal year 2018 and
 15.24 16.1 full-time equivalent positions in fiscal
 15.25 year 2019.

15.26 (b) \$600,000 each year is for performance
 15.27 grants under Minnesota Statutes, section
 15.28 116J.8747, to Twin Cities R!SE to provide
 15.29 training to hard-to-train individuals.

15.30 (c) \$250,000 each year is for pilot programs
 15.31 in the workforce service areas to combine
 15.32 career and higher education advising.

15.33 (d) \$500,000 each year is for rural career
 15.34 counseling coordinator positions in the
 15.35 workforce service areas and for the purposes

16.1 specified in Minnesota Statutes, section
16.2 116L.667. The commissioner of employment
16.3 and economic development, in consultation
16.4 with local workforce investment boards and
16.5 local elected officials in each of the service
16.6 areas receiving funds, shall develop a method
16.7 of distributing funds to provide equitable
16.8 services across workforce service areas.

16.9 (e) \$1,000,000 each year is for grants to the
16.10 Construction Careers Foundation for the
16.11 construction career pathway initiative to
16.12 provide year-round educational and
16.13 experiential learning opportunities for teens
16.14 and young adults under the age of 21 that lead
16.15 to careers in the construction industry. Grant
16.16 funds must be used to:

16.17 (1) increase construction industry exposure
16.18 activities for middle school and high school
16.19 youth, parents, and counselors to reach a more
16.20 diverse demographic and broader statewide
16.21 audience. This requirement includes, but is
16.22 not limited to, an expansion of programs to
16.23 provide experience in different crafts to youth
16.24 and young adults throughout the state;

16.25 (2) increase the number of high schools in
16.26 Minnesota offering construction classes during
16.27 the academic year that utilize a multicraft
16.28 curriculum;

16.29 (3) increase the number of summer internship
16.30 opportunities;

16.31 (4) enhance activities to support graduating
16.32 seniors in their efforts to obtain employment
16.33 in the construction industry;

- 17.1 (5) increase the number of young adults
17.2 employed in the construction industry and
17.3 ensure that they reflect Minnesota's diverse
17.4 workforce; and
- 17.5 (6) enhance an industrywide marketing
17.6 campaign targeted to youth and young adults
17.7 about the depth and breadth of careers within
17.8 the construction industry.
- 17.9 Programs and services supported by grant
17.10 funds must give priority to individuals and
17.11 groups that are economically disadvantaged
17.12 or historically underrepresented in the
17.13 construction industry, including but not limited
17.14 to women, veterans, and members of minority
17.15 and immigrant groups.
- 17.16 (f) \$5,000,000 each year is for the Pathways
17.17 to Prosperity adult workforce development
17.18 competitive grant program. Of this amount,
17.19 up to three percent is for administration and
17.20 monitoring of the program. When awarding
17.21 grants under this paragraph, the commissioner
17.22 of employment and economic development
17.23 may give preference to any previous grantee
17.24 with demonstrated success in job training and
17.25 placement for hard-to-train individuals. Grants
17.26 may be used for:
- 17.27 (1) competitive grants to organizations
17.28 providing services to relieve economic
17.29 disparities in the Southeast Asian community
17.30 through workforce recruitment, development,
17.31 job creation, assistance of smaller
17.32 organizations to increase capacity, and
17.33 outreach;

- 18.1 (2) the high-wage, high-demand,
18.2 nontraditional jobs grant program under
18.3 Minnesota Statutes, section 116L.99;
- 18.4 (3) the youth-at-work competitive grant
18.5 program under Minnesota Statutes, section
18.6 116L.562, subdivision 3;
- 18.7 (4) the Minnesota emerging entrepreneur
18.8 program under Minnesota Statutes, section
18.9 116M.18;
- 18.10 (5) the capacity building grant program to
18.11 assist nonprofit organizations offering or
18.12 seeking to offer workforce development and
18.13 economic development programming; and
- 18.14 (6) competitive grants to organizations that
18.15 provide support services for individuals, such
18.16 as job training, employment preparation,
18.17 internships, job assistance to fathers, financial
18.18 literacy, academic and behavioral interventions
18.19 for low-performing students, and youth
18.20 intervention. Grants made under this clause
18.21 must focus on low-income communities,
18.22 young adults from families with a history of
18.23 intergenerational poverty, and communities
18.24 of color.
- 18.25 (g) \$250,000 each year is for grants to YWCA
18.26 St. Paul to provide job training services and
18.27 workforce development programs and
18.28 services, including job skills training and
18.29 counseling.
- 18.30 (h) \$1,000,000 each year is for grants to
18.31 EMERGE Community Development, in
18.32 collaboration with community partners, for
18.33 services targeting Minnesota communities
18.34 with the highest concentrations of African and

19.1 African-American joblessness, based on the
19.2 most recent census tract data, to provide
19.3 employment readiness training, credentialed
19.4 training placement, job placement and
19.5 retention services, supportive services for
19.6 hard-to-employ individuals, and a general
19.7 education development fast track and adult
19.8 diploma program.

19.9 (i) \$1,000,000 each year is for grants to the
19.10 Minneapolis Foundation for a strategic
19.11 intervention program designed to target and
19.12 connect program participants to meaningful,
19.13 sustainable living-wage employment.

19.14 (j) \$750,000 each year is for grants to Latino
19.15 Communities United in Service (CLUES) to
19.16 expand culturally tailored programs that
19.17 address employment and education skill gaps
19.18 for working parents and underserved youth by
19.19 providing new job skills training to stimulate
19.20 higher wages for low-income people, family
19.21 support systems designed to reduce
19.22 intergenerational poverty, and youth
19.23 programming to promote educational
19.24 advancement and career pathways. At least
19.25 50 percent of this amount must be used for
19.26 programming targeted at greater Minnesota.

19.27 (k) \$250,000 each year is for grants to the
19.28 American Indian Opportunities and
19.29 Industrialization Center, in collaboration with
19.30 the Northwest Indian Community
19.31 Development Center, to reduce academic
19.32 disparities for American Indian students and
19.33 adults. The grant funds may be used to
19.34 provide:

- 20.1 (1) student tutoring and testing support
20.2 services;
- 20.3 (2) training in information technology;
- 20.4 (3) assistance in obtaining a GED;
- 20.5 (4) remedial training leading to enrollment in
20.6 a postsecondary higher education institution;
- 20.7 (5) real-time work experience in information
20.8 technology fields; and
- 20.9 (6) contextualized adult basic education.
- 20.10 After notification to the legislature, the
20.11 commissioner may transfer this appropriation
20.12 to the commissioner of education.
- 20.13 (l) \$600,000 each year is for grants to Ujamaa
20.14 Place for job training, employment
20.15 preparation, internships, education, training
20.16 in the construction trades, housing, and
20.17 organizational capacity building.
- 20.18 (m) \$375,000 each year is for grants to the
20.19 YWCA of Minneapolis to provide
20.20 economically challenged individuals the job
20.21 skills training, career counseling, and job
20.22 placement assistance necessary to secure a
20.23 child development associate credential and to
20.24 have a career path in early childhood
20.25 education.
- 20.26 (n) \$250,000 in fiscal year 2018 is for a grant
20.27 to the Bois Forte Tribal Employment Rights
20.28 Office for an American Indian workforce
20.29 development training pilot project.
- 20.30 (o) \$750,000 each year is for grants to Summit
20.31 Academy OIC to expand their contextualized
20.32 GED and employment placement program.

- 21.1 (p) \$600,000 in fiscal year 2018 and \$750,000
21.2 in fiscal year 2019 are for grants to Goodwill
21.3 Easter Seals Minnesota and its partners. The
21.4 grant shall be used to continue the FATHER
21.5 Project in Rochester, Park Rapids, St. Cloud,
21.6 Minneapolis, and the surrounding areas to
21.7 assist fathers in overcoming barriers that
21.8 prevent fathers from supporting their children
21.9 economically and emotionally.
- 21.10 (q) \$200,000 each year is for displaced
21.11 homemaker programs under Minnesota
21.12 Statutes, section 116L.96. The commissioner,
21.13 through the adult career pathways program,
21.14 shall distribute the funds to existing nonprofit
21.15 and state displaced homemaker programs. In
21.16 fiscal year 2020 and beyond, the base amount
21.17 is \$0.
- 21.18 (r) \$190,000 in fiscal year 2018 is for transfer
21.19 to the Cook County Higher Education Board
21.20 to provide educational programming and
21.21 academic support services to remote regions
21.22 in northeastern Minnesota. This amount is in
21.23 addition to other funds previously transferred
21.24 by the commissioner.
- 21.25 (s)(1) \$150,000 in fiscal year 2018 is for a
21.26 grant to Anoka County to develop and
21.27 implement a pilot program to increase
21.28 competitive employment opportunities for
21.29 transition-age youth ages 18 to 21.
- 21.30 (2) The competitive employment for
21.31 transition-age youth pilot program shall
21.32 include career guidance components, including
21.33 health and life skills, to encourage, train, and
21.34 assist transition-age youth in job-seeking

- 22.1 skills, workplace orientation, and job site
22.2 knowledge.
- 22.3 (3) In operating the pilot program, Anoka
22.4 County shall collaborate with schools,
22.5 disability providers, jobs and training
22.6 organizations, vocational rehabilitation
22.7 providers, and employers to build upon
22.8 opportunities and services, to prepare
22.9 transition-age youth for competitive
22.10 employment, and to enhance employer
22.11 connections that lead to employment for the
22.12 individuals served.
- 22.13 (4) Grant funds may be used to create an
22.14 on-the-job training incentive to encourage
22.15 employers to hire and train qualifying
22.16 individuals. A participating employer may
22.17 receive up to 50 percent of the wages paid to
22.18 the employee as a cost reimbursement for
22.19 on-the-job training provided.
- 22.20 (t) \$497,000 in fiscal year 2018 is for grants
22.21 to Twin Cities R!SE, in collaboration with
22.22 Metro Transit and Hennepin Technical College
22.23 for the Metro Transit technician training
22.24 program. Funds are available until June 30,
22.25 2020.
- 22.26 (u) \$200,000 each year is for grants to the
22.27 Minnesota Alliance of Boys and Girls Clubs
22.28 to administer a statewide project of youth job
22.29 skills and career development. This project,
22.30 which may have career guidance components
22.31 including health and life skills, is designed to
22.32 encourage, train, and assist youth in early
22.33 access to education and job-seeking skills,
22.34 work-based learning experience including
22.35 career pathways in STEM learning, career

- 23.1 exploration and matching, and first job
23.2 placement through local community
23.3 partnerships and on-site job opportunities. This
23.4 grant requires a 25 percent match from
23.5 nonstate resources. In fiscal year 2020 and
23.6 beyond, the base amount is \$0.
- 23.7 (v) \$1,500,000 each year is from the
23.8 workforce development fund for grants to
23.9 FastTRAC - Minnesota Adult Careers
23.10 Pathways Program. Up to five percent of this
23.11 appropriation may be used to provide
23.12 leadership, oversight, and technical assistance
23.13 services for low-skilled, low-income adults.
- 23.14 (w) \$150,000 each year is from the workforce
23.15 development fund for grants to the YWCA of
23.16 Minneapolis to provide economically
23.17 challenged individuals the job skills training,
23.18 career counseling, and job placement
23.19 assistance necessary to secure a child
23.20 development associate credential and to have
23.21 a career path in early childhood education.
- 23.22 (x) \$3,104,000 each year is from the
23.23 workforce development fund for the adult
23.24 workforce development competitive grant
23.25 program. Of this amount, up to three percent
23.26 is for administration and monitoring of the
23.27 adult workforce development competitive
23.28 grant program. All grant awards shall be for
23.29 two consecutive years. Grants shall be
23.30 awarded in the first year.
- 23.31 (y) \$4,050,000 each year is from the
23.32 workforce development fund for the
23.33 Minnesota youth program under Minnesota
23.34 Statutes, sections 116L.56 and 116L.561, to
23.35 provide employment and career advising to

24.1 youth, including career guidance in secondary
24.2 schools, to address the youth career advising
24.3 deficiency, to carry out activities outlined in
24.4 Minnesota Statutes, section 116L.561, to
24.5 provide support services, and to provide work
24.6 experience to youth in the workforce service
24.7 areas. The funds in this paragraph may be used
24.8 for expansion of the pilot program combining
24.9 career and higher education advising in Laws
24.10 2013, chapter 85, article 3, section 27.
24.11 Activities in workforce services areas under
24.12 this paragraph may serve all youth up to age
24.13 24.

24.14 (z) \$1,000,000 each year is from the workforce
24.15 development fund for the youthbuild program
24.16 under Minnesota Statutes, sections 116L.361
24.17 to 116L.366.

24.18 (aa) \$450,000 each year is from the workforce
24.19 development fund for grants to Minnesota
24.20 Diversified Industries, Inc., to provide
24.21 progressive development and employment
24.22 opportunities for people with disabilities.

24.23 (bb) \$3,348,000 each year is from the
24.24 workforce development fund for the "Youth
24.25 at Work" youth workforce development
24.26 competitive grant program. Of this amount,
24.27 up to five percent is for administration and
24.28 monitoring of the youth workforce
24.29 development competitive grant program. All
24.30 grant awards shall be for two consecutive
24.31 years. Grants shall be awarded in the first year.

24.32 (cc) \$500,000 each year is from the workforce
24.33 development fund for the Opportunities
24.34 Industrialization Center programs.

25.1 (dd) \$750,000 each year is from the workforce
25.2 development fund for grants to the Minnesota
25.3 Alliance of Boys and Girls Clubs to administer
25.4 a statewide project of youth job skills
25.5 development. This project, which may have
25.6 career guidance components, including health
25.7 and life skills, is to encourage, train, and assist
25.8 youth in job-seeking skills, workplace
25.9 orientation, and job-site knowledge through
25.10 coaching. This grant requires a 25 percent
25.11 match from nonstate resources.

25.12 (ee) \$215,000 each year is from the workforce
25.13 development fund for grants to Big Brothers,
25.14 Big Sisters of the Greater Twin Cities for
25.15 workforce readiness, employment exploration,
25.16 and skills development for youth ages 12 to
25.17 21. The grant must serve youth in the Twin
25.18 Cities, Central Minnesota, and Southern
25.19 Minnesota Big Brothers, Big Sisters chapters.

25.20 (ff) \$1,350,000 each year is from the
25.21 workforce development fund for grants to the
25.22 Minnesota High Tech Association to support
25.23 SciTechsperience, a program that supports
25.24 science, technology, engineering, and math
25.25 (STEM) internship opportunities for two- and
25.26 four-year college students and graduate
25.27 students in their field of study. The internship
25.28 opportunities must match students with paid
25.29 internships within STEM disciplines at small,
25.30 for-profit companies located in Minnesota,
25.31 having fewer than 250 employees worldwide.
25.32 At least 300 students must be matched in the
25.33 first year and at least 350 students must be
25.34 matched in the second year. No more than 15
25.35 percent of the hires may be graduate students.

26.1 Selected hiring companies shall receive from
 26.2 the grant 50 percent of the wages paid to the
 26.3 intern, capped at \$2,500 per intern. The
 26.4 program must work toward increasing the
 26.5 participation among women or other
 26.6 underserved populations.

26.7 (gg) \$500,000 each year is from the workforce
 26.8 development fund for grants to Resource, Inc.
 26.9 to provide low-income individuals career
 26.10 education and job skills training that are fully
 26.11 integrated with chemical and mental health
 26.12 services.

26.13 (hh) \$500,000 each year is from the workforce
 26.14 development fund for rural career counseling
 26.15 coordinator positions in the workforce service
 26.16 areas and for the purposes specified in
 26.17 Minnesota Statutes, section 116L.667. The
 26.18 commissioner of employment and economic
 26.19 development, in consultation with local
 26.20 workforce investment boards and local elected
 26.21 officials in each of the service areas receiving
 26.22 funds, shall develop a method of distributing
 26.23 funds to provide equitable services across
 26.24 workforce service areas.

26.25 **Subd. 4. General Support Services** 2,670,000 2,670,000

26.26	<u>Appropriations by Fund</u>		
26.27	<u>General Fund</u>	<u>2,653,000</u>	<u>2,653,000</u>
26.28	<u>Workforce</u>		
26.29	<u>Development</u>	<u>17,000</u>	<u>17,000</u>

26.30 (a) Of the amounts appropriated in this
 26.31 subdivision, no more than \$1,027,000 in fiscal
 26.32 year 2018 and \$1,027,000 in fiscal year 2019
 26.33 may be expended on full-time equivalent
 26.34 positions, totaling no more than 9.7 full-time
 26.35 equivalent positions in fiscal year 2018 and

27.1 9.7 full-time equivalent positions in fiscal year
 27.2 2019.

27.3 (b) \$1,269,000 each year is for operating the
 27.4 Olmstead Implementation Office.

27.5 Subd. 5. **Minnesota Trade Office** 1,762,000 1,762,000

27.6 (a) Of the amounts appropriated in this
 27.7 subdivision, no more than \$1,319,000 in fiscal
 27.8 year 2018 and \$1,332,000 in fiscal year 2019
 27.9 may be expended on full-time equivalent
 27.10 positions, totaling no more than 12.9 full-time
 27.11 equivalent positions in fiscal year 2018 and
 27.12 12.9 full-time equivalent positions in fiscal
 27.13 year 2019.

27.14 (b) \$300,000 each year is for the STEP grants
 27.15 in Minnesota Statutes, section 116J.979.

27.16 Subd. 6. **Vocational Rehabilitation** 30,191,000 30,191,000

27.17	<u>Appropriations by Fund</u>		
27.18	<u>General</u>	<u>22,361,000</u>	<u>22,361,000</u>
27.19	<u>Workforce</u>		
27.20	<u>Development</u>	<u>7,830,000</u>	<u>7,830,000</u>

27.21 (a) Of the amounts appropriated in this
 27.22 subdivision, no more than \$524,000 in fiscal
 27.23 year 2018 and \$524,000 in fiscal year 2019
 27.24 may be expended on full-time equivalent
 27.25 positions, totaling no more than 5.1 full-time
 27.26 equivalent positions in fiscal year 2018 and
 27.27 5.1 full-time equivalent positions in fiscal year
 27.28 2019.

27.29 (b) \$10,800,000 each year is for the state's
 27.30 vocational rehabilitation program under
 27.31 Minnesota Statutes, chapter 268A.

27.32 (c) \$3,011,000 each year is for grants to
 27.33 centers for independent living under
 27.34 Minnesota Statutes, section 268A.11.

28.1 (d) \$2,555,000 each year is for grants to
 28.2 programs that provide employment support
 28.3 services to persons with mental illness under
 28.4 Minnesota Statutes, sections 268A.13 and
 28.5 268A.14.

28.6 (e) \$5,995,000 each year from the general fund
 28.7 and \$6,830,000 each year from the workforce
 28.8 development fund are for extended
 28.9 employment services for persons with severe
 28.10 disabilities under Minnesota Statutes, section
 28.11 268A.15.

28.12 (f) \$1,000,000 each year is from the workforce
 28.13 development fund for grants under Minnesota
 28.14 Statutes, section 268A.16, for employment
 28.15 services for persons, including transition-age
 28.16 youth, who are deaf, deafblind, or
 28.17 hard-of-hearing. If the amount in the first year
 28.18 is insufficient, the amount in the second year
 28.19 is available in the first year.

28.20 **Subd. 7. Competitive Grant Limitations**

28.21 An organization that receives a direct
 28.22 appropriation under this section is not eligible
 28.23 to participate in competitive grant programs
 28.24 under this section, either directly or by
 28.25 receiving funds from a third party that received
 28.26 a competitive grant under this section, during
 28.27 the fiscal years in which the direct
 28.28 appropriations are received.

28.29 **Subd. 8. Services for the Blind**

6,425,000

6,425,000

28.30 Of the amounts appropriated in this
 28.31 subdivision, no more than \$3,209,000 in fiscal
 28.32 year 2018 and \$3,224,000 in fiscal year 2019
 28.33 may be expended on full-time equivalent
 28.34 positions, totaling no more than 45 full-time

29.1 equivalent positions in fiscal year 2018 and
 29.2 45 full-time equivalent positions in fiscal year
 29.3 2019.

29.4 **Subd. 9. Broadband Development** 7,250,000 250,000

29.5 (a) Of the amounts appropriated in this
 29.6 subdivision, no more than \$174,000 in fiscal
 29.7 year 2018 and \$177,000 in fiscal year 2019
 29.8 may be expended on full-time equivalent
 29.9 positions, totaling no more than 1.5 full-time
 29.10 equivalent positions in fiscal year 2018 and
 29.11 1.5 full-time equivalent positions in fiscal year
 29.12 2019.

29.13 (b) \$250,000 each year is for the Broadband
 29.14 Development Office.

29.15 (c) \$7,000,000 in fiscal year 2018 is for
 29.16 deposit in the border-to-border broadband fund
 29.17 account in the special revenue fund established
 29.18 under Minnesota Statutes, section 116J.396.

29.19 **Sec. 3. HOUSING FINANCE AGENCY**

29.20 **Subdivision 1. Total Appropriation** **\$ 56,798,000 \$ 39,873,000**

29.21 The amounts that may be spent for each
 29.22 purpose are specified in the following
 29.23 subdivisions.

29.24 Unless otherwise specified, this appropriation
 29.25 is for transfer to the housing development fund
 29.26 for the programs specified in this section.

29.27 Except as otherwise indicated, this transfer is
 29.28 part of the agency's permanent budget base.

29.29 **Subd. 2. Challenge Program** **18,925,000 2,000,000**

29.30 (a) Beginning in fiscal year 2020, the base
 29.31 amount for the challenge program is
 29.32 \$11,717,000.

30.1 (b) This appropriation is for the economic
 30.2 development and housing challenge program
 30.3 under Minnesota Statutes, section 462A.33.
 30.4 The agency must continue to strengthen its
 30.5 efforts to address the disparity rate between
 30.6 white households and indigenous American
 30.7 Indians and communities of color. Of this
 30.8 amount, \$1,208,000 in fiscal year 2018 shall
 30.9 be made available during the first 11 months
 30.10 of the fiscal year exclusively for housing
 30.11 projects for American Indians. Any funds not
 30.12 committed to housing projects for American
 30.13 Indians in the first 11 months of fiscal year
 30.14 2018 shall be available for any eligible activity
 30.15 under Minnesota Statutes, section 462A.33.
 30.16 In fiscal year 2020 and beyond, the base
 30.17 amount is \$1,208,000.

30.18 (c) \$4,000,000 in fiscal year 2018 is for the
 30.19 purposes of the workforce housing
 30.20 development program under Minnesota
 30.21 Statutes, section 462A.39. In fiscal year 2020
 30.22 and beyond, the base amount is \$0.

30.23 (d) \$250,000 each year is for grants to
 30.24 programs under Minnesota Statutes, section
 30.25 462A.204, subdivision 8. In fiscal year 2020
 30.26 and beyond, the base amount is \$250,000.

30.27 (e) \$1,750,000 each year is to the housing trust
 30.28 fund for the rental assistance to highly mobile
 30.29 students program under Minnesota Statutes,
 30.30 section 462A.201, subdivision 2, paragraph
 30.31 (a), clause (4). In fiscal year 2020 and beyond,
 30.32 the base amount is \$1,750,000.

30.33 <u>Subd. 3. Housing Trust Fund</u>	<u>11,471,000</u>	<u>11,471,000</u>
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30.34 This appropriation is for deposit in the housing
 30.35 fund account created under Minnesota

31.1	<u>Statutes, section 462A.201, and may be used</u>		
31.2	<u>for the purposes provided in that section.</u>		
31.3	<u>Subd. 4. Rental Assistance for Mentally Ill</u>	<u>4,088,000</u>	<u>4,088,000</u>
31.4	<u>This appropriation is for the rental housing</u>		
31.5	<u>assistance program under Minnesota Statutes,</u>		
31.6	<u>section 462A.2097. Among comparable</u>		
31.7	<u>proposals, the agency shall prioritize those</u>		
31.8	<u>proposals that target, in part, eligible persons</u>		
31.9	<u>who desire to move to more integrated,</u>		
31.10	<u>community-based settings.</u>		
31.11	<u>Subd. 5. Family Homeless Prevention</u>	<u>8,519,000</u>	<u>8,519,000</u>
31.12	<u>This appropriation is for the family homeless</u>		
31.13	<u>prevention and assistance programs under</u>		
31.14	<u>Minnesota Statutes, section 462A.204.</u>		
31.15	<u>Subd. 6. Home Ownership Assistance Fund</u>	<u>885,000</u>	<u>885,000</u>
31.16	<u>This appropriation is for the home ownership</u>		
31.17	<u>assistance program under Minnesota Statutes,</u>		
31.18	<u>section 462A.21, subdivision 8. The agency</u>		
31.19	<u>shall continue to strengthen its efforts to</u>		
31.20	<u>address the disparity gap in the</u>		
31.21	<u>homeownership rate between white</u>		
31.22	<u>households and indigenous American Indians</u>		
31.23	<u>and communities of color.</u>		
31.24	<u>Subd. 7. Affordable Rental Investment Fund</u>	<u>4,218,000</u>	<u>4,218,000</u>
31.25	<u>(a) This appropriation is for the affordable</u>		
31.26	<u>rental investment fund program under</u>		
31.27	<u>Minnesota Statutes, section 462A.21,</u>		
31.28	<u>subdivision 8b, to finance the acquisition,</u>		
31.29	<u>rehabilitation, and debt restructuring of</u>		
31.30	<u>federally assisted rental property and for</u>		
31.31	<u>making equity take-out loans under Minnesota</u>		
31.32	<u>Statutes, section 462A.05, subdivision 39.</u>		
31.33	<u>(b) The owner of federally assisted rental</u>		
31.34	<u>property must agree to participate in the</u>		

32.1 applicable federally assisted housing program
 32.2 and to extend any existing low-income
 32.3 affordability restrictions on the housing for
 32.4 the maximum term permitted. The owner must
 32.5 also enter into an agreement that gives local
 32.6 units of government, housing and
 32.7 redevelopment authorities, and nonprofit
 32.8 housing organizations the right of first refusal
 32.9 if the rental property is offered for sale.
 32.10 Priority must be given among comparable
 32.11 federally assisted rental properties to
 32.12 properties with the longest remaining term
 32.13 under an agreement for federal assistance.
 32.14 Priority must also be given among comparable
 32.15 rental housing developments to developments
 32.16 that are or will be owned by local government
 32.17 units, a housing and redevelopment authority,
 32.18 or a nonprofit housing organization.

32.19 (c) The appropriation also may be used to
 32.20 finance the acquisition, rehabilitation, and debt
 32.21 restructuring of existing supportive housing
 32.22 properties. For purposes of this subdivision,
 32.23 "supportive housing" means affordable rental
 32.24 housing with links to services necessary for
 32.25 individuals, youth, and families with children
 32.26 to maintain housing stability.

32.27	<u>Subd. 8. Housing Rehabilitation</u>	<u>6,515,000</u>	<u>6,515,000</u>
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32.28 This appropriation is for the housing
 32.29 rehabilitation program under Minnesota
 32.30 Statutes, section 462A.05, subdivision 14. Of
 32.31 this amount, \$2,772,000 each year is for the
 32.32 rehabilitation of owner-occupied housing,
 32.33 \$3,743,000 each year is for the rehabilitation
 32.34 of eligible rental housing, and \$1,000,000 in
 32.35 fiscal year 2018 is prioritized to complete

33.1 interim controls or lead abatement measures
 33.2 to reduce the risk of lead exposure in rental
 33.3 housing statewide. Any funds not committed
 33.4 in the first 11 months of 2018 shall be
 33.5 available for any eligible activity under this
 33.6 section. In administering a rehabilitation
 33.7 program for rental housing, the agency may
 33.8 apply the processes and priorities adopted for
 33.9 administration of the economic development
 33.10 and housing challenge program under
 33.11 Minnesota Statutes, section 462A.33.

33.12 **Subd. 9. Homeownership Education, Counseling,**
 33.13 **and Training**

857,000

857,000

33.14 This appropriation is for the homeownership
 33.15 education, counseling, and training program
 33.16 under Minnesota Statutes, section 462A.209.
 33.17 Priority may be given to funding programs
 33.18 that are aimed at culturally specific groups
 33.19 who are providing services to members of their
 33.20 communities.

33.21 **Subd. 10. Capacity Building Grants**

875,000

875,000

33.22 This appropriation is for nonprofit capacity
 33.23 building grants under Minnesota Statutes,
 33.24 section 462A.21, subdivision 3b. Of this
 33.25 amount:

33.26 (1) \$125,000 each year is for support of the
 33.27 Homeless Management Information System
 33.28 (HMIS); and

33.29 (2) \$500,000 each year is for grants to Build
 33.30 Wealth MN to provide a family stabilization
 33.31 plan program including program outreach,
 33.32 financial literacy education, and budget and
 33.33 debt counseling.

35.1 (a) This appropriation is from the workers'
 35.2 compensation fund. Of the amount
 35.3 appropriated, no more than \$10,560,000 in
 35.4 fiscal year 2018 and \$10,560,000 in fiscal year
 35.5 2019 may be expended on full-time equivalent
 35.6 positions, totaling no more than 109.6
 35.7 full-time equivalent positions in fiscal year
 35.8 2018 and 109.6 full-time equivalent positions
 35.9 in fiscal year 2019.

35.10 (b)(1) \$3,000,000 each year is for workers'
 35.11 compensation system upgrades. This amount
 35.12 is available until June 30, 2021. The base
 35.13 amount for fiscal year 2020 and beyond is \$0.

35.14 (2) This appropriation includes funds for
 35.15 information technology project services and
 35.16 support subject to the provisions of Minnesota
 35.17 Statutes, section 16E.0466. Any ongoing
 35.18 information technology costs must be
 35.19 incorporated into the service level agreement
 35.20 and must be paid to the Office of MN.IT
 35.21 Services by the commissioner of labor and
 35.22 industry under the rates and mechanism
 35.23 specified in that agreement.

35.24 **Subd. 3. Labor Standards and Apprenticeship** 2,759,000 2,759,000

35.25	<u>Appropriations by Fund</u>		
35.26	<u>General</u>	<u>1,452,000</u>	<u>1,452,000</u>
35.27	<u>Workforce</u>		
35.28	<u>Development</u>	<u>1,307,000</u>	<u>1,307,000</u>

35.29 (a) Of the amounts appropriated in this
 35.30 subdivision, no more than \$2,234,000 in fiscal
 35.31 year 2018 and \$2,238,000 in fiscal year 2019
 35.32 may be expended on full-time equivalent
 35.33 positions, totaling no more than 21.7 full-time
 35.34 equivalent positions in fiscal year 2018 and

36.1 19.7 full-time equivalent positions in fiscal
 36.2 year 2019.

36.3 (b) \$1,202,000 each year is from the general
 36.4 fund for the labor standards and apprenticeship
 36.5 program.

36.6 (c) \$125,000 each year is from the general
 36.7 fund for wage theft prevention under the
 36.8 division of labor standards.

36.9 (d) \$1,029,000 each year is from the
 36.10 workforce development fund for the
 36.11 apprenticeship program under Minnesota
 36.12 Statutes, chapter 178.

36.13 (e) \$100,000 each year is from the workforce
 36.14 development fund for labor education and
 36.15 advancement program grants under Minnesota
 36.16 Statutes, section 178.11, to expand and
 36.17 promote registered apprenticeship training for
 36.18 minorities and women.

36.19 (f) \$150,000 each year is from the workforce
 36.20 development fund for prevailing wage
 36.21 enforcement.

36.22 Subd. 4. **Workplace Safety** 4,154,000 4,154,000

36.23 This appropriation is from the workers'
 36.24 compensation fund. Of the amount
 36.25 appropriated, not more than \$3,320,000 in
 36.26 fiscal year 2018 and \$3,320,000 in fiscal year
 36.27 2019 may be expended on full-time equivalent
 36.28 positions, totaling no more than 82.6 full-time
 36.29 equivalent positions in fiscal year 2018 and
 36.30 82.6 full-time equivalent positions in fiscal
 36.31 year 2019.

36.32 Subd. 5. **General Support** 6,239,000 6,239,000

36.33 Appropriations by Fund
 36.34 General Fund 200,000 200,000

37.1 Workers'
 37.2 Compensation 6,039,000 6,039,000

37.3 (a) Of the amount appropriated in this
 37.4 subdivision, no more than \$3,148,000 in fiscal
 37.5 year 2018 and \$3,234,000 in fiscal year 2019
 37.6 may be expended on full-time equivalent
 37.7 positions, totaling no more than 57.1 full-time
 37.8 equivalent positions in fiscal year 2018 and
 37.9 57.1 full-time equivalent positions in fiscal
 37.10 year 2019.

37.11 (b) Except as provided in paragraph (c), this
 37.12 appropriation is from the workers'
 37.13 compensation fund.

37.14 (c) \$200,000 each year is from the general
 37.15 fund for grants to the Construction Careers
 37.16 Foundation Inc. for the Helmets to Hardhats
 37.17 Minnesota Initiative. Grant funds must be used
 37.18 to recruit, retain, assist, and support National
 37.19 Guard, reserve, active duty military members,
 37.20 and veteran's participation into apprenticeship
 37.21 programs registered with the Department of
 37.22 Labor and Industry and connect them with
 37.23 career training and employment in the building
 37.24 and construction industry. The recruitment,
 37.25 selection, employment, and training must be
 37.26 without discrimination due to race, color,
 37.27 creed, religion, national origin, sex, sexual
 37.28 orientation, marital status, physical or mental
 37.29 disability, receipt of public assistance, or age.

37.30 **Sec. 5. BUREAU OF MEDIATION SERVICES \$ 1,853,000 \$ 1,853,000**

37.31 (a) Notwithstanding Minnesota Statutes,
 37.32 section 16A.285, the commissioner of
 37.33 mediation services must not allow transfers
 37.34 of money appropriated in this section between

38.1 divisions or programs of the Bureau of
 38.2 Mediation Services.

38.3 (b) Notwithstanding Minnesota Statutes,
 38.4 section 16B.37, subdivision 4, the
 38.5 commissioner of mediation services must not
 38.6 allow billing between divisions or programs
 38.7 within the Bureau of Mediation Services, or
 38.8 otherwise use any "Internal Billing
 38.9 Expenditures."

38.10 (c) Notwithstanding Minnesota Statutes,
 38.11 section 16B.37, subdivision 4, and Minnesota
 38.12 Statutes, section 471.59, except for work
 38.13 performed by MN.IT under Minnesota
 38.14 Statutes, chapter 16E, the commissioner of
 38.15 mediation services must not allow billing or
 38.16 transfers between other executive branch
 38.17 agencies or departments and the Bureau of
 38.18 Mediation Services.

38.19 (d) Of the amounts appropriated in this
 38.20 section, no more than \$1,639,000 in fiscal year
 38.21 2018 and \$1,639,000 in fiscal year 2019 may
 38.22 be expended on full-time equivalent positions,
 38.23 totaling no more than 15.1 full-time equivalent
 38.24 positions in fiscal year 2018 and 15.1 full-time
 38.25 equivalent positions in fiscal year 2019.

38.26 (e) \$68,0000 each year is from the general
 38.27 fund for grants to area labor management
 38.28 committees. Grants may be awarded for a
 38.29 12-month period beginning July 1 each year.
 38.30 Any unencumbered balance remaining at the
 38.31 end of the first year does not cancel but is
 38.32 available for the second year.

38.33 **Sec. 6. WORKERS' COMPENSATION COURT**
 38.34 **OF APPEALS** \$ 1,913,000 \$ 1,913,000

40.1 performed by MN.IT under Minnesota
 40.2 Statutes, chapter 16E, the commissioner of
 40.3 commerce must not allow billing or transfers
 40.4 between other executive branch agencies or
 40.5 departments and the Department of
 40.6 Commerce.

40.7 **Subd. 2. Financial Institutions** 5,285,000 5,410,000

40.8 (a) Of the amounts appropriated in this
 40.9 subdivision, no more than \$4,343,000 in fiscal
 40.10 year 2018 and \$4,343,000 in fiscal year 2019
 40.11 may be expended on full-time equivalent
 40.12 positions, totaling no more than 45.3 full-time
 40.13 equivalent positions in fiscal year 2018 and
 40.14 45.3 full-time equivalent positions in fiscal
 40.15 year 2019.

40.16 (b) \$400,000 each year is for grants to Prepare
 40.17 and Prosper for purposes of developing,
 40.18 marketing, evaluating, and distributing a
 40.19 financial services inclusion program that will
 40.20 assist low-income and financially underserved
 40.21 populations build savings, strengthen credit,
 40.22 and provide services to assist them in being
 40.23 more financially stable and secure. Grants
 40.24 must be matched by nonstate contributions.
 40.25 Money remaining after the first year is
 40.26 available for the second year.

40.27 **Subd. 3. Petroleum Tank Release Compensation**
 40.28 **Board** 1,052,000 1,052,000

40.29 (a) This appropriation is from the petroleum
 40.30 tank fund.

40.31 (b) Of the amounts appropriated in this
 40.32 subdivision, no more than \$710,000 in fiscal
 40.33 year 2018 and \$710,000 in fiscal year 2019
 40.34 may be expended on full-time equivalent
 40.35 positions, totaling no more than 6.9 full-time

41.1 equivalent positions in fiscal year 2018 and
 41.2 6.9 full-time equivalent positions in fiscal year
 41.3 2019.

41.4 **Subd. 4. Administrative Services** 7,603,000 7,353,000

	<u>Appropriations by Fund</u>		
41.5			
41.6	<u>General</u>	<u>7,353,000</u>	<u>7,103,000</u>
41.7	<u>Special Revenue</u>	<u>250,000</u>	<u>250,000</u>

41.8 (a) Of the amounts appropriated in this
 41.9 subdivision, no more than \$4,709,000 in fiscal
 41.10 year 2018 and \$4,709,000 in fiscal year 2019
 41.11 may be expended on full-time equivalent
 41.12 positions, totaling no more than 49.9 full-time
 41.13 equivalent positions in fiscal year 2018 and
 41.14 49.9 full-time equivalent positions in fiscal
 41.15 year 2019.

41.16 (b) \$625,000 in fiscal year 2018 and \$375,000
 41.17 in fiscal year 2019 are to fund Minnesota
 41.18 Statutes, section 345.42, subdivision 1a,
 41.19 paragraph (b).

41.20 (c) \$33,000 each year is for rulemaking and
 41.21 administration under Minnesota Statutes,
 41.22 section 80A.461.

41.23 (d) \$250,000 each year is from the energy fund
 41.24 account in the special revenue fund established
 41.25 in Minnesota Statutes, section 116C.779,
 41.26 subdivision 1, for transfer to the Board of
 41.27 Regents of the University of Minnesota for
 41.28 operations and maintenance of the Natural
 41.29 Resources Research Institute at the University
 41.30 of Minnesota Duluth. The funds shall be used
 41.31 for operations, maintenance, research, and
 41.32 staff support to strengthen applied research
 41.33 activities and accelerate innovation and
 41.34 economic development in key areas such as

42.1 minerals, mining and water, energy and the
 42.2 environment, and forest products and
 42.3 bioeconomy. In fiscal year 2020 and beyond,
 42.4 the base amount is \$0.

42.5 **Subd. 5. Telecommunications** 2,219,000 2,219,000

42.6 Appropriations by Fund

42.7 General 979,000 979,000

42.8 Special Revenue 1,240,000 1,240,000

42.9 (a) Of the amounts appropriated in this
 42.10 subdivision, no more than \$759,000 in fiscal
 42.11 year 2018 and \$759,000 in fiscal year 2019
 42.12 may be expended on full-time equivalent
 42.13 positions, totaling no more than seven
 42.14 full-time equivalent positions in fiscal year
 42.15 2018 and seven full-time equivalent positions
 42.16 in fiscal year 2019.

42.17 (b) \$1,610,000 each year is from the
 42.18 telecommunication access fund for the
 42.19 following transfers. This appropriation is
 42.20 added to the department's base.

42.21 (1) \$1,170,000 each year is to the
 42.22 commissioner of human services to
 42.23 supplement the ongoing operational expenses
 42.24 of the Commission of Deaf, DeafBlind, and
 42.25 Hard-of-Hearing Minnesotans;

42.26 (2) \$290,000 each year is to the chief
 42.27 information officer for the purpose of
 42.28 coordinating technology accessibility and
 42.29 usability;

42.30 (3) \$100,000 each year is to the Legislative
 42.31 Coordinating Commission for captioning of
 42.32 legislative coverage. This transfer is subject
 42.33 to Minnesota Statutes, section 16A.281; and

43.1 (4) \$50,000 each year is to the Office of
 43.2 MN.IT Services for a consolidated access fund
 43.3 to provide grants to other state agencies related
 43.4 to accessibility of their Web-based services.

43.5 **Subd. 6. Enforcement** 5,299,000 5,099,000

43.6	<u>Appropriations by Fund</u>		
43.7	<u>General</u>	<u>5,101,000</u>	<u>4,901,000</u>
43.8	<u>Workers'</u>		
43.9	<u>Compensation</u>	<u>198,000</u>	<u>198,000</u>

43.10 (a) Of the amounts appropriated in this
 43.11 subdivision, no more than \$4,732,000 in fiscal
 43.12 year 2018 and \$4,732,000 in fiscal year 2019
 43.13 may be expended on full-time equivalent
 43.14 positions, totaling no more than 48.5 full-time
 43.15 equivalent positions in fiscal year 2018 and
 43.16 48.5 full-time equivalent positions in fiscal
 43.17 year 2019.

43.18 (b) \$279,000 each year is for health care
 43.19 enforcement.

43.20 (c)(1) \$200,000 in fiscal year 2018 is to create
 43.21 and execute a statewide education and
 43.22 outreach campaign to protect seniors, meaning
 43.23 those 60 years of age or older, vulnerable
 43.24 adults, as defined in Minnesota Statutes,
 43.25 section 626.5572, subdivision 21, and their
 43.26 caregivers from financial fraud and
 43.27 exploitation.

43.28 (2) The education and outreach campaign must
 43.29 be statewide, and must include, but is not
 43.30 limited to, the dissemination of information
 43.31 through television, print, or other media,
 43.32 training and outreach to senior living facilities,
 43.33 and the creation of a senior fraud toolkit.

43.34 (3) The commissioner of commerce shall
 43.35 report by January 15, 2018, to the chairs and

44.1 ranking minority members of the committees
 44.2 of the house of representatives and senate
 44.3 having jurisdiction over commerce issues
 44.4 regarding the results of the statewide education
 44.5 and outreach campaign, and recommendations
 44.6 for supporting ongoing efforts to prevent
 44.7 financial fraud from occurring to, and the
 44.8 financial exploitation of, seniors, vulnerable
 44.9 adults, and their caregivers.

44.10 **Subd. 7. Energy Resources** 4,099,000 4,299,000

44.11	<u>Appropriations by Fund</u>		
44.12	<u>General</u>	<u>3,999,000</u>	<u>3,999,000</u>
44.13	<u>Special Revenue</u>	<u>100,000</u>	<u>300,000</u>

44.14 (a) Of the amounts appropriated in this
 44.15 subdivision, no more than \$3,689,000 in fiscal
 44.16 year 2018 and \$3,689,000 in fiscal year 2019
 44.17 may be expended on full-time equivalent
 44.18 positions, totaling no more than 26.8 full-time
 44.19 equivalent positions in fiscal year 2018 and
 44.20 26.8 full-time equivalent positions in fiscal
 44.21 year 2019.

44.22 (b) \$430,000 each year is for costs associated
 44.23 with competitive rates for energy-intensive,
 44.24 trade-exposed electric utility customers. All
 44.25 general fund appropriations for costs
 44.26 associated with competitive rates for
 44.27 energy-intensive, trade-exposed electric utility
 44.28 customers are recovered through assessments
 44.29 under Minnesota Statutes, section 216B.62.

44.30 (c) \$832,000 each year is for energy regulation
 44.31 and planning unit staff.

44.32 (d) \$200,000 in fiscal year 2019 is to
 44.33 remediate insulation from households that are
 44.34 eligible for weatherization assistance under

45.1 Minnesota's weatherization assistance program
 45.2 state plan under Minnesota Statutes, section
 45.3 216C.264. Remediation must be done in
 45.4 conjunction with federal weatherization
 45.5 assistance program services. This is a onetime
 45.6 appropriation.

45.7 (e) \$100,000 each year is from the energy fund
 45.8 account in the special revenue fund established
 45.9 in Minnesota Statutes, section 116C.779,
 45.10 subdivision 1, to administer the "Made in
 45.11 Minnesota" solar energy production incentive
 45.12 program in Minnesota Statutes, section
 45.13 216C.417. Any remaining unspent funds
 45.14 cancel back to the energy fund account at the
 45.15 end of the biennium.

45.16 Subd. 8. Insurance 4,868,000 4,868,000

	<u>Appropriations by Fund</u>	
45.18 <u>General</u>	<u>4,315,000</u>	<u>4,315,000</u>
45.19 <u>Workers'</u>		
45.20 <u>Compensation</u>	<u>553,000</u>	<u>553,000</u>

45.21 (a) Of the amounts appropriated in this
 45.22 subdivision, no more than \$4,431,000 in fiscal
 45.23 year 2018 and \$4,431,000 in fiscal year 2019
 45.24 may be expended on full-time equivalent
 45.25 positions, totaling no more than 37.3 full-time
 45.26 equivalent positions in fiscal year 2018 and
 45.27 37.3 full-time equivalent positions in fiscal
 45.28 year 2019.

45.29 (b) \$642,000 each year is for health insurance
 45.30 rate review staffing.

45.31 (c) \$412,000 each year is for actuarial work
 45.32 to prepare for implementation of
 45.33 principle-based reserves.

45.34 Sec. 8. PUBLIC UTILITIES COMMISSION \$ 7,242,000 \$ 7,242,000

46.1 (a) Notwithstanding Minnesota Statutes,
 46.2 section 16A.285, the Public Utilities
 46.3 Commission and its members must not allow
 46.4 transfers of money appropriated in this section
 46.5 between divisions or programs of the Public
 46.6 Utilities Commission.

46.7 (b) Notwithstanding Minnesota Statutes,
 46.8 section 16B.37, subdivision 4, the Public
 46.9 Utilities Commission and its members must
 46.10 not allow billing between divisions or
 46.11 programs within the Public Utilities
 46.12 Commission, or otherwise use any "Internal
 46.13 Billing Expenditures."

46.14 (c) Notwithstanding Minnesota Statutes,
 46.15 section 16B.37, subdivision 4, and section
 46.16 471.59, or any other law to the contrary,
 46.17 except for work performed by MN.IT, under
 46.18 Minnesota Statutes, chapter 16E, the Public
 46.19 Utilities Commission and its members must
 46.20 not allow billing or transfers between other
 46.21 executive branch agencies or departments and
 46.22 the Public Utilities Commission.

46.23 (d) Of the amount appropriated in this section,
 46.24 no more than \$6,072,000 in fiscal year 2018
 46.25 and \$6,072,000 in fiscal year 2019 may be
 46.26 expended on full-time equivalent positions,
 46.27 totaling no more than 55 full-time equivalent
 46.28 positions in fiscal year 2018 and 55 full-time
 46.29 equivalent positions in fiscal year 2019.

46.30 (e) \$21,000 each year is for the purposes of
 46.31 Minnesota Statutes, section 237.045.

46.32 **Sec. 9. PUBLIC FACILITIES AUTHORITY \$ 7,450,000 \$ 0**

46.33 (a) \$300,000 in fiscal year 2018 is for a grant
 46.34 to the city of New Trier to replace water

47.1 infrastructure under Hogan Avenue, including
47.2 related road reconstruction, and to acquire land
47.3 for predesign, design, and construction of a
47.4 storm water pond that will be colocated with
47.5 the pond of the new subdivision. This
47.6 appropriation does not require a nonstate
47.7 contribution.

47.8 (b) \$3,500,000 in fiscal year 2018 is for a
47.9 grant for land acquisition, design, engineering,
47.10 and construction of facilities and infrastructure
47.11 necessary for Phase 3 of the Lewis and Clark
47.12 Regional Water System project. Phase 3
47.13 includes extension of the project from the
47.14 Lincoln-Pipestone Rural Water System
47.15 connection near Adrian to Worthington,
47.16 construction of a reservoir in Nobles County
47.17 and a meter building in Worthington, and
47.18 acquisition and installation of a supervisory
47.19 control and data acquisition system.

47.20 (c) \$1,200,000 in fiscal year 2018 is for a grant
47.21 to the Clear Lake-Clearwater Sewer Authority
47.22 to remove and replace the existing wastewater
47.23 treatment facility. This project is intended to
47.24 prevent the discharge of phosphorus into the
47.25 Mississippi River. This appropriation is not
47.26 available until the commissioner of
47.27 management and budget determines that at
47.28 least \$200,000 is committed to the project
47.29 from nonstate sources and the authority has
47.30 applied for at least two grants to offset the
47.31 cost. An amount equal to any grant money
47.32 received by the authority must be returned to
47.33 the general fund.

47.34 (d) \$1,200,000 in fiscal year 2018 is for a
47.35 grant to the Ramsey/Washington Recycling

48.1 and Energy Board to design, construct, and
 48.2 equip capital improvements to the
 48.3 Ramsey/Washington Recycling and Energy
 48.4 Center in Newport.

48.5 (e) \$750,000 in fiscal year 2018 is for a grant
 48.6 to the city of Cold Spring to acquire land,
 48.7 predesign, design, engineer, construct, furnish,
 48.8 and equip water infrastructure, including
 48.9 drilling new wells, a water treatment plant,
 48.10 and piping for water distribution.

48.11 (f) \$500,000 in fiscal year 2018 is for a grant
 48.12 to the Big Lake Area Sanitary District to
 48.13 construct a pressure sewer system and force
 48.14 main to convey sewage to the Western Lake
 48.15 Superior Sanitary District connection in the
 48.16 city of Cloquet. This appropriation is in
 48.17 addition to the appropriation in Laws 2014,
 48.18 chapter 294, article 1, section 22, subdivision
 48.19 4.

48.20 **Sec. 10. DEPARTMENT OF IRON RANGE**
 48.21 **RESOURCES AND REHABILITATION.** **\$** **1,500,000** **\$** **0**

48.22 This appropriation is from the energy fund
 48.23 account in the special revenue fund established
 48.24 in Minnesota Statutes, section 116C.779,
 48.25 subdivision 1, for grants for innovative energy
 48.26 solutions on the Iron Range.

48.27 **Sec. 11. GENERAL FUND TRANSFER TO ENERGY FUND ACCOUNT.**

48.28 The commissioner of management and budget must transfer \$500,000 in fiscal year
 48.29 2018 and \$3,500,000 in fiscal year 2019 from the general fund to the energy fund account
 48.30 in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision
 48.31 1.

49.1 Sec. 12. **MINNESOTA FILM AND TV BOARD APPROPRIATION**
 49.2 **CANCELLATION.**

49.3 All unspent funds, estimated to be \$350,000, appropriated for the film production jobs
 49.4 program under Minnesota Statutes, section 116U.26, under Laws 2016, chapter 189, article
 49.5 7, section 2, subdivision 2, are canceled to the general fund the day following final enactment
 49.6 of this section.

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

49.8 **ARTICLE 2**

49.9 **DEPARTMENT OF LABOR AND INDUSTRY POLICY**

49.10 Section 1. Minnesota Statutes 2016, section 175.45, is amended to read:

49.11 **175.45 ~~COMPETENCY STANDARDS FOR DUAL TRAINING.~~**

49.12 Subdivision 1. **Duties; goal.** The commissioner of labor and industry shall convene
 49.13 industry representatives, identify occupational competency standards for dual training, and
 49.14 provide technical assistance to develop dual-training programs. The goal of dual training
 49.15 is to provide employees of an employer with training to acquire competencies that the
 49.16 employer requires. The competency standards shall be identified for employment in
 49.17 occupations in advanced manufacturing, health care services, information technology, and
 49.18 agriculture. Competency standards are not rules and are exempt from the rulemaking
 49.19 provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do
 49.20 not apply.

49.21 Subd. 2. **~~Definition; competency standards~~ Definitions.** For purposes of this section,
 49.22 the following terms have the meanings given them:

49.23 (1) "competency standards" means the specific knowledge and skills necessary for a
 49.24 particular occupation; and

49.25 (2) "dual-training program" means an employment-based earn-as-you-learn program
 49.26 where the trainee is employed by a participating employer and receives structured on-the-job
 49.27 training and technical instruction in accordance with the competency standards.

49.28 Subd. 3. **Competency standards identification process.** In identifying competency
 49.29 standards, the commissioner shall consult with the commissioner of the Office of Higher
 49.30 Education and the commissioner of employment and economic development and convene
 49.31 recognized industry experts, representative employers, higher education institutions,
 49.32 representatives of the disabled community, and representatives of labor to assist in identifying

50.1 credible competency standards. Competency standards must be consistent with, to the extent
50.2 available and practical, recognized international and national standards.

50.3 Subd. 4. **Duties.** The commissioner shall:

50.4 (1) convene industry representatives to identify, develop, and implement dual-training
50.5 programs;

50.6 (2) identify competency standards for ~~entry-level~~ entry-level and higher skill levels;

50.7 ~~(2)~~ (3) verify the competency standards and skill levels and their transferability by subject
50.8 matter expert representatives of each respective industry;

50.9 ~~(3)~~ (4) develop models for Minnesota educational institutions to engage in providing
50.10 education and training to meet the competency standards established;

50.11 ~~(4)~~ (5) encourage participation by employers and labor in the competency standard
50.12 identification process for occupations in their industry; and

50.13 ~~(5)~~ (6) align ~~dual-training competency standards~~ dual-training programs with other
50.14 workforce initiatives; and

50.15 (7) provide technical assistance to develop dual-training programs.

50.16 Subd. 5. **Notification.** The commissioner must communicate identified competency
50.17 standards to the commissioner of the Office of Higher Education for the purpose of the ~~dual~~
50.18 ~~training~~ dual-training competency grant program under section 136A.246. The commissioner
50.19 of labor and industry shall maintain the competency standards on the department's Web
50.20 site.

50.21 Sec. 2. [175.46] YOUTH SKILLS TRAINING PROGRAM.

50.22 Subdivision 1. **Program established; grants authorized.** The commissioner shall
50.23 approve youth skills training programs established for the purpose of providing work-based
50.24 skills training for student learners ages 16 and older.

50.25 Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have
50.26 the meanings given.

50.27 (b) "School district" means a school district or charter school.

50.28 (c) "Local partnership" means a school district, nonpublic school, intermediate school
50.29 district, or postsecondary institution, in partnership with other school districts, nonpublic
50.30 schools, intermediate school districts, postsecondary institutions, workforce development
50.31 authorities, economic development authorities, nonprofit organizations, labor unions, or

51.1 individuals who have an agreement with one or more local employers to be responsible for
51.2 implementing and coordinating a local youth skills training program.

51.3 (d) "Student learner" means a student who is both enrolled in a course of study at a public
51.4 or nonpublic school to obtain related instruction for academic credit and is employed under
51.5 a written agreement to obtain on-the-job skills training under a youth skills training program
51.6 approved under this section.

51.7 (e) "Commissioner" means the commissioner of labor and industry.

51.8 Subd. 3. Duties. (a) The commissioner shall:

51.9 (1) approve youth skills training programs in high growth, high demand occupations
51.10 that provide:

51.11 (i) that the work of the student learner in the occupations declared particularly hazardous
51.12 shall be incidental to the training;

51.13 (ii) that the work shall be intermittent and for short periods of time, and under the direct
51.14 and close supervision of a qualified and experienced person;

51.15 (iii) that safety instruction shall be provided to the student learner and may be given by
51.16 the school and correlated by the employer with on-the-job training;

51.17 (iv) a schedule of organized and progressive work processes to be performed on the job;

51.18 (v) a schedule of wage rates in compliance with section 177.24; and

51.19 (vi) whether the student learner will obtain secondary school academic credit,
51.20 postsecondary credit, or both, for the training program;

51.21 (2) approve occupations and maintain a list of approved occupations for programs under
51.22 this section;

51.23 (3) work with individuals representing industry and labor to develop new youth skills
51.24 training programs;

51.25 (4) develop model program guides;

51.26 (5) monitor youth skills training programs;

51.27 (6) provide technical assistance to local partnership grantees;

51.28 (7) work with providers to identify paths for receiving postsecondary credit for
51.29 participation in the youth skills training program; and

51.30 (8) approve other activities as necessary to implement the program.

52.1 (b) The commissioner shall collaborate with stakeholders, including, but not limited to,
52.2 representatives of secondary school institutions, career and technical education instructors,
52.3 postsecondary institutions, businesses, and labor, in developing youth skills training
52.4 programs, and identifying and approving occupations and competencies for youth skills
52.5 training programs.

52.6 Subd. 4. **Training agreement.** Each student learner shall sign a written training agreement
52.7 on a form prescribed by the commissioner. Each agreement shall contain the name of the
52.8 student learner, and be signed by the employer, the school coordinator or administrator, and
52.9 the student learner, or if the student learner is a minor, by the student's parent or legal
52.10 guardian. Copies of each agreement shall be kept on file by both the school and the employer.

52.11 Subd. 5. **Program approval.** The commissioner may grant exemptions from the
52.12 provisions of chapter 181A for student learners participating in youth skills training programs
52.13 approved by the commissioner under this section. The approval of a youth skills training
52.14 program will be reviewed annually. The approval of a youth skills training program may
52.15 be revoked at any time if the commissioner finds that:

52.16 (1) all provisions of subdivision 3 have not been met in the previous year; or

52.17 (2) reasonable precautions have not been observed for the safety of minors.

52.18 The commissioner shall maintain and annually update a list of occupations and tasks suitable
52.19 for student learners in compliance with federal law.

52.20 Subd. 6. **Interactions with education finance.** (a) For the purpose of computing state
52.21 aids for the enrolling school district, the hours a student learner participates in a youth skills
52.22 training program under this section must be counted in the student's hours of average daily
52.23 membership under section 126C.05.

52.24 (b) Educational expenses for a participating student learner must be included in the
52.25 enrolling district's career and technical revenue as provided under section 124D.4531.

52.26 Subd. 7. **Academic credit.** A school district may grant academic credit to student learners
52.27 participating in youth skills training programs under this section in accordance with local
52.28 requirements.

52.29 Subd. 8. **Postsecondary credit.** A postsecondary institution may award postsecondary
52.30 credit to a student learner who successfully completes a youth skills training program.

52.31 Subd. 9. **Work-based learning program.** A youth skills training program shall qualify
52.32 as a work-based learning program if it meets requirements for a career and technical education

53.1 program and is supervised by a qualified teacher with appropriate licensure for a work-based
53.2 learning teacher-coordinator.

53.3 Subd. 10. **School coordinator.** Unless otherwise required for a work-based learning
53.4 program, a youth skills training program may be supervised by a qualified teacher or by an
53.5 administrator as determined by the school district.

53.6 Subd. 11. **Other apprenticeship programs.** (a) This section shall not affect programs
53.7 under section 124D.47.

53.8 (b) A registered apprenticeship program governed by chapter 178 may grant credit
53.9 toward the completion of a registered apprenticeship for the successful completion of a
53.10 youth skills training program under this section.

53.11 Subd. 12. **Outcomes.** The following outcomes are expected of a local youth skills training
53.12 program:

53.13 (1) at least 80 percent of the student learners who participate in a youth skills training
53.14 program receive a high school diploma when eligible on completion of the training program;
53.15 and

53.16 (2) at least 60 percent of the student learners who participate in a youth skills training
53.17 program receive a recognized credential on completion of the training program.

53.18 Subd. 13. **Reporting.** (a) By February 1, 2019, and annually thereafter, the commissioner
53.19 shall report on the activity and outcomes of the program for the preceding fiscal year to the
53.20 chairs of the legislative committees with jurisdiction over jobs and economic growth policy
53.21 and finance. At a minimum, the report must include:

53.22 (1) the number of student learners who commenced the training program and the number
53.23 who completed the training program; and

53.24 (2) recommendations, if any, for changes to the program.

53.25 (b) The initial report shall include a detailed description of the differences between the
53.26 state and federal systems in child safety standards.

53.27 Sec. 3. Minnesota Statutes 2016, section 326B.092, subdivision 7, is amended to read:

53.28 Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license is
53.29 the base license fee plus any applicable board fee, continuing education fee, and contractor
53.30 recovery fund fee and additional assessment, as set forth in this subdivision.

54.1 (b) For purposes of this section, "license duration" means the number of years for which
 54.2 the license is issued except that if the initial license is not issued for a whole number of
 54.3 years, the license duration shall be rounded up to the next whole number.

54.4 (c) The base license fee shall depend on whether the license is classified as an entry
 54.5 level, master, journeyman, or business license, and on the license duration. The base license
 54.6 fee shall be:

54.7 License Classification	54.7 License Duration	
	54.8 1 year	54.8 2 years
54.9 Entry level	54.9 \$10	54.9 \$20
54.10 Journeyworker	54.10 \$20	54.10 \$40
54.11 Master	54.11 \$40	54.11 \$80
54.12 Business		54.12 \$180

54.13 (d) If there is a continuing education requirement for renewal of the license, then a
 54.14 continuing education fee must be included in the renewal license fee. The continuing
 54.15 education fee for all license classifications shall be: \$10 if the renewal license duration is
 54.16 one year; and \$20 if the renewal license duration is two years.

54.17 (e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925,
 54.18 then a board fee must be included in the license fee and the renewal license fee. The board
 54.19 fee for all license classifications shall be: \$4 if the license duration is one year; and \$8 if
 54.20 the license duration is two years.

54.21 (f) If the application is for the renewal of a license issued under sections 326B.802 to
 54.22 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision
 54.23 3, and any additional assessment required under section 326B.89, subdivision 16, must be
 54.24 included in the license renewal fee.

54.25 (g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period
 54.26 July 1, ~~2015~~ 2017, through ~~June 30, 2017~~ September 30, 2021, the following fees apply:

54.27 License Classification	54.27 License Duration	
	54.28 1 year	54.28 2 years
54.29 Entry level	54.29 \$10	54.29 \$20
54.30 Journeyworker	54.30 \$15	54.30 <u>\$35</u>
54.31 Master	54.31 \$30	54.31 <u>\$30</u>
54.32 Business		54.32 <u>\$75</u>
54.33		54.33 <u>\$60</u>
54.34		54.34 <u>\$160</u>
54.35		54.35 <u>\$120</u>

55.1 If there is a continuing education requirement for renewal of the license, then a continuing
 55.2 education fee must be included in the renewal license fee. The continuing education fee for
 55.3 all license classifications shall be \$5.

55.4 Sec. 4. **[326B.108] PLACES OF PUBLIC ACCOMMODATION SUBJECT TO**
 55.5 **CODE.**

55.6 Subdivision 1. **Definition.** For purposes of this section, "place of public accommodation"
 55.7 means a publicly or privately owned facility that is designed for occupancy by 200 or more
 55.8 people and includes a sports or entertainment arena, stadium, theater, community or
 55.9 convention hall, special event center, indoor amusement facility or water park, or swimming
 55.10 pool.

55.11 Subd. 2. **Application.** Construction, additions, and alterations to a place of public
 55.12 accommodation must be designed and constructed to comply with the State Building Code.

55.13 Subd. 3. **Enforcement.** In a municipality that has not adopted the code by ordinance
 55.14 under section 326B.121, subdivision 2, the commissioner shall enforce this section in
 55.15 accordance with section 326B.107, subdivision 1.

55.16 Sec. 5. Minnesota Statutes 2016, section 326B.153, subdivision 1, is amended to read:

55.17 Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required
 55.18 in section ~~326B.106~~ 326B.107 include:

55.19 (1) the fee as set forth in the fee schedule in paragraph (b) or as adopted by a municipality;
 55.20 and

55.21 (2) the surcharge required by section 326B.148.

55.22 (b) The total valuation and fee schedule is:

55.23 (1) \$1 to \$500, ~~\$29.50~~ \$21;

55.24 (2) \$501 to \$2,000, ~~\$28~~ \$21 for the first \$500 plus ~~\$3.70~~ \$2.75 for each additional \$100
 55.25 or fraction thereof, to and including \$2,000;

55.26 (3) \$2,001 to \$25,000, ~~\$83.50~~ \$62.25 for the first \$2,000 plus ~~\$16.55~~ \$12.50 for each
 55.27 additional \$1,000 or fraction thereof, to and including \$25,000;

55.28 (4) \$25,001 to \$50,000, ~~\$464.15~~ \$349.75 for the first \$25,000 plus ~~\$12~~ \$9 for each
 55.29 additional \$1,000 or fraction thereof, to and including \$50,000;

56.1 (5) \$50,001 to \$100,000, ~~\$764.15~~ \$574.75 for the first \$50,000 plus ~~\$8.45~~ \$6.25 for
 56.2 each additional \$1,000 or fraction thereof, to and including \$100,000;

56.3 (6) \$100,001 to \$500,000, ~~\$1,186.65~~ \$887.25 for the first \$100,000 plus ~~\$6.75~~ \$5 for
 56.4 each additional \$1,000 or fraction thereof, to and including \$500,000;

56.5 (7) \$500,001 to \$1,000,000, ~~\$3,886.65~~ \$2,887.25 for the first \$500,000 plus ~~\$5.50~~ \$4.25
 56.6 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; and

56.7 (8) \$1,000,001 and up, ~~\$6,636.65~~ \$5,012.25 for the first \$1,000,000 plus ~~\$4.50~~ \$2.75
 56.8 for each additional \$1,000 or fraction thereof.

56.9 (c) Other inspections and fees are:

56.10 (1) inspections outside of normal business hours (minimum charge two hours), \$63.25
 56.11 per hour;

56.12 (2) reinspection fees, \$63.25 per hour;

56.13 (3) inspections for which no fee is specifically indicated (minimum charge one-half
 56.14 hour), \$63.25 per hour; and

56.15 (4) additional plan review required by changes, additions, or revisions to approved plans
 56.16 (minimum charge one-half hour), \$63.25 per hour.

56.17 (d) If the actual hourly cost to the jurisdiction under paragraph (c) is greater than \$63.25,
 56.18 then the greater rate shall be paid. Hourly cost includes supervision, overhead, equipment,
 56.19 hourly wages, and fringe benefits of the employees involved.

56.20 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective
 56.21 July 1, 2017, and the amendments to it expire October 1, 2021.

56.22 Sec. 6. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to
 56.23 read:

56.24 **Subd. 16. Wind electric systems.** (a) The inspection fee for the installation of a wind
 56.25 turbine is:

56.26 (1) zero watts to and including 100,000 watts, \$80;

56.27 (2) 100,001 watts to and including 500,000 watts, \$105;

56.28 (3) 500,001 watts to and including 1,000,000 watts, \$120;

56.29 (4) 1,000,001 watts to and including 1,500,000 watts, \$125;

56.30 (5) 1,500,001 watts to and including 2,000,000 watts, \$130;

57.1 (6) 2,000,001 watts to and including 3,000,000 watts, \$145; and

57.2 (7) 3,000,001 watts and larger, \$160.

57.3 (b) For the purpose of paragraph (a), the watt rating is the total estimated alternating
57.4 current energy output of one individual wind turbine.

57.5 Sec. 7. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to
57.6 read:

57.7 Subd. 17. **Solar photovoltaic systems.** (a) The inspection fee for the installation of a
57.8 solar photovoltaic system is:

57.9 (1) zero watts to and including 5,000 watts, \$60;

57.10 (2) 5,001 watts to and including 10,000 watts, \$100;

57.11 (3) 10,001 watts to and including 20,000 watts, \$150;

57.12 (4) 20,001 watts to and including 30,000 watts, \$200;

57.13 (5) 30,001 watts to and including 40,000 watts, \$250;

57.14 (6) 40,001 watts to and including 1,000,000 watts, \$250, and \$25 for each additional
57.15 10,000 watts over 40,000 watts;

57.16 (7) 1,000,001 watts to 5,000,000 watts, \$2,650, and \$15 for each additional 10,000 watts
57.17 over 1,000,000 watts; and

57.18 (8) 5,000,001 watts and larger, \$8,650, and \$10 for each additional 10,000 watts over
57.19 5,000,000 watts.

57.20 (b) For the purpose of paragraph (a), the watt rating is the total estimated alternating
57.21 current energy output of the solar photovoltaic system.

57.22 Sec. 8. Minnesota Statutes 2016, section 326B.435, subdivision 2, is amended to read:

57.23 Subd. 2. **Powers; duties; administrative support.** (a) The board shall have the power
57.24 to:

57.25 (1) elect its chair, vice-chair, and secretary;

57.26 (2) adopt bylaws that specify the duties of its officers, the meeting dates of the board,
57.27 and containing such other provisions as may be useful and necessary for the efficient conduct
57.28 of the business of the board;

58.1 (3) adopt the Plumbing Code that must be followed in this state and any Plumbing Code
58.2 amendments thereto. The Plumbing Code shall include the minimum standards described
58.3 in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the
58.4 Plumbing Code and any amendments thereto pursuant to chapter 14 and as provided in
58.5 subdivision 6, paragraphs (b), (c), and (d);

58.6 (4) review requests for final interpretations and issue final interpretations as provided
58.7 in section 326B.127, subdivision 5;

58.8 (5) adopt rules that regulate the licensure, certification, or registration of plumbing
58.9 contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers,
58.10 restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and
58.11 testers, water conditioning contractors, and water conditioning installers, and other persons
58.12 engaged in the design, installation, and alteration of plumbing systems or engaged in or
58.13 working at the business of water conditioning installation or service, or engaged in or
58.14 working at the business of medical gas system installation, maintenance, or repair, except
58.15 for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall
58.16 adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e)
58.17 and (f);

58.18 (6) adopt rules that regulate continuing education for individuals licensed as master
58.19 plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers,
58.20 registered unlicensed individuals, water conditioning ~~contractors~~ masters, and water
58.21 conditioning installers journeymen, and for individuals certified under sections 326B.437
58.22 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in
58.23 subdivision 6, paragraphs (e) and (f);

58.24 (7) refer complaints or other communications to the commissioner, whether oral or
58.25 written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or
58.26 order that the commissioner has the authority to enforce pertaining to code compliance,
58.27 licensure, or an offering to perform or performance of unlicensed plumbing services;

58.28 (8) approve per diem and expenses deemed necessary for its members as provided in
58.29 subdivision 3;

58.30 (9) approve license reciprocity agreements;

58.31 (10) select from its members individuals to serve on any other state advisory council,
58.32 board, or committee; and

58.33 (11) recommend the fees for licenses, registrations, and certifications.

59.1 Except for the powers granted to the Plumbing Board, the Board of Electricity, and the
59.2 Board of High Pressure Piping Systems, the commissioner of labor and industry shall
59.3 administer and enforce the provisions of this chapter and any rules promulgated pursuant
59.4 thereto.

59.5 (b) The board shall comply with section 15.0597, subdivisions 2 and 4.

59.6 (c) The commissioner shall coordinate the board's rulemaking and recommendations
59.7 with the recommendations and rulemaking conducted by the other boards created pursuant
59.8 to this chapter. The commissioner shall provide staff support to the board. The support
59.9 includes professional, legal, technical, and clerical staff necessary to perform rulemaking
59.10 and other duties assigned to the board. The commissioner of labor and industry shall supply
59.11 necessary office space and supplies to assist the board in its duties.

59.12 Sec. 9. Minnesota Statutes 2016, section 326B.50, subdivision 3, is amended to read:

59.13 Subd. 3. **Water conditioning installation.** "Water conditioning installation" means the
59.14 installation of appliances, appurtenances, and fixtures designed to treat water so as to alter,
59.15 modify, add or remove mineral, chemical or bacterial content, said installation to be made
59.16 in a water distribution system serving:

59.17 (1) a single family residential unit, which has been initially established by a licensed
59.18 plumber, and does not involve a direct connection without an air gap to a soil or waste pipe;
59.19 or

59.20 (2) a multifamily or nonresidential building, where the plumbing installation has been
59.21 initially established by a licensed plumber. Isolation valves shall be required for all water
59.22 conditioning installations and shall be readily accessible. Water conditioning installation
59.23 does not include:

59.24 (i) a valve that allows isolation of the water conditioning installation;

59.25 (ii) piping greater than two-inch nominal pipe size; or

59.26 (iii) a direct connection without an air gap to a soil or waste pipe.

59.27 Sec. 10. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision
59.28 to read:

59.29 Subd. 5. **Direct supervision.** "Direct supervision," with respect to direct supervision of
59.30 a registered unlicensed individual, means that:

60.1 (1) at all times while the registered unlicensed individual is performing water conditioning
60.2 installation work, a direct supervisor is present at the location where the registered unlicensed
60.3 individual is working;

60.4 (2) the direct supervisor is physically present and immediately available to the registered
60.5 unlicensed individual at all times for assistance and direction;

60.6 (3) any form of electronic supervision does not meet the requirement of being physically
60.7 present;

60.8 (4) the direct supervisor reviews the water conditioning installation work performed by
60.9 the registered unlicensed individual before the water conditioning installation is operated;
60.10 and

60.11 (5) the direct supervisor determines that all water conditioning installation work
60.12 performed by the registered unlicensed individual is performed in compliance with sections
60.13 326B.50 to 326B.59, all rules adopted under these sections, the Minnesota Plumbing Code,
60.14 and all orders issued under section 326B.082.

60.15 Sec. 11. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision
60.16 to read:

60.17 Subd. 6. **Direct supervisor.** "Direct supervisor" means a master plumber, journeyman
60.18 plumber, restricted master plumber, restricted journeyman plumber, water conditioning
60.19 master, or water conditioning journeyman responsible for providing direct supervision of
60.20 a registered unlicensed individual.

60.21 Sec. 12. Minnesota Statutes 2016, section 326B.55, subdivision 2, is amended to read:

60.22 **Subd. 2. Qualifications for licensing.** (a) A water conditioning master license shall be
60.23 issued only to an individual who has demonstrated skill in planning, superintending, ~~and~~
60.24 servicing, and installing water conditioning installations, and has successfully passed the
60.25 examination for water conditioning masters. A water conditioning journeyman license shall
60.26 only be issued to an individual other than a water conditioning master who has demonstrated
60.27 practical knowledge of water conditioning installation, and has successfully passed the
60.28 examination for water conditioning journeymen. A water conditioning journeyman must
60.29 successfully pass the examination for water conditioning masters before being licensed as
60.30 a water conditioning master.

60.31 (b) Each water conditioning contractor must designate a responsible licensed master
60.32 plumber or a responsible licensed water conditioning master, who shall be responsible for

61.1 the performance of all water conditioning installation and servicing in accordance with the
61.2 requirements of sections 326B.50 to 326B.59, all rules adopted under sections 326B.50 to
61.3 326B.59, the Minnesota Plumbing Code, and all orders issued under section 326B.082. If
61.4 the water conditioning contractor is an individual or sole proprietorship, the responsible
61.5 licensed master must be the individual, proprietor, or managing employee. If the water
61.6 conditioning contractor is a partnership, the responsible licensed master must be a general
61.7 partner or managing employee. If the water conditioning contractor is a limited liability
61.8 company, the responsible licensed master must be a chief manager or managing employee.
61.9 If the water conditioning contractor is a corporation, the responsible licensed master must
61.10 be an officer or managing employee. If the responsible licensed master is a managing
61.11 employee, the responsible licensed master must be actively engaged in performing water
61.12 conditioning work on behalf of the water conditioning contractor and cannot be employed
61.13 in any capacity as a water conditioning master or water conditioning journeyman for any
61.14 other water conditioning contractor. An individual must not be the responsible licensed
61.15 master for more than one water conditioning contractor.

61.16 (c) All applications and renewals for water conditioning contractor licenses shall include
61.17 a verified statement that the applicant or licensee has complied with paragraph (b).

61.18 (d) Each application and renewal for a water conditioning master license, water
61.19 conditioning journeyman license, or a water conditioning contractor license shall be
61.20 accompanied by all fees required by section 326B.092.

61.21 Sec. 13. Minnesota Statutes 2016, section 326B.55, subdivision 4, is amended to read:

61.22 Subd. 4. **Plumber's apprentices.** (a) A plumber's apprentice who is registered under
61.23 section 326B.47 is authorized to assist in water conditioning installation and water
61.24 conditioning servicing only while under the direct supervision of a master plumber,
61.25 journeyman plumber, restricted master plumber, restricted journeyman plumber, water
61.26 conditioning master, or water conditioning journeyman. The master or journeyman is
61.27 responsible for ensuring that all water conditioning work performed by the plumber's
61.28 apprentice complies with the plumbing code and rules adopted under sections 326B.50 to
61.29 326B.59. The supervising master or journeyman must be licensed and must be employed
61.30 by the same employer as the plumber's apprentice. Licensed individuals shall not permit
61.31 plumber's apprentices to perform water conditioning work except under the direct supervision
61.32 of an individual actually licensed to perform such work. Plumber's apprentices shall not
61.33 supervise the performance of plumbing work or make assignments of plumbing work to
61.34 unlicensed individuals.

62.1 (b) Water conditioning contractors employing plumber's apprentices to perform water
62.2 conditioning work shall maintain records establishing compliance with this subdivision that
62.3 shall identify all plumber's apprentices performing water conditioning work, and shall permit
62.4 the department to examine and copy all such records.

62.5 Sec. 14. **[326B.555] REGISTERED UNLICENSED INDIVIDUALS.**

62.6 **Subdivision 1. Registration; supervision; records.** (a) All unlicensed individuals
62.7 engaged in water conditioning installation must be registered under subdivision 3.

62.8 (b) A registered unlicensed individual is authorized to assist in water conditioning
62.9 installations in a single family residential unit only when a master plumber, journeyman
62.10 plumber, restricted master plumber, restricted journeyman plumber, water conditioning
62.11 master, or water conditioning journeyman is available and responsible for ensuring that all
62.12 water conditioning installation work performed by the unlicensed individual complies with
62.13 the applicable provisions of the plumbing and water conditioning codes and rules adopted
62.14 pursuant to such codes. For all other water conditioning installation work, the registered
62.15 unlicensed individual must be under the direct supervision of a responsible licensed water
62.16 conditioning master.

62.17 (c) Water conditioning contractors employing registered unlicensed individuals to perform
62.18 water conditioning installation work shall maintain records establishing compliance with
62.19 this subdivision that shall identify all unlicensed individuals performing water conditioning
62.20 installations, and shall permit the department to examine and copy all such records.

62.21 **Subd. 2. Journeyman exam.** A registered unlicensed individual who has completed
62.22 875 hours of practical water conditioning installation, servicing, and training is eligible to
62.23 take the water conditioning journeyman examination. Up to 100 hours of practical water
62.24 conditioning installation and servicing experience prior to becoming a registered unlicensed
62.25 individual may be applied to the practical experience requirement. However, none of this
62.26 practical experience may be applied if the unlicensed individual did not have any practical
62.27 experience in the 12-month period immediately prior to becoming a registered unlicensed
62.28 individual.

62.29 **Subd. 3. Registration, renewals, and fees.** An unlicensed individual may register by
62.30 completing and submitting to the commissioner an application form provided by the
62.31 commissioner, with all fees required by section 326B.58. A completed application form
62.32 must state the date, the individual's age, schooling, previous experience and employer, and
62.33 other information required by the commissioner. The plumbing board may prescribe rules,
62.34 not inconsistent with this section, for the registration of unlicensed individuals. Applications

63.1 for initial registration may be submitted at any time. Registration must be renewed annually
63.2 and shall be for the period from July 1 of each year to June 30 of the following year.

63.3 Sec. 15. Minnesota Statutes 2016, section 326B.805, subdivision 3, is amended to read:

63.4 Subd. 3. **Prohibition.** Except as provided in subdivision 6, no persons required to be
63.5 licensed by subdivision 1 may act or hold themselves out as a residential building contractor,
63.6 residential remodeler, residential roofer, or manufactured home installer for compensation
63.7 without a license issued by the commissioner. Unlicensed residential building contractor,
63.8 residential remodeler, or residential roofer activity is a gross misdemeanor.

63.9 Sec. 16. Minnesota Statutes 2016, section 326B.89, subdivision 1, is amended to read:

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

63.12 (b) "Gross annual receipts" means the total amount derived from residential contracting
63.13 or residential remodeling activities, regardless of where the activities are performed, and
63.14 must not be reduced by costs of goods sold, expenses, losses, or any other amount.

63.15 (c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

63.16 (d) "Residential real estate" means a new or existing building constructed for habitation
63.17 by one to four families, and includes detached garages intended for storage of vehicles
63.18 associated with the residential real estate.

63.19 (e) "Fund" means the contractor recovery fund.

63.20 (f) "Owner" when used in connection with real property, means a person who has any
63.21 legal or equitable interest in real property and includes a condominium or townhome
63.22 association that owns common property located in a condominium building or townhome
63.23 building or an associated detached garage. Owner does not include any real estate developer
63.24 or any owner using, or intending to use, the property for a business purpose and not as
63.25 owner-occupied residential real estate.

63.26 Sec. 17. Minnesota Statutes 2016, section 326B.89, subdivision 5, is amended to read:

63.27 Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the
63.28 fund to an owner or a lessee in an amount greater than \$75,000 per licensee. The
63.29 commissioner shall not pay compensation from the fund to owners and lessees in an amount
63.30 that totals more than ~~\$150,000~~ \$300,000 per licensee. The commissioner shall only pay
63.31 compensation from the fund for a final judgment that is based on a contract directly between

64.1 the licensee and the homeowner or lessee that was entered into prior to the cause of action
 64.2 and that requires licensure as a residential building contractor or residential remodeler.

64.3 Sec. 18. Laws 2015, First Special Session chapter 1, article 1, section 5, subdivision 2, is
 64.4 amended to read:

64.5 Subd. 2. **Workers' Compensation** 15,226,000 17,782,000

64.6 This appropriation is from the workers'
 64.7 compensation fund.

64.8 \$4,000,000 in fiscal year 2016 and \$6,000,000
 64.9 in fiscal year 2017 are for workers'
 64.10 compensation system upgrades and are
 64.11 available through June 30, 2021. The base
 64.12 appropriation for this purpose is \$3,000,000
 64.13 in fiscal year 2018 and \$3,000,000 in fiscal
 64.14 year 2019. The base appropriation for fiscal
 64.15 year 2020 and beyond is zero.

64.16 This appropriation includes funds for
 64.17 information technology project services and
 64.18 support subject to the provisions of Minnesota
 64.19 Statutes, section 16E.0466. Any ongoing
 64.20 information technology costs will be
 64.21 incorporated into the service level agreement
 64.22 and will be paid to the Office of MN.IT
 64.23 Services by the commissioner of labor and
 64.24 industry under the rates and mechanism
 64.25 specified in that agreement.

64.26 Sec. 19. **RULEMAKING.**

64.27 The commissioner of labor and industry shall amend Minnesota Rules, part 1309.0313,
 64.28 IRC sections R313.1 to R313.3, to establish that one- and two-family dwellings and two-unit
 64.29 townhouses are not required to have installed automatic fire sprinkler systems. The
 64.30 commissioner may use the exempt provisions of Minnesota Statutes, section 14.386, except
 64.31 that paragraph (b) shall not apply.

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

65.1 Sec. 20. **REPEALER.**

65.2 Minnesota Statutes 2016, section 326B.89, subdivision 14, is repealed.

65.3 **ARTICLE 3**

65.4 **EMPLOYMENT, ECONOMIC DEVELOPMENT, AND WORKFORCE**
65.5 **DEVELOPMENT POLICY**

65.6 Section 1. Minnesota Statutes 2016, section 116J.01, subdivision 5, is amended to read:

65.7 Subd. 5. **Departmental organization.** (a) The commissioner shall organize the
65.8 department as provided in section 15.06.

65.9 (b) The commissioner may establish divisions and offices within the department. The
65.10 commissioner may employ ~~four~~ one deputy ~~commissioners~~ commissioner in the unclassified
65.11 service.

65.12 (c) The commissioner shall:

65.13 (1) employ assistants and other officers, employees, and agents that the commissioner
65.14 considers necessary to discharge the functions of the commissioner's office;

65.15 (2) define the duties of the officers, employees, and agents, and delegate to them any of
65.16 the commissioner's powers, duties, and responsibilities, subject to the commissioner's control
65.17 and under conditions prescribed by the commissioner.

65.18 (d) The commissioner shall ensure that there are at least three employment and economic
65.19 development officers in state offices in nonmetropolitan areas of the state who will work
65.20 with local units of government on developing local employment and economic development.

65.21 Sec. 2. Minnesota Statutes 2016, section 116J.013, is amended to read:

65.22 **116J.013 COST-OF-LIVING STUDY; ANNUAL REPORT.**

65.23 (a) The commissioner shall conduct an annual cost-of-living study in Minnesota. The
65.24 study shall include:

65.25 (1) a calculation of the statewide basic needs cost of living, including reasonable
65.26 retirement and long-term care savings, adjusted for family size;

65.27 (2) a calculation of the basic needs cost of living, including reasonable retirement and
65.28 long-term care savings, adjusted for family size, for each county;

65.29 (3) an analysis of statewide and county cost-of-living data, employment data, and job
65.30 vacancy data; and

66.1 (4) recommendations to aid in the assessment of employment and economic development
66.2 planning needs throughout the state.

66.3 (b) The commissioner shall report on the cost-of-living study and recommendations by
66.4 February 1 of each year to the governor and to the chairs of the standing committees of the
66.5 house of representatives and the senate having jurisdiction over employment and economic
66.6 development issues.

66.7 **Sec. 3. [116J.4221] RURAL POLICY AND DEVELOPMENT CENTER FUND.**

66.8 (a) A rural policy and development center fund is established as an account in the special
66.9 revenue fund in the state treasury. The commissioner of management and budget shall credit
66.10 to the account the amounts authorized under this section and appropriations and transfers
66.11 to the account. The State Board of Investment shall ensure that account money is invested
66.12 under section 11A.24. All money earned by the account must be credited to the account.
66.13 The principal of the account and any unexpended earnings must be invested and reinvested
66.14 by the State Board of Investment.

66.15 (b) Gifts and donations, including land or interests in land, may be made to the account.
66.16 Noncash gifts and donations must be disposed of for cash as soon as the board prudently
66.17 can maximize the value of the gift or donation. Gifts and donations of marketable securities
66.18 may be held or be disposed of for cash at the option of the board. The cash receipts of gifts
66.19 and donations of cash or capital assets and marketable securities disposed of for cash must
66.20 be credited immediately to the principal of the account. The value of marketable securities
66.21 at the time the gift or donation is made must be credited to the principal of the account and
66.22 any earnings from the marketable securities are earnings of the account. The earnings in
66.23 the account are annually appropriated to the board of the Center for Rural Policy and
66.24 Development to carry out the duties of the center.

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

66.26 **Sec. 4. [116J.6582] SHRIMP PRODUCTION INCENTIVE.**

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

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

66.30 (c) "Feed" means pelletized material produced from agricultural sources.

66.31 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must acquire
66.32 at least 80 percent of feed from Minnesota. The facility must be located in Minnesota, must

67.1 begin production at a specific location by June 30, 2025, and must not begin production
67.2 before July 1, 2019. Eligible facilities include existing companies and facilities that are
67.3 adding shrimp production capacity, or retrofitting existing capacity, as well as new companies
67.4 and facilities. Eligible shrimp production facilities must produce at least 25,000 pounds of
67.5 shrimp each quarter.

67.6 (b) No payments shall be made for shrimp production that occurs after June 30, 2028,
67.7 for those eligible producers under paragraph (a).

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

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

67.12 Subd. 3. **Payment amounts; limits.** (a) The commissioner shall make payments to
67.13 eligible producers of shrimp. The amount of the payment for each eligible producer's
67.14 quarterly production is 69 cents per pound of shrimp produced at a specific location for
67.15 three years after the start of production.

67.16 (b) Total payments under this section to an eligible shrimp producer in a quarter may
67.17 not exceed the amount necessary for 2,000,000 pounds of shrimp produced. Total payments
67.18 under this section to all eligible shrimp producers in a quarter may not exceed \$1,250,000.
67.19 If the total amount for which all shrimp producers are eligible in a quarter exceeds the
67.20 amount available for payments, the commissioner shall award payments on a pro rata basis
67.21 within the limits of available funding.

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

67.24 Subd. 4. **Claims.** (a) By the last day of October, January, April, and July, each eligible
67.25 shrimp producer shall file a claim for payment for shrimp production during the preceding
67.26 three calendar months. An eligible shrimp producer that files a claim under this subdivision
67.27 shall include a statement of the eligible producer's total pounds of shrimp produced during
67.28 the quarter covered by the claim. For each claim and statement of total pounds of shrimp
67.29 filed under this subdivision, the pounds of shrimp produced must be examined by a certified
67.30 public accounting firm with a valid permit to practice under chapter 326A, in accordance
67.31 with Statements on Standards for Attestation Engagements established by the American
67.32 Institute of Certified Public Accountants.

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

68.3 Subd. 5. **Report.** By January 15 each year, the commissioner shall report on the program
68.4 under this section to the legislative committees with jurisdiction over agricultural policy
68.5 and finance and economic development. The report shall include information on production
68.6 and incentive expenditures under the program.

68.7 **EFFECTIVE DATE.** This section is effective beginning July 1, 2019.

68.8 Sec. 5. **[116J.9922] CENTRAL MINNESOTA OPPORTUNITY GRANT PROGRAM.**

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

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

68.12 (c) "Community initiative" means a nonprofit organization which provides services to
68.13 central Minnesota communities of color in one or more of the program areas listed in
68.14 subdivision 4, paragraph (a).

68.15 (d) "Foundation" means the Central Minnesota Community Foundation.

68.16 Subd. 2. **Establishment.** The commissioner shall establish a central Minnesota
68.17 opportunity grant program, administered by the foundation, to identify and support
68.18 community initiatives in the St. Cloud area that enhance long-term economic self-sufficiency
68.19 by improving education, housing, and economic outcomes for central Minnesota communities
68.20 of color.

68.21 Subd. 3. **Grant to the Central Minnesota Community Foundation.** The commissioner
68.22 shall award all grant funds to the foundation, which shall administer the central Minnesota
68.23 opportunity grant program. The foundation may use up to five percent of grant funds for
68.24 administrative costs.

68.25 Subd. 4. **Grants to community initiatives.** (a) The foundation must award funds through
68.26 a competitive grant process to community initiatives that will provide services, either alone
68.27 or in partnership with another nonprofit organization, in one or more of the following areas:

68.28 (1) economic development, including but not limited to programs to foster
68.29 entrepreneurship or small business development;

68.30 (2) education, including but not limited to programs to encourage civic engagement or
68.31 provide youth after-school or recreation programs; or

69.1 (3) housing, including but not limited to programs to prevent and respond to homelessness
69.2 or to provide access to loans or grants for housing stability and affordability.

69.3 (b) To receive grant funds, a community initiative must submit a written application to
69.4 the foundation, using a form developed by the foundation. This grant application must
69.5 include:

69.6 (1) a description of the activities that will be funded by the grant;

69.7 (2) an estimate of the cost of each grant activity;

69.8 (3) the total cost of the project;

69.9 (4) the sources and amounts of nonstate funds supplementing the grant;

69.10 (5) how the project aims to achieve stated outcomes in areas including improved job
69.11 training; workforce development; small business support; early childhood, kindergarten
69.12 through grade 12, and higher education achievement; and access to housing, including loans;
69.13 and

69.14 (6) any additional information requested by the foundation.

69.15 (c) In awarding grants under this subdivision, the foundation shall give weight to
69.16 applications from organizations that demonstrate:

69.17 (1) a history of successful provision of the services listed in paragraph (a); and

69.18 (2) a history of successful fund-raising from private sources for such services.

69.19 (d) In evaluating grant applications, the foundation shall not consider the composition
69.20 of a community initiative's governing board.

69.21 (e) Grant funds may be used by a community initiative for the following purposes:

69.22 (1) operating costs, including but not limited to staff, office space, computers, software,
69.23 and Web development and maintenance services;

69.24 (2) program costs;

69.25 (3) travel within Minnesota;

69.26 (4) consultants directly related to and necessary for delivering services listed in paragraph
69.27 (a); and

69.28 (5) capacity building.

69.29 Subd. 5. **Reports to the legislature.** By January 15, 2019, and each January 15 thereafter
69.30 through 2022, the commissioner must submit a report to the chairs and ranking minority

70.1 members of the house of representatives and the senate committees with jurisdiction over
70.2 economic development that details the use of grant funds. This report must include data on
70.3 the number of individuals served and, to the extent practical, measures of progress toward
70.4 achieving the outcomes stated in subdivision 4, paragraph (b), clause (5).

70.5 Sec. 6. Minnesota Statutes 2016, section 116L.17, subdivision 1, is amended to read:

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

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

70.9 (c) "Dislocated worker" means an individual who is a resident of Minnesota at the time
70.10 employment ceased or was working in the state at the time employment ceased and:

70.11 (1) has been permanently separated or has received a notice of permanent separation
70.12 from public or private sector employment and is eligible for or has exhausted entitlement
70.13 to unemployment benefits, and is unlikely to return to the previous industry or occupation;

70.14 (2) has been long-term unemployed and has limited opportunities for employment or
70.15 reemployment in the same or a similar occupation in the area in which the individual resides,
70.16 including older individuals who may have substantial barriers to employment by reason of
70.17 age;

70.18 (3) has been terminated or has received a notice of termination of employment as a result
70.19 of a plant closing or a substantial layoff at a plant, facility, or enterprise;

70.20 (4) has been self-employed, including farmers and ranchers, and is unemployed as a
70.21 result of general economic conditions in the community in which the individual resides or
70.22 because of natural disasters;

70.23 ~~(5) MS 2011 Supp [Expired, 2011 c 84 art 3 s 1]~~

70.24 ~~(6)~~ (5) is a veteran as defined by section 197.447, has been discharged or released from
70.25 active duty under honorable conditions within the last 36 months, and (i) is unemployed or
70.26 (ii) is employed in a job verified to be below the skill level and earning capacity of the
70.27 veteran;

70.28 ~~(7)~~ (6) is an individual determined by the United States Department of Labor to be
70.29 covered by trade adjustment assistance under United States Code, title 19, sections 2271 to
70.30 2331, as amended; or

70.31 ~~(8)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has
70.32 spent a substantial number of years in the home providing homemaking service and (i) has

71.1 been dependent upon the financial support of another; and now due to divorce, separation,
71.2 death, or disability of that person, must find employment to self support; or (ii) derived the
71.3 substantial share of support from public assistance on account of dependents in the home
71.4 and no longer receives such support. To be eligible under this clause, the support must have
71.5 ceased while the worker resided in Minnesota.

71.6 For the purposes of this section, "dislocated worker" does not include an individual who
71.7 was an employee, at the time employment ceased, of a political committee, political fund,
71.8 principle campaign committee, or party unit, as those terms are used in chapter 10A, or an
71.9 organization required to file with the federal elections commission.

71.10 (d) "Eligible organization" means a state or local government unit, nonprofit organization,
71.11 community action agency, business organization or association, or labor organization.

71.12 (e) "Plant closing" means the announced or actual permanent shutdown of a single site
71.13 of employment, or one or more facilities or operating units within a single site of
71.14 employment.

71.15 (f) "Substantial layoff" means a permanent reduction in the workforce, which is not a
71.16 result of a plant closing, and which results in an employment loss at a single site of
71.17 employment during any 30-day period for at least 50 employees excluding those employees
71.18 that work less than 20 hours per week.

71.19 Sec. 7. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter
71.20 189, article 7, section 8, is amended to read:

71.21 Sec. 14. **ASSIGNED RISK TRANSFER.**

71.22 (a) By June 30, 2015, if the commissioner of commerce determines on the basis of an
71.23 audit that there is an excess surplus in the assigned risk plan created under Minnesota
71.24 Statutes, section 79.252, the commissioner of management and budget shall transfer the
71.25 amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer
71.26 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
71.27 paragraph (a), clause (1). This is a onetime transfer.

71.28 (b) By June 30, 2015, and each year thereafter, if the commissioner of commerce
71.29 determines on the basis of an audit that there is an excess surplus in the assigned risk plan
71.30 created under Minnesota Statutes, section 79.252, the commissioner of management and
71.31 budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year,
71.32 to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423.
71.33 This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251,

72.1 subdivision 1, paragraph (a), clause (1), but after the ~~transfer~~ transfers authorized in ~~paragraph~~
72.2 paragraphs (a) and (f). The total amount authorized for all transfers under this paragraph
72.3 must not exceed \$24,100,000. This paragraph expires the day following the transfer in which
72.4 the total amount transferred under this paragraph to the Minnesota minerals 21st century
72.5 fund equals \$24,100,000.

72.6 (c) By June 30, 2015, if the commissioner of commerce determines on the basis of an
72.7 audit that there is an excess surplus in the assigned risk plan created under Minnesota
72.8 Statutes, section 79.252, the commissioner of management and budget shall transfer the
72.9 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer
72.10 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
72.11 paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a
72.12 transfer occurs under this paragraph, the amount transferred is appropriated from the general
72.13 fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section
72.14 15. Both the transfer and appropriation under this paragraph are onetime.

72.15 (d) By June 30, 2016, if the commissioner of commerce determines on the basis of an
72.16 audit that there is an excess surplus in the assigned risk plan created under Minnesota
72.17 Statutes, section 79.252, the commissioner of management and budget shall transfer the
72.18 amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer
72.19 occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1,
72.20 paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a
72.21 transfer occurs under this paragraph, the amount transferred is appropriated from the general
72.22 fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section
72.23 15. Both the transfer and appropriation under this paragraph are onetime.

72.24 (e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of
72.25 management and budget shall transfer to the general fund, any unencumbered or unexpended
72.26 balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or
72.27 the date the commissioner of commerce determines that an excess surplus in the assigned
72.28 risk plan does not exist, whichever occurs earlier.

72.29 (f) By June 30, 2017, and each year thereafter, if the commissioner of commerce
72.30 determines on the basis of an audit that there is an excess surplus in the assigned risk plan
72.31 created under Minnesota Statutes, section 79.252, the commissioner of management and
72.32 budget shall transfer the amount of the excess surplus, not to exceed \$2,000,000 each year,
72.33 to the rural policy and development center fund under Minnesota Statutes, section 116J.4221.
72.34 This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes,
72.35 section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all

73.1 transfers under this paragraph must not exceed \$2,000,000. This paragraph expires the day
 73.2 following the transfer in which the total amount transferred under this paragraph to the rural
 73.3 policy and development center fund equals \$2,000,000.

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

73.5 Sec. 8. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 6, is
 73.6 amended to read:

73.7 **Subd. 6. Vocational Rehabilitation**

73.8	Appropriations by Fund		
73.9	General	22,611,000	21,611,000
73.10	Workforce		
73.11	Development	7,830,000	7,830,000

73.12 (a) \$10,800,000 each year is from the general
 73.13 fund for the state's vocational rehabilitation
 73.14 program under Minnesota Statutes, chapter
 73.15 268A.

73.16 (b) \$2,261,000 each year is from the general
 73.17 fund for grants to centers for independent
 73.18 living under Minnesota Statutes, section
 73.19 268A.11.

73.20 (c) \$5,745,000 each year from the general fund
 73.21 and \$6,830,000 each year from the workforce
 73.22 development fund are for extended
 73.23 employment services for persons with severe
 73.24 disabilities under Minnesota Statutes, section
 73.25 268A.15.

73.26 (d) \$250,000 in fiscal year 2016 and \$250,000
 73.27 in fiscal year 2017 are for rate increases to
 73.28 providers of extended employment services
 73.29 for persons with severe disabilities under
 73.30 Minnesota Statutes, section 268A.15. This
 73.31 appropriation is added to the agency's base.

73.32 (e) \$2,555,000 each year is from the general
 73.33 fund for grants to programs that provide

74.1 employment support services to persons with
74.2 mental illness under Minnesota Statutes,
74.3 sections 268A.13 and 268A.14.

74.4 (f) \$1,000,000 each year is from the workforce
74.5 development fund for grants under Minnesota
74.6 Statutes, section 268A.16, for employment
74.7 services for persons, including transition-aged
74.8 youth, who are deaf, deafblind, or
74.9 hard-of-hearing. If the amount in the first year
74.10 is insufficient, the amount in the second year
74.11 is available in the first year.

74.12 (g) \$1,000,000 in fiscal year 2016 is for a
74.13 grant to Assistive Technology of Minnesota,
74.14 a statewide nonprofit organization that is
74.15 exclusively dedicated to the issues of access
74.16 to and the acquisition of assistive technology.
74.17 ~~The purpose of the grant is to acquire assistive~~
74.18 ~~technology and to work in tandem with~~
74.19 ~~individuals using this technology to create~~
74.20 ~~career paths~~ Assistive Technology of
74.21 Minnesota must use the funds to provide
74.22 low-interest loans to individuals of all ages
74.23 and types of disabilities to purchase assistive
74.24 technology and employment-related
74.25 equipment. This is a onetime appropriation.

74.26 (h) For purposes of this subdivision,
74.27 Minnesota Diversified Industries, Inc. is an
74.28 eligible provider of services for persons with
74.29 severe disabilities under Minnesota Statutes,
74.30 section 268A.15.

74.31 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2015.

74.32 Sec. 9. Laws 2016, chapter 189, article 7, section 46, subdivision 3, is amended to read:

74.33 Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a
74.34 business must:

75.1 (1) be located within one of the following municipalities surrounding Lake Mille Lacs:

75.2 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township of
75.3 Roosevelt;

75.4 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of
75.5 Malmo, or township of Lakeside; or

75.6 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of
75.7 East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

75.8 (2) document a reduction of at least ~~ten~~ five percent in gross receipts in any two-year
75.9 period since 2010; and

75.10 (3) be a business in one of the following industries, as defined within the North American
75.11 Industry Classification System: accommodation, restaurants, bars, amusement and recreation,
75.12 food and beverages retail, sporting goods, miscellaneous retail, general retail, museums,
75.13 historical sites, health and personal care, gas station, general merchandise, business and
75.14 professional membership, movies, or nonstore retailer, as determined by Mille Lacs County
75.15 in consultation with the commissioner of employment and economic development.

75.16 Sec. 10. Laws 2016, chapter 189, article 7, section 46, the effective date, is amended to
75.17 read:

75.18 **EFFECTIVE DATE.** This section, except for subdivision 4, is effective July 1, 2016,
75.19 and expires June 30, ~~2017~~ 2018. Subdivision 4 is effective July 1, 2016, and expires on the
75.20 date the last loan is repaid or forgiven as provided under this section.

75.21 Sec. 11. **GREATER MINNESOTA COMMUNITY DESIGN PILOT PROJECT.**

75.22 **Subdivision 1. Creation.** The Minnesota Design Center at the University of Minnesota
75.23 shall partner with relevant organizations in selected communities within greater Minnesota
75.24 to establish a pilot project for community design. The pilot project shall identify current
75.25 and future opportunities for rural development, create designs, seek funding from existing
75.26 sources, and assist with the implementation of economically, environmentally, and culturally
75.27 sensitive projects that respond to current community conditions, needs, capabilities, and
75.28 aspirations in support of the selected communities. For the purposes of this section, "greater
75.29 Minnesota" is limited to the following counties: Blue Earth, Brown, Dodge, Faribault,
75.30 Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Olmsted, Rice, Sibley,
75.31 Steele, Wabasha, Waseca, Watonwan, and Winona.

76.1 Subd. 2. **Community selection.** In order to be considered for inclusion in the pilot
76.2 project, communities with fewer than 12,000 residents within the counties listed in
76.3 subdivision 1 must submit a letter of interest to the Minnesota Design Center. The Minnesota
76.4 Design Center may choose up to ten communities for participation in the pilot project.

76.5 Subd. 3. **Pilot project activities.** Among other activities, the Minnesota Design Center,
76.6 in partnership with relevant organizations within the selected communities, shall:

76.7 (1) assess community capacity to engage in design, development, and implementation;

76.8 (2) create community and project designs that respond to a community's culture and
76.9 needs, reinforce its identity as a special place, and support its future aspirations;

76.10 (3) create an implementation strategy; and

76.11 (4) build capacity to implement design work by identifying potential funding strategies
76.12 and sources and assisting in grant writing to secure funding.

76.13 **Sec. 12. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT;**
76.14 **MANDATED REPORT HOLIDAY.**

76.15 (a) Notwithstanding any law to the contrary, any report required by state law from the
76.16 Department of Employment and Economic Development that is due in fiscal year 2018 or
76.17 2019 is optional. The commissioner of employment and economic development may produce
76.18 any reports at the commissioner's discretion or as may be required by federal law.

76.19 (b) This section does not apply to workforce programs outcomes reporting under
76.20 Minnesota Statutes, section 116L.98.

76.21 **Sec. 13. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA**
76.22 **INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

76.23 Notwithstanding Minnesota Statutes, section 116J.8731, subdivision 2, a home rule
76.24 charter or statutory city, county, or town that has uncommitted money received from
76.25 repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to
76.26 transfer 20 percent of the balance of that money to the state general fund before June 30,
76.27 2018. A home rule charter or statutory city, county, or town that does so may then use the
76.28 remaining 80 percent of the uncommitted money for any purposes not otherwise forbidden
76.29 by law other than Minnesota Statutes, section 116J.8731, but must submit a report by January
76.30 20, 2020, to the chairs and ranking minority members of the house of representatives and
76.31 the senate committees with jurisdiction over economic development that details how the
76.32 money was used.

77.1 Sec. 14. **EXISTING DEPUTY COMMISSIONERS MAY SERVE UNTIL JANUARY**
77.2 **1, 2019.**

77.3 All existing deputy commissioners under Minnesota Statutes, section 116J.01, may serve
77.4 until January 1, 2019. Vacancies that occur in these positions before January 1, 2019, must
77.5 not be filled.

77.6 Sec. 15. **REPEALER.**

77.7 Minnesota Statutes 2016, section 116J.549, is repealed.

77.8 ARTICLE 4

77.9 IRON RANGE RESOURCES AND REHABILITATION POLICY

77.10 Section 1. Minnesota Statutes 2016, section 3.732, subdivision 1, is amended to read:

77.11 Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined
77.12 in this section have the meanings given them.

77.13 (1) "State" includes each of the departments, boards, agencies, commissions, courts, and
77.14 officers in the executive, legislative, and judicial branches of the state of Minnesota and
77.15 includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher
77.16 Education, the Higher Education Facilities Authority, the Health Technology Advisory
77.17 Committee, the Armory Building Commission, the Zoological Board, the Department of
77.18 Iron Range Resources and Rehabilitation Board, the Minnesota Historical Society, the State
77.19 Agricultural Society, the University of Minnesota, the Minnesota State Colleges and
77.20 Universities, state hospitals, and state penal institutions. It does not include a city, town,
77.21 county, school district, or other local governmental body corporate and politic.

77.22 (2) "Employee of the state" means all present or former officers, members, directors, or
77.23 employees of the state, members of the Minnesota National Guard, members of a bomb
77.24 disposal unit approved by the commissioner of public safety and employed by a municipality
77.25 defined in section 466.01 when engaged in the disposal or neutralization of bombs or other
77.26 similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the
77.27 municipality but within the state, or persons acting on behalf of the state in an official
77.28 capacity, temporarily or permanently, with or without compensation. It does not include
77.29 either an independent contractor except, for purposes of this section and section 3.736 only,
77.30 a guardian ad litem acting under court appointment, or members of the Minnesota National
77.31 Guard while engaged in training or duty under United States Code, title 10, or title 32,
77.32 section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding

78.1 sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee
78.2 of the state" includes a district public defender or assistant district public defender in the
78.3 Second or Fourth Judicial District, a member of the Health Technology Advisory Committee,
78.4 and any officer, agent, or employee of the state of Wisconsin performing work for the state
78.5 of Minnesota pursuant to a joint state initiative.

78.6 (3) "Scope of office or employment" means that the employee was acting on behalf of
78.7 the state in the performance of duties or tasks lawfully assigned by competent authority.

78.8 (4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

78.9 Sec. 2. Minnesota Statutes 2016, section 3.736, subdivision 3, is amended to read:

78.10 Subd. 3. **Exclusions.** Without intent to preclude the courts from finding additional cases
78.11 where the state and its employees should not, in equity and good conscience, pay
78.12 compensation for personal injuries or property losses, the legislature declares that the state
78.13 and its employees are not liable for the following losses:

78.14 (a) a loss caused by an act or omission of a state employee exercising due care in the
78.15 execution of a valid or invalid statute or rule;

78.16 (b) a loss caused by the performance or failure to perform a discretionary duty, whether
78.17 or not the discretion is abused;

78.18 (c) a loss in connection with the assessment and collection of taxes;

78.19 (d) a loss caused by snow or ice conditions on a highway or public sidewalk that does
78.20 not abut a publicly owned building or a publicly owned parking lot, except when the condition
78.21 is affirmatively caused by the negligent acts of a state employee;

78.22 (e) a loss caused by wild animals in their natural state, except as provided in section
78.23 3.7371;

78.24 (f) a loss other than injury to or loss of property or personal injury or death;

78.25 (g) a loss caused by the condition of unimproved real property owned by the state, which
78.26 means land that the state has not improved, state land that contains idled or abandoned mine
78.27 pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither
78.28 affixed nor improved;

78.29 (h) a loss involving or arising out of the use or operation of a recreational motor vehicle,
78.30 as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as
78.31 defined in section 160.02, except that the state is liable for conduct that would entitle a
78.32 trespasser to damages against a private person;

79.1 (i) a loss incurred by a user arising from the construction, operation, or maintenance of
79.2 the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the
79.3 construction, operation, maintenance, or administration of grants-in-aid trails as defined in
79.4 section 85.018, or for a loss arising from the construction, operation, or maintenance of a
79.5 water access site created by the Department of Iron Range Resources and Rehabilitation
79.6 ~~Board~~, except that the state is liable for conduct that would entitle a trespasser to damages
79.7 against a private person. For the purposes of this clause, a water access site, as defined in
79.8 section 86A.04 or created by the commissioner of Iron Range resources and rehabilitation
79.9 ~~Board~~, that provides access to an idled, water filled mine pit, also includes the entire water
79.10 filled area of the pit and, further, includes losses caused by the caving or slumping of the
79.11 mine pit walls;

79.12 (j) a loss of benefits or compensation due under a program of public assistance or public
79.13 welfare, except if state compensation for loss is expressly required by federal law in order
79.14 for the state to receive federal grants-in-aid;

79.15 (k) a loss based on the failure of a person to meet the standards needed for a license,
79.16 permit, or other authorization issued by the state or its agents;

79.17 (l) a loss based on the usual care and treatment, or lack of care and treatment, of a person
79.18 at a state hospital or state corrections facility where reasonable use of available appropriations
79.19 has been made to provide care;

79.20 (m) loss, damage, or destruction of property of a patient or inmate of a state institution
79.21 except as provided under section 3.7381;

79.22 (n) a loss for which recovery is prohibited by section 169A.48, subdivision 2;

79.23 (o) a loss caused by an aeration, bubbler, water circulation, or similar system used to
79.24 increase dissolved oxygen or maintain open water on the ice of public waters, that is operated
79.25 under a permit issued by the commissioner of natural resources;

79.26 (p) a loss incurred by a visitor to the Minnesota Zoological Garden, except that the state
79.27 is liable for conduct that would entitle a trespasser to damages against a private person;

79.28 (q) a loss arising out of a person's use of a logging road on public land that is maintained
79.29 exclusively to provide access to timber on that land by harvesters of the timber, and is not
79.30 signed or otherwise held out to the public as a public highway; and

79.31 (r) a loss incurred by a user of property owned, leased, or otherwise controlled by the
79.32 Minnesota National Guard or the Department of Military Affairs, except that the state is
79.33 liable for conduct that would entitle a trespasser to damages against a private person.

80.1 The state will not pay punitive damages.

80.2 Sec. 3. Minnesota Statutes 2016, section 15.01, is amended to read:

80.3 **15.01 DEPARTMENTS OF THE STATE.**

80.4 The following agencies are designated as the departments of the state government: the
80.5 Department of Administration; the Department of Agriculture; the Department of Commerce;
80.6 the Department of Corrections; the Department of Education; the Department of Employment
80.7 and Economic Development; the Department of Health; the Department of Human Rights;
80.8 the Department of Iron Range Resources and Rehabilitation; the Department of Labor and
80.9 Industry; the Department of Management and Budget; the Department of Military Affairs;
80.10 the Department of Natural Resources; the Department of Public Safety; the Department of
80.11 Human Services; the Department of Revenue; the Department of Transportation; the
80.12 Department of Veterans Affairs; and their successor departments.

80.13 Sec. 4. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

80.14 Subd. 7. **Department of Iron Range Resources and Rehabilitation Board**. After
80.15 seeking a recommendation from the Legislative Commission on Iron Range Resources and
80.16 Rehabilitation, the commissioner of Iron Range resources and rehabilitation ~~Board~~ may
80.17 purchase insurance ~~it considers~~ the commissioner deems necessary and appropriate to insure
80.18 facilities operated by the ~~board~~ commissioner.

80.19 Sec. 5. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

80.20 Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall
80.21 not exceed 120 percent of the salary of the governor. This limit must be adjusted annually
80.22 on January 1. The new limit must equal the limit for the prior year increased by the percentage
80.23 increase, if any, in the Consumer Price Index for all urban consumers from October of the
80.24 second prior year to October of the immediately prior year. The commissioner of management
80.25 and budget must publish the limit on the department's Web site. This subdivision applies
80.26 to the following positions:

80.27 Executive director of Gambling Control Board;

80.28 Commissioner; of Iron Range resources and rehabilitation ~~Board~~;

80.29 Commissioner, Bureau of Mediation Services;

80.30 Ombudsman for Mental Health and Developmental Disabilities;

80.31 Chair, Metropolitan Council;

- 81.1 School trust lands director;
- 81.2 Executive director of pari-mutuel racing; and
- 81.3 Commissioner, Public Utilities Commission.

81.4 Sec. 6. Minnesota Statutes 2016, section 43A.02, subdivision 22, is amended to read:

81.5 Subd. 22. **Executive branch.** "Executive branch" means heads of all agencies of state
81.6 government, elective or appointive, established by statute or Constitution and all employees
81.7 of those agency heads who have within their particular field of responsibility statewide
81.8 jurisdiction and who are not within the legislative or judicial branches of government. The
81.9 executive branch also includes employees of the Department of Iron Range Resources and
81.10 Rehabilitation Board. The executive branch does not include agencies with jurisdiction in
81.11 specifically defined geographical areas, such as regions, counties, cities, towns,
81.12 municipalities, or school districts, the University of Minnesota, the Public Employees
81.13 Retirement Association, the Minnesota State Retirement System, the Teachers Retirement
81.14 Association, the Minnesota Historical Society, and all of their employees, and any other
81.15 entity which is incorporated, even though it receives state funds.

81.16 Sec. 7. Minnesota Statutes 2016, section 85.0146, subdivision 1, is amended to read:

81.17 Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area
81.18 Citizens Advisory Council is established. Membership on the advisory council shall include:

- 81.19 (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;
- 81.20 (2) a representative of the Croft Mine Historical Park Joint Powers Board;
- 81.21 (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked
81.22 as a miner in the local area;
- 81.23 (4) a representative of the Crow Wing County Board;
- 81.24 (5) an elected state official;
- 81.25 (6) a representative of the Grand Rapids regional office of the Department of Natural
81.26 Resources;
- 81.27 (7) a designee of the commissioner of Iron Range resources and rehabilitation Board;
- 81.28 (8) a designee of the local business community selected by the area chambers of
81.29 commerce;

82.1 (9) a designee of the local environmental community selected by the Crow Wing County
82.2 District 5 commissioner;

82.3 (10) a designee of a local education organization selected by the Crosby-Ironton School
82.4 Board;

82.5 (11) a designee of one of the recreation area user groups selected by the Cuyuna Range
82.6 Chamber of Commerce; and

82.7 (12) a member of the Cuyuna Country Heritage Preservation Society.

82.8 Sec. 8. Minnesota Statutes 2016, section 116D.04, subdivision 1a, is amended to read:

82.9 Subd. 1a. **Definitions.** For the purposes of this chapter, the following terms have the
82.10 meanings given to them in this subdivision.

82.11 (a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

82.12 (b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02,
82.13 subdivision 5.

82.14 (c) "Environmental assessment worksheet" means a brief document which is designed
82.15 to set out the basic facts necessary to determine whether an environmental impact statement
82.16 is required for a proposed action.

82.17 (d) "Governmental action" means activities, including projects wholly or partially
82.18 conducted, permitted, assisted, financed, regulated, or approved by units of government
82.19 including the federal government.

82.20 (e) "Governmental unit" means any state agency and any general or special purpose unit
82.21 of government in the state including, but not limited to, watershed districts organized under
82.22 chapter 103D, counties, towns, cities, port authorities, housing authorities, and economic
82.23 development authorities established under sections 469.090 to 469.108, but not including
82.24 courts, school districts, the Department of Iron Range Resources and Rehabilitation, and
82.25 regional development commissions other than the Metropolitan Council.

82.26 Sec. 9. Minnesota Statutes 2016, section 116J.423, subdivision 2, is amended to read:

82.27 Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans or
82.28 equity investments in mineral, steel, or any other industry processing, production,
82.29 manufacturing, or technology project that would enhance the economic diversification and
82.30 that is located within the taconite ~~relief~~ tax relief area as defined under section 273.134.
82.31 The commissioner must, prior to making any loans or equity investments and after

83.1 consultation with industry and public officials, develop a strategy for making loans and
 83.2 equity investments that assists the taconite relief area in retaining and enhancing its economic
 83.3 competitiveness. Money in the fund may also be used to pay for the costs of carrying out
 83.4 the commissioner's due diligence duties under this section.

83.5 Sec. 10. Minnesota Statutes 2016, section 116J.424, is amended to read:

83.6 **116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD**
 83.7 **CONTRIBUTION.**

83.8 The commissioner of the Iron Range resources and rehabilitation Board ~~with approval~~
 83.9 ~~by the board,~~ after consultation with the Legislative Commission on Iron Range Resources
 83.10 and Rehabilitation and complying with the requirements for expenditures under section
 83.11 298.22, may provide an equal match for any loan or equity investment made for a project
 83.12 located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota
 83.13 21st century fund created by section 116J.423. The match may be in the form of a loan or
 83.14 equity investment, notwithstanding whether the fund makes a loan or equity investment.
 83.15 The state shall not acquire an equity interest because of an equity investment or loan by the
 83.16 ~~board and the board at its sole discretion shall~~ commissioner of Iron Range resources and
 83.17 rehabilitation and the commissioner, after consultation with the commission, shall have sole
 83.18 discretion to decide what interest ~~the fund~~ acquires in a project. The commissioner of
 83.19 employment and economic development may require a commitment from the ~~board~~
 83.20 commissioner of Iron Range resources and rehabilitation to make the match prior to
 83.21 disbursing money from the fund.

83.22 Sec. 11. Minnesota Statutes 2016, section 116J.994, subdivision 3, is amended to read:

83.23 Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with
 83.24 the grantor of the subsidy that includes:

83.25 (1) a description of the subsidy, including the amount and type of subsidy, and type of
 83.26 district if the subsidy is tax increment financing;

83.27 (2) a statement of the public purposes for the subsidy;

83.28 (3) measurable, specific, and tangible goals for the subsidy;

83.29 (4) a description of the financial obligation of the recipient if the goals are not met;

83.30 (5) a statement of why the subsidy is needed;

84.1 (6) a commitment to continue operations in the jurisdiction where the subsidy is used
84.2 for at least five years after the benefit date;

84.3 (7) the name and address of the parent corporation of the recipient, if any; and

84.4 (8) a list of all financial assistance by all grantors for the project.

84.5 (b) Business subsidies in the form of grants must be structured as forgivable loans. For
84.6 other types of business subsidies, the agreement must state the fair market value of the
84.7 subsidy to the recipient, including the value of conveying property at less than a fair market
84.8 price, or other in-kind benefits to the recipient.

84.9 (c) If a business subsidy benefits more than one recipient, the grantor must assign a
84.10 proportion of the business subsidy to each recipient that signs a subsidy agreement. The
84.11 proportion assessed to each recipient must reflect a reasonable estimate of the recipient's
84.12 share of the total benefits of the project.

84.13 (d) The state or local government agency and the recipient must both sign the subsidy
84.14 agreement and, if the grantor is a local government agency, the agreement must be approved
84.15 by the local elected governing body, except for the St. Paul Port Authority and a seaway
84.16 port authority.

84.17 (e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be
84.18 authorized to move from the jurisdiction where the subsidy is used within the five-year
84.19 period after the benefit date if, after a public hearing, the grantor approves the recipient's
84.20 request to move. For the purpose of this paragraph, if the grantor is a state government
84.21 agency other than the Department of Iron Range Resources and Rehabilitation Board,
84.22 "jurisdiction" means a city or township.

84.23 Sec. 12. Minnesota Statutes 2016, section 116J.994, subdivision 5, is amended to read:

84.24 Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that exceeds
84.25 \$500,000 for a state government grantor and \$150,000 for a local government grantor, the
84.26 grantor must provide public notice and a hearing on the subsidy. A public hearing and notice
84.27 under this subdivision is not required if a hearing and notice on the subsidy is otherwise
84.28 required by law.

84.29 (b) Public notice of a proposed business subsidy under this subdivision by a state
84.30 government grantor, other than the commissioner of Iron Range resources and rehabilitation
84.31 Board, must be published in the State Register. Public notice of a proposed business subsidy
84.32 under this subdivision by a local government grantor or the commissioner of Iron Range
84.33 resources and rehabilitation Board must be published in a local newspaper of general

85.1 circulation. The public notice must identify the location at which information about the
85.2 business subsidy, including a summary of the terms of the subsidy, is available. Published
85.3 notice should be sufficiently conspicuous in size and placement to distinguish the notice
85.4 from the surrounding text. The grantor must make the information available in printed paper
85.5 copies and, if possible, on the Internet. The government agency must provide at least a
85.6 ten-day notice for the public hearing.

85.7 (c) The public notice must include the date, time, and place of the hearing.

85.8 (d) The public hearing by a state government grantor other than the commissioner of
85.9 Iron Range resources and rehabilitation ~~Board~~ must be held in St. Paul.

85.10 (e) If more than one nonstate grantor provides a business subsidy to the same recipient,
85.11 the nonstate grantors may designate one nonstate grantor to hold a single public hearing
85.12 regarding the business subsidies provided by all nonstate grantors. For the purposes of this
85.13 paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and
85.14 rehabilitation ~~Board~~.

85.15 (f) The public notice of any public meeting about a business subsidy agreement, including
85.16 those required by this subdivision and by subdivision 4, must include notice that a person
85.17 with residence in or the owner of taxable property in the granting jurisdiction may file a
85.18 written complaint with the grantor if the grantor fails to comply with sections 116J.993 to
85.19 116J.995, and that no action may be filed against the grantor for the failure to comply unless
85.20 a written complaint is filed.

85.21 Sec. 13. Minnesota Statutes 2016, section 116J.994, subdivision 7, is amended to read:

85.22 Subd. 7. **Reports by recipients to grantors.** (a) A business subsidy grantor must monitor
85.23 the progress by the recipient in achieving agreement goals.

85.24 (b) A recipient must provide information regarding goals and results for two years after
85.25 the benefit date or until the goals are met, whichever is later. If the goals are not met, the
85.26 recipient must continue to provide information on the subsidy until the subsidy is repaid.
85.27 The information must be filed on forms developed by the commissioner in cooperation with
85.28 representatives of local government. Copies of the completed forms must be sent to the
85.29 local government agency that provided the subsidy or to the commissioner if the grantor is
85.30 a state agency. If the commissioner of Iron Range resources and rehabilitation ~~Board~~ is the
85.31 grantor, the copies must be sent to the board. The report must include:

85.32 (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy
85.33 is tax increment financing;

- 86.1 (2) the hourly wage of each job created with separate bands of wages;
- 86.2 (3) the sum of the hourly wages and cost of health insurance provided by the employer
86.3 with separate bands of wages;
- 86.4 (4) the date the job and wage goals will be reached;
- 86.5 (5) a statement of goals identified in the subsidy agreement and an update on achievement
86.6 of those goals;
- 86.7 (6) the location of the recipient prior to receiving the business subsidy;
- 86.8 (7) the number of employees who ceased to be employed by the recipient when the
86.9 recipient relocated to become eligible for the business subsidy;
- 86.10 (8) why the recipient did not complete the project outlined in the subsidy agreement at
86.11 their previous location, if the recipient was previously located at another site in Minnesota;
- 86.12 (9) the name and address of the parent corporation of the recipient, if any;
- 86.13 (10) a list of all financial assistance by all grantors for the project; and
- 86.14 (11) other information the commissioner may request.
- 86.15 A report must be filed no later than March 1 of each year for the previous year. The local
86.16 agency and the commissioner of Iron Range resources and rehabilitation Board must forward
86.17 copies of the reports received by recipients to the commissioner by April 1.
- 86.18 (c) Financial assistance that is excluded from the definition of "business subsidy" by
86.19 section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting
86.20 requirements of this subdivision, except that the report of the recipient must include instead:
- 86.21 (1) the type, public purpose, and amount of the financial assistance, and type of district
86.22 if the assistance is tax increment financing;
- 86.23 (2) progress towards meeting goals stated in the assistance agreement and the public
86.24 purpose of the assistance;
- 86.25 (3) if the agreement includes job creation, the hourly wage of each job created with
86.26 separate bands of wages;
- 86.27 (4) if the agreement includes job creation, the sum of the hourly wages and cost of health
86.28 insurance provided by the employer with separate bands of wages;
- 86.29 (5) the location of the recipient prior to receiving the assistance; and
- 86.30 (6) other information the grantor requests.

87.1 (d) If the recipient does not submit its report, the local government agency must mail
87.2 the recipient a warning within one week of the required filing date. If, after 14 days of the
87.3 postmarked date of the warning, the recipient fails to provide a report, the recipient must
87.4 pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The
87.5 maximum penalty shall not exceed \$1,000.

87.6 Sec. 14. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

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

87.9 (b) "Area development rate" means a rate schedule established by a utility that provides
87.10 customers within an area development zone service under a base utility rate schedule, except
87.11 that charges may be reduced from the base rate as agreed upon by the utility and the customer
87.12 consistent with this section.

87.13 (c) "Area development zone" means a contiguous or noncontiguous area designated by
87.14 an authority or municipality for development or redevelopment and within which one of
87.15 the following conditions exists:

87.16 (1) obsolete buildings not suitable for improvement or conversion or other identified
87.17 hazards to the health, safety, and general well-being of the community;

87.18 (2) buildings in need of substantial rehabilitation or in substandard condition; or

87.19 (3) low values and damaged investments.

87.20 (d) "Authority" means a rural development financing authority established under sections
87.21 469.142 to 469.151; a housing and redevelopment authority established under sections
87.22 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an
87.23 economic development authority established under sections 469.090 to 469.108; a
87.24 redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron
87.25 Range resources and rehabilitation Board established under section 298.22; a municipality
87.26 that is administering a development district created under sections 469.124 to 469.133 or
87.27 any special law; a municipality that undertakes a project under sections 469.152 to 469.165,
87.28 except a town located outside the metropolitan area as defined in section 473.121, subdivision
87.29 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers
87.30 of a port authority under any general or special law.

87.31 (e) "Municipality" means a city, however organized, and, with respect to a project
87.32 undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in
87.33 sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142

88.1 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008,
88.2 also includes any county.

88.3 Sec. 15. Minnesota Statutes 2016, section 216B.1694, subdivision 1, is amended to read:

88.4 Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy
88.5 project" means a proposed energy-generation facility or group of facilities which may be
88.6 located on up to three sites:

88.7 (1) that makes use of an innovative generation technology utilizing coal as a primary
88.8 fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur
88.9 dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional
88.10 technologies;

88.11 (2) that the project developer or owner certifies is a project capable of offering a long-term
88.12 supply contract at a hedged, predictable cost; and

88.13 (3) that is designated by the commissioner of ~~the~~ Iron Range resources and rehabilitation
88.14 ~~Board~~ as a project that is located in the taconite tax relief area on a site that has substantial
88.15 real property with adequate infrastructure to support new or expanded development and
88.16 that has received prior financial and other support from the board.

88.17 Sec. 16. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

88.18 Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole
88.19 or part within the area. If a municipality is located partly within and partly without the area,
88.20 the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to
88.21 taxation or taxing jurisdiction within the municipality are to the property or portion thereof
88.22 that is located in that portion of the municipality within the area, except that the fiscal
88.23 capacity of the municipality must be computed upon the basis of the valuation and population
88.24 of the entire municipality. A municipality shall be excluded from the area if its municipal
88.25 comprehensive zoning and planning policies conscientiously exclude most
88.26 commercial-industrial development, for reasons other than preserving an agricultural use.
88.27 The commissioner of Iron Range resources and rehabilitation Board and the commissioner
88.28 of revenue shall jointly make this determination annually and shall notify those municipalities
88.29 that are ineligible to participate in the tax base sharing program provided in this chapter for
88.30 the following year. Before making the determination, the commissioner of Iron Range
88.31 resources and rehabilitation must consult the Legislative Commission on Iron Range
88.32 Resources and Rehabilitation.

89.1 Sec. 17. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

89.2 Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to
89.3 25 percent of the areawide levy certified by the commissioner of Iron Range resources and
89.4 rehabilitation Board, after consultation with the Legislative Commission on Iron Range
89.5 Resources and Rehabilitation, to be used for the purposes of the Iron Range school
89.6 consolidation and cooperatively operated school account under section 298.28, subdivision
89.7 7a.

89.8 (b) The allocation under paragraph (a) shall only be made after the commissioner of
89.9 Iron Range resources and rehabilitation Board, after consultation with the Legislative
89.10 Commission on Iron Range Resources and Rehabilitation, has certified by June 30 that the
89.11 Iron Range school consolidation and cooperatively operated account has insufficient funds
89.12 to make payments as authorized under section 298.28, subdivision 7a.

89.13 Sec. 18. Minnesota Statutes 2016, section 276A.06, subdivision 8, is amended to read:

89.14 Subd. 8. **Certification of values; payment.** The administrative auditor shall determine
89.15 for each county the difference between the total levy on distribution value pursuant to
89.16 subdivision 3, clause (1), including the school fund allocation within the county and the
89.17 total tax on contribution value pursuant to subdivision 7, within the county. On or before
89.18 May 16 of each year, the administrative auditor shall certify the differences so determined
89.19 and the county's portion of the school fund allocation to each county auditor. In addition,
89.20 the administrative auditor shall certify to those county auditors for whose county the total
89.21 tax on contribution value exceeds the total levy on distribution value the settlement the
89.22 county is to make to the other counties of the excess of the total tax on contribution value
89.23 over the total levy on distribution value in the county. On or before June 15 and November
89.24 15 of each year, each county treasurer in a county having a total tax on contribution value
89.25 in excess of the total levy on distribution value shall pay one-half of the excess to the other
89.26 counties in accordance with the administrative auditor's certification. On or before June 15
89.27 and November 15 of each year, each county treasurer shall pay to the administrative auditor
89.28 that county's share of the school fund allocation. On or before December 1 of each year,
89.29 the administrative auditor shall pay the school fund allocation to the commissioner of Iron
89.30 Range resources and rehabilitation Board for deposit in the Iron Range school consolidation
89.31 and cooperatively operated account.

90.1 Sec. 19. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

90.2 Subdivision 1. **Development.** In any county where the county board by proper resolution
90.3 sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or
90.4 section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation
90.5 ~~with the approval of the board, after consultation with the Legislative Commission on Iron~~
90.6 Range Resources and Rehabilitation, may upon request of the county board assist said
90.7 county in carrying out any project for the long range development of its forest resources
90.8 through matching of funds or otherwise.

90.9 Sec. 20. Minnesota Statutes 2016, section 282.38, subdivision 3, is amended to read:

90.10 Subd. 3. **Not to affect commissioner of Iron Range resources and rehabilitation.**
90.11 Nothing herein shall be construed to limit or abrogate the authority of the commissioner of
90.12 Iron Range resources and rehabilitation to give temporary assistance to any county in the
90.13 development of its land use program.

90.14 Sec. 21. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

90.15 Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the
90.16 state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to
90.17 298.298, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

90.18 Sec. 22. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision
90.19 to read:

90.20 Subd. 11. **Commission.** "Commission" means the Legislative Commission on Iron
90.21 Range Resources and Rehabilitation, as established under section 298.22.

90.22 Sec. 23. Minnesota Statutes 2016, section 298.018, subdivision 1, is amended to read:

90.23 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
90.24 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
90.25 taconite assistance area defined in section 273.1341, shall be allocated as follows:

90.26 (1) five percent to the city or town within which the minerals or energy resources are
90.27 mined or extracted, or within which the concentrate was produced. If the mining and
90.28 concentration, or different steps in either process, are carried on in more than one taxing
90.29 district, the commissioner shall apportion equitably the proceeds among the cities and towns
90.30 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,
90.31 and the remainder to the concentrating plant and to the processes of concentration, and with

91.1 respect to each thereof giving due consideration to the relative extent of the respective
91.2 operations performed in each taxing district;

91.3 (2) ten percent to the taconite municipal aid account to be distributed as provided in
91.4 section 298.282;

91.5 (3) ten percent to the school district within which the minerals or energy resources are
91.6 mined or extracted, or within which the concentrate was produced. If the mining and
91.7 concentration, or different steps in either process, are carried on in more than one school
91.8 district, distribution among the school districts must be based on the apportionment formula
91.9 prescribed in clause (1);

91.10 (4) 20 percent to a group of school districts comprised of those school districts wherein
91.11 the mineral or energy resource was mined or extracted or in which there is a qualifying
91.12 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
91.13 district indexes as follows: for each school district, its pupil units determined under section
91.14 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
91.15 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated
91.16 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution
91.17 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that
91.18 portion of the distribution which its index bears to the sum of the indices for all school
91.19 districts that receive the distributions;

91.20 (5) 20 percent to the county within which the minerals or energy resources are mined
91.21 or extracted, or within which the concentrate was produced. If the mining and concentration,
91.22 or different steps in either process, are carried on in more than one county, distribution
91.23 among the counties must be based on the apportionment formula prescribed in clause (1),
91.24 provided that any county receiving distributions under this clause shall pay one percent of
91.25 its proceeds to the Range Association of Municipalities and Schools;

91.26 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed
91.27 as provided in sections 273.134 to 273.136;

91.28 (7) five percent to the commissioner of Iron Range resources and rehabilitation Board
91.29 for the purposes of section 298.22;

91.30 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

91.31 (9) seven percent to the taconite environmental protection fund.

91.32 The proceeds of the tax shall be distributed on July 15 each year.

92.1 Sec. 24. Minnesota Statutes 2016, section 298.17, is amended to read:

92.2 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

92.3 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock
92.4 companies, corporations, and associations, however or for whatever purpose organized,
92.5 engaged in the business of mining or producing iron ore or other ores, when collected shall
92.6 be apportioned and distributed in accordance with the Constitution of the state of Minnesota,
92.7 article X, section 3, in the manner following: 90 percent shall be deposited in the state
92.8 treasury and credited to the general fund of which four-ninths shall be used for the support
92.9 of elementary and secondary schools; and ten percent of the proceeds of the tax imposed
92.10 by this section shall be deposited in the state treasury and credited to the general fund for
92.11 the general support of the university.

92.12 (b) Of the money apportioned to the general fund by this section: (1) there is annually
92.13 appropriated and credited to the mining environmental and regulatory account in the special
92.14 revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax
92.15 imposed by section 298.24 on each taxable ton produced in the preceding calendar year.
92.16 Money in the mining environmental and regulatory account is appropriated annually to the
92.17 commissioner of natural resources to fund agency staff to work on environmental issues
92.18 and provide regulatory services for ferrous and nonferrous mining operations in this state.
92.19 Payment to the mining environmental and regulatory account shall be made by July 1
92.20 annually. The commissioner of natural resources shall execute an interagency agreement
92.21 with the Pollution Control Agency to assist with the provision of environmental regulatory
92.22 services such as monitoring and permitting required for ferrous and nonferrous mining
92.23 operations; (2) there is annually appropriated and credited to the Iron Range resources and
92.24 rehabilitation ~~Board~~ account in the special revenue fund an amount equal to that which
92.25 would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable
92.26 ton produced in the preceding calendar year, to be expended for the purposes of section
92.27 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and
92.28 rehabilitation ~~Board~~ account in the special revenue fund for transfer to the Iron Range school
92.29 consolidation and cooperatively operated school account under section 298.28, subdivision
92.30 7a, an amount equal to that which would have been generated by a six cent tax imposed by
92.31 section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the
92.32 Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

92.33 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to
92.34 provide environmental development grants to local governments located within any county
92.35 in region 3 as defined in governor's executive order number 60, issued on June 12, 1970,

93.1 which does not contain a municipality qualifying pursuant to section 273.134, paragraph
93.2 (b), or (ii) to provide economic development loans or grants to businesses located within
93.3 any such county, provided that the county board or an advisory group appointed by the
93.4 county board to provide recommendations on economic development shall make
93.5 recommendations to the commissioner of Iron Range resources and rehabilitation Board
93.6 regarding the loans. Payment to the Iron Range resources and rehabilitation ~~Board~~ account
93.7 shall be made by May 15 annually.

93.8 (d) Of the money allocated to Koochiching County, one-third must be paid to the
93.9 Koochiching County Economic Development Commission.

93.10 Sec. 25. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

93.11 Subdivision 1. ~~The Office of Commissioner~~ Department of Iron Range Resources
93.12 **and Rehabilitation.** (a) The ~~Office of the Commissioner~~ Department of Iron Range
93.13 Resources and Rehabilitation is created as an agency in the executive branch of state
93.14 government. The governor shall appoint the commissioner of Iron Range resources and
93.15 rehabilitation under section 15.06.

93.16 (b) The commissioner may hold other positions or appointments that are not incompatible
93.17 with duties as commissioner of Iron Range resources and rehabilitation. The commissioner
93.18 may appoint a deputy commissioner. All expenses of the commissioner, including the
93.19 payment of staff and other assistance as may be necessary, must be paid out of the amounts
93.20 appropriated by section 298.28 or otherwise made available by law to the commissioner.
93.21 Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting
93.22 options available under section 471.345 when the commissioner determines it is in the best
93.23 interest of the agency. The agency is not subject to sections 16E.016 and 16C.05.

93.24 (c) When the commissioner determines that distress and unemployment exists or may
93.25 exist in the future in any county by reason of the removal of natural resources or a possibly
93.26 limited use of natural resources in the future and any resulting decrease in employment, the
93.27 commissioner may use whatever amounts of the appropriation made to the commissioner
93.28 of revenue in section 298.28 that are determined to be necessary and proper in the
93.29 development of the remaining resources of the county and in the vocational training and
93.30 rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded~~
93.31 ~~to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in~~
93.32 ~~effect after July 1, 1985, is appropriated from the general fund.~~ For the purposes of this
93.33 section, "development of remaining resources" includes, but is not limited to, the promotion
93.34 of tourism.

94.1 (d) The commissioner shall annually submit a budget proposal to the Legislative
 94.2 Commission on Iron Range Resources and Rehabilitation. The commission must review
 94.3 and make recommendations on the commissioner's budget proposal and the governor must
 94.4 approve the commissioner's budget proposal as provided in subdivisions 1b, 1c, and 11.
 94.5 This paragraph applies to transfers and expenditures from the following funds or accounts:

94.6 (1) the taconite area environmental protection fund under section 298.223, including
 94.7 grants under section 298.2961;

94.8 (2) the Douglas J. Johnson economic protection trust fund under sections 298.291 to
 94.9 298.298, including grants under section 298.2961;

94.10 (3) the Iron Range resources and rehabilitation account in the special revenue fund;

94.11 (4) the Iron Range school consolidation and cooperatively operated school account under
 94.12 section 298.28, subdivision 7a, except as provided under paragraph (e);

94.13 (5) the Minnesota 21st century fund match requirements under section 116J.424; and

94.14 (6) the Iron Range higher education account under section 298.28, subdivision 9d.

94.15 (e) Paragraph (d) does not apply to expenditures for:

94.16 (1) the commissioner's obligations under sections 298.221; 298.2211, subdivision 4;
 94.17 298.225, subdivision 2; and 298.292, subdivision 2, clause (3);

94.18 (2) payments of amounts authorized under section 298.28, subdivisions 2, 3, 4, 5, 6, 7a,
 94.19 clause (4), and 9a; or

94.20 (3) other expenditures required to pay bonds or binding contracts entered into prior to
 94.21 the effective date of this section.

94.22 Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

94.23 Subd. 1a. **Legislative Commission on Iron Range Resources and Rehabilitation**
 94.24 **Board.** (a) The Legislative Commission on Iron Range Resources and Rehabilitation Board
 94.25 is created in the legislative branch. The commissioner shall consult the commission before
 94.26 making expenditures or undertaking projects authorized under this chapter. The commission
 94.27 consists of the state senators and representatives elected from state senatorial or legislative
 94.28 districts in which one-third or more of the residents reside in a taconite assistance area as
 94.29 defined in section 273.1341. One additional state senator shall also be appointed by the
 94.30 senate Subcommittee on Committees of the Committee on Rules and Administration. All
 94.31 expenditures and projects made by the commissioner shall first be submitted to the board
 94.32 for approval. The expenses of the board shall be paid by the state from the funds raised

95.1 ~~pursuant to this section.~~ Members of the board may be reimbursed for expenses in the
95.2 manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem
95.3 payments during the interims between legislative sessions in the manner provided in section
95.4 3.099, subdivision 1.

95.5 ~~The members shall be appointed in January of every odd-numbered year, and shall serve~~
95.6 ~~until January of the next odd-numbered year. Vacancies on the board shall be filled in the~~
95.7 ~~same manner as original members were chosen.~~

95.8 (b) The most senior legislator will serve as temporary chair for the purposes of convening
95.9 the first meeting, at which members shall develop procedures to elect a chair. The chair
95.10 shall preside and convene meetings as often as necessary to conduct duties prescribed by
95.11 this chapter. The commission must meet at least quarterly to review the actions of the
95.12 commissioner.

95.13 (c) The appointed legislative member shall serve on the commission for a two-year term,
95.14 beginning January 1 of each odd-numbered year. The appointed legislative member serves
95.15 until their successor is appointed and qualified.

95.16 **EFFECTIVE DATE.** This section is effective the day following final enactment. The
95.17 additional state senator shall be appointed under this section no later than July 1, 2018.

95.18 Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
95.19 read:

95.20 Subd. 1b. **Evaluation of proposed budgets and projects.** (a) In evaluating budgets
95.21 proposed by the commissioner, the commission must consider factors including but not
95.22 limited to the extent to which the proposed budget:

95.23 (1) contributes to increasing the effectiveness of promoting or managing Iron Range
95.24 economic and workforce development, community development, minerals and natural
95.25 resources development, and any other issue as determined by the commission; and

95.26 (2) advances the strategic plan adopted under subdivision 1c.

95.27 (b) In evaluating projects proposed by the commissioner, the commission must consider
95.28 factors including but not limited to:

95.29 (1) whether, and the extent to which, an applicant could complete the proposed project
95.30 without funding from the commissioner;

95.31 (2) job creation or retention goals for the proposed project, including but not limited to
95.32 wages and benefits; whether the jobs created are full time, part time, temporary, or permanent;

96.1 and whether the stated job creation or retention goals in the proposal can be adequately
96.2 measured using methods established by the commissioner;

96.3 (3) how and to what extent the proposed project is expected to impact the economic
96.4 climate of the Iron Range resources and rehabilitation services area;

96.5 (4) how the proposed project would meet match requirements, if any; and

96.6 (5) whether the proposed project meets the written objectives, priorities, and policies
96.7 established by the commissioner.

96.8 Sec. 28. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
96.9 read:

96.10 Subd. 1c. **Strategic plan required.** The commissioner, in consultation with the
96.11 commission, shall adopt a strategic plan for making expenditures including identifying the
96.12 priority areas for funding for the next six years. The strategic plan must be reviewed every
96.13 two years. The strategic plan must have clearly stated short- and long-term goals and
96.14 strategies for expenditures, provide measurable outcomes for expenditures, and determine
96.15 areas of emphasis for funding.

96.16 Sec. 29. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
96.17 read:

96.18 Subd. 1d. **Administrative and staff assistance.** The Legislative Coordinating
96.19 Commission shall provide administrative and staff support to the commission. The
96.20 commissioner shall provide additional information and research assistance to the commission,
96.21 as requested by the commission.

96.22 Sec. 30. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
96.23 read:

96.24 Subd. 1e. **Expenses of the commission.** All expenses of the commission, including the
96.25 payment of per diems and expenses under subdivision 1a must be paid out of the amounts
96.26 appropriated by section 298.28 or otherwise made available by law to the commissioner.

96.27 Sec. 31. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

96.28 Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation
96.29 with the commission, may purchase forest lands in the taconite assistance area defined in
96.30 under section 273.1341 with funds specifically authorized for the purchase. The acquired

97.1 forest lands must be held in trust for the benefit of the citizens of the taconite assistance
 97.2 area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed
 97.3 and developed for recreation and economic development purposes. The commissioner, ~~upon~~
 97.4 ~~approval by the board~~ after consultation with the commission, may sell forest lands purchased
 97.5 under this subdivision if the ~~board finds~~ commissioner determines that the sale advances
 97.6 the purposes of the trust. Proceeds derived from the management or sale of the lands and
 97.7 from the sale of timber or removal of gravel or other minerals from these forest lands shall
 97.8 be deposited into an Iron Range Miners' Memorial Forest account that is established within
 97.9 the state financial accounts. Funds may be expended from the account ~~upon approval by~~
 97.10 ~~the board~~ by the commissioner, after consultation with the commission, to purchase, manage,
 97.11 administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~
 97.12 After consultation with the commission, the commissioner may transfer money in the Iron
 97.13 Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the Douglas
 97.14 J. Johnson economic protection trust fund established under sections 298.291 to 298.294.
 97.15 The property acquired under the authority granted by this subdivision and income derived
 97.16 from the property or the operation or management of the property are exempt from taxation
 97.17 by the state or its political subdivisions while held by the forest trust. The commissioner's
 97.18 actions under this subdivision must at all times comply with the requirements for expenditures
 97.19 under subdivisions 1, 1b, 1c, and 11.

97.20 Sec. 32. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

97.21 Subd. 6. **Private entity participation.** ~~The board~~ commissioner, after consultation with
 97.22 the commission, may acquire an equity interest in any project for which ~~it~~ the commissioner
 97.23 provides funding. The commissioner may, after consultation with the commission, establish,
 97.24 participate in the management of, and dispose of the assets of charitable foundations,
 97.25 nonprofit limited liability companies, and nonprofit corporations associated with any project
 97.26 for which ~~it~~ the commissioner provides funding, including specifically, but without limitation,
 97.27 a corporation within the meaning of section 317A.011, subdivision 6. The commissioner's
 97.28 actions under this subdivision must at all times comply with the requirements for expenditures
 97.29 under subdivisions 1, 1b, 1c, and 11.

97.30 Sec. 33. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

97.31 Subd. 10. **Sale or privatization of functions.** The commissioner ~~of Iron Range resources~~
 97.32 ~~and rehabilitation~~ may not sell or privatize the Ironworld Discovery Center or Giants Ridge
 97.33 Golf and Ski Resort without ~~prior approval by the board~~ first seeking the recommendation
 97.34 of the commission.

98.1 Sec. 34. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

98.2 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation
98.3 shall annually prepare a budget for operational expenditures, programs, and projects, and
98.4 submit it to the ~~Iron Range Resources and Rehabilitation Board~~ commission. After the
98.5 commission has been consulted, its recommendations and the commissioner's budget shall
98.6 be submitted to the governor. Once the budget is approved by the board and the governor,
98.7 the commissioner may spend money in accordance with the approved budget. If unanticipated
98.8 needs for funds arise outside of the annual budget process, the commissioner must consult
98.9 the commission and receive the governor's approval before spending the funds.

98.10 Sec. 35. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
98.11 read:

98.12 Subd. 13. **Grants and loans; requirements.** (a) Prior to awarding any grants or approving
98.13 loans from any fund or account from which the commissioner has the authority under law
98.14 to expend money, the commissioner must evaluate applications based on criteria including,
98.15 but not limited to:

98.16 (1) whether, and the extent to which, an applicant could complete a project without
98.17 funding from the commissioner;

98.18 (2) job creation or retention goals for the project, including but not limited to wages and
98.19 benefits, and whether the jobs created are full time, part time, temporary, or permanent;

98.20 (3) whether the applicant's stated job creation or retention goals can be adequately
98.21 measured using methods established by the commissioner;

98.22 (4) how and to what extent the project proposed by the applicant is expected to impact
98.23 the economic climate of the Iron Range resources and rehabilitation services area;

98.24 (5) how the applicant would meet match requirements, if any; and

98.25 (6) whether the project for which a grant or loan application has been submitted meets
98.26 the written objectives, priorities, and policies established by the commissioner.

98.27 (b) The commissioner, if appropriate, must include incentives in loan and grant award
98.28 agreements to promote and assist grant recipients in achieving the stated job creation and
98.29 retention objectives established by the commissioner.

98.30 (c) For all loans and grants awarded from funds under the commissioner's authority
98.31 pursuant to this chapter, the commissioner must:

98.32 (1) create and maintain a database for tracking loan and grant awards;

- 99.1 (2) create and maintain an objective mechanism for measuring job creation and retention;
 99.2 (3) verify achievement of job creation and retention goals by grant and loan recipients;
 99.3 (4) monitor grant and loan awards to ensure that projects comply with applicable Iron
 99.4 Range resources and rehabilitation policies; and
 99.5 (5) verify that grant or loan recipients have met applicable matching fund requirements.

99.6 Sec. 36. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
 99.7 read:

99.8 Subd. 14. **Expenditures; taconite assistance area.** Expenditures subject to the
 99.9 requirements of this section may be expended only within or for the benefit of the taconite
 99.10 assistance area defined in section 273.1341.

99.11 Sec. 37. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to
 99.12 read:

99.13 Subd. 15. **Reports to the legislature.** The commissioner shall submit to the chairs and
 99.14 ranking minority members of the senate and house of representatives committees with
 99.15 primary jurisdiction over economic development policy an annual report of expenditures
 99.16 under this section.

99.17 Sec. 38. Minnesota Statutes 2016, section 298.221, is amended to read:

99.18 **298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.**

99.19 (a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant
 99.20 to the terms of any contract entered into by the state under authority of section 298.22 and
 99.21 any fees which may, in the discretion of the commissioner of Iron Range resources and
 99.22 rehabilitation, be charged in connection with any project pursuant to that section as amended,
 99.23 shall be deposited in the state treasury to the credit of the Iron Range resources and
 99.24 rehabilitation ~~Board~~ account in the special revenue fund and are hereby appropriated for
 99.25 the purposes of section 298.22.

99.26 (b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner
 99.27 of the Iron Range resources and rehabilitation ~~Board~~ for payment of advertising contracts
 99.28 if the commissioner determines that the merchandise can be used for special event prizes
 99.29 or mementos at facilities operated by the ~~board~~ commissioner. Nothing in this paragraph
 99.30 authorizes the commissioner or a member of the ~~board~~ commission to receive merchandise
 99.31 for personal use.

100.1 (c) All fees charged by the commissioner in connection with public use of the state-owned
100.2 ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived
100.3 by the commissioner from the operation or lease of those facilities and from the lease, sale,
100.4 or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be
100.5 deposited into an Iron Range resources and rehabilitation ~~Board~~ account that is created
100.6 within the state enterprise fund. All funds deposited in the enterprise fund account are
100.7 appropriated to the commissioner ~~to be expended, subject to approval by the board, and~~
100.8 may only be used, as follows:

100.9 (1) to pay costs associated with the construction, equipping, operation, repair, or
100.10 improvement of the Giants Ridge Recreation Area facilities or lands;

100.11 (2) to pay principal, interest and associated bond issuance, reserve, and servicing costs
100.12 associated with the financing of the facilities; and

100.13 (3) to pay the costs of any other project authorized under section 298.22.

100.14 Sec. 39. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

100.15 Subd. 3. **Project approval.** ~~All projects authorized by this section shall be submitted~~
100.16 ~~by the commissioner to the Iron Range Resources and Rehabilitation Board for approval~~
100.17 ~~by the board~~ To get approval of a project under this section, the commissioner must comply
100.18 with all the requirements for expenditures under section 298.22. Prior to the commencement
100.19 of a project involving the exercise by the commissioner of any authority of sections 469.174
100.20 to 469.179, the governing body of each municipality in which any part of the project is
100.21 located and the county board of any county containing portions of the project not located
100.22 in an incorporated area shall by majority vote approve or disapprove the project. ~~Any project~~
100.23 ~~approved by the board and the applicable governing bodies, if any, together with detailed~~
100.24 ~~information concerning the project, its costs, the sources of its funding, and the amount of~~
100.25 ~~any bonded indebtedness to be incurred in connection with the project, shall be transmitted~~
100.26 ~~to the governor, who shall approve, disapprove, or return the proposal for additional~~
100.27 ~~consideration within 30 days of receipt. No project authorized under this section shall be~~
100.28 ~~undertaken, and no obligations shall be issued and no tax increments shall be expended for~~
100.29 ~~a project authorized under this section until the project has been approved by the governor.~~

100.30 Sec. 40. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

100.31 Subd. 6. **Fee setting.** Fees for admission to or use of facilities operated by the
100.32 commissioner of Iron Range resources and rehabilitation ~~Board~~ that have been established

101.1 according to prevailing market conditions and to recover operating costs need not be set by
101.2 rule.

101.3 Sec. 41. Minnesota Statutes 2016, section 298.2212, is amended to read:

101.4 **298.2212 INVESTMENT OF FUNDS.**

101.5 All funds credited to the Iron Range resources and rehabilitation ~~Board~~ account in the
101.6 special revenue fund for the purposes of section 298.22 must be invested pursuant to law.
101.7 The net interest and dividends from the investments are included and become part of the
101.8 funds available for purposes of section 298.22.

101.9 Sec. 42. Minnesota Statutes 2016, section 298.2214, subdivision 2, is amended to read:

101.10 Subd. 2. **Iron Range Higher Education Committee; membership.** The members of
101.11 the committee shall consist of:

101.12 (1) one member appointed by the governor;

101.13 (2) one member appointed by the president of the University of Minnesota;

101.14 (3) four members of the Legislative Commission on Iron Range Resources and
101.15 Rehabilitation ~~Board~~ appointed by the chair;

101.16 (4) the commissioner of Iron Range resources and rehabilitation; and

101.17 (5) the president of the Northeast Higher Education District or its successor.

101.18 Sec. 43. Minnesota Statutes 2016, section 298.223, is amended to read:

101.19 **298.223 TACONITE AREA ENVIRONMENTAL PROTECTION FUND.**

101.20 Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection
101.21 fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast
101.22 Minnesota located within the taconite assistance area defined in section 273.1341, that are
101.23 adversely affected by the environmentally damaging operations involved in mining taconite
101.24 and iron ore and producing iron ore concentrate and for the purpose of promoting the
101.25 economic development of northeast Minnesota. The taconite environmental protection fund
101.26 shall be used for the following purposes:

101.27 (1) to initiate investigations into matters the commissioner of Iron Range resources and
101.28 rehabilitation ~~Board~~ determines are in need of study and which will determine the
101.29 environmental problems requiring remedial action;

102.1 (2) reclamation, restoration, or reforestation of mine lands not otherwise provided for
102.2 by state law;

102.3 (3) local economic development projects ~~but only if those projects are approved by the~~
102.4 ~~board~~, and public works, including construction of sewer and water systems located within
102.5 the taconite assistance area defined in section 273.1341;

102.6 (4) monitoring of mineral industry related health problems among mining employees;
102.7 and

102.8 (5) local public works projects under section 298.227, paragraph (c).

102.9 Subd. 2. **Administration.** ~~(a) The taconite area environmental protection fund shall be~~
102.10 ~~administered by the commissioner of the Iron Range resources and rehabilitation Board.~~
102.11 ~~The commissioner shall by September 1 of each year submit to the board a list of projects~~
102.12 ~~to be funded from the taconite area environmental protection fund, with such supporting~~
102.13 ~~information including description of the projects, plans, and cost estimates as may be~~
102.14 ~~necessary. in compliance with the requirements for expenditures under section 298.22.~~

102.15 ~~(b) Each year no less than one-half of the amounts deposited into the taconite~~
102.16 ~~environmental protection fund must be used for public works projects, including construction~~
102.17 ~~of sewer and water systems, as specified under subdivision 1, clause (3). The Iron Range~~
102.18 ~~Resources and Rehabilitation Board may waive the requirements of this paragraph.~~

102.19 ~~(c) Upon approval by the board, the list of projects approved under this subdivision shall~~
102.20 ~~be submitted to the governor by November 1 of each year. By December 1 of each year,~~
102.21 ~~the governor shall approve or disapprove, or return for further consideration, each project.~~
102.22 ~~Funds for a project may be expended only upon approval of the project by the board and~~
102.23 ~~the governor. The commissioner may submit supplemental projects to the board and governor~~
102.24 ~~for approval at any time.~~

102.25 Subd. 3. **Appropriation.** There is annually appropriated to the commissioner of Iron
102.26 Range resources and rehabilitation taconite area environmental protection funds necessary
102.27 to carry out approved projects and programs and the funds necessary for administration of
102.28 this section. Annual administrative costs, not including detailed engineering expenses for
102.29 the projects, shall not exceed five percent of the amount annually expended from the fund.

102.30 Funds for the purposes of this section are provided by section 298.28, subdivision 11,
102.31 relating to the taconite area environmental protection fund.

103.1 Sec. 44. Minnesota Statutes 2016, section 298.227, is amended to read:

103.2 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

103.3 (a) An amount equal to that distributed pursuant to each taconite producer's taxable
103.4 production and qualifying sales under section 298.28, subdivision 9a, shall be held by the
103.5 commissioner of Iron Range resources and rehabilitation Board in a separate taconite
103.6 economic development fund for each taconite and direct reduced ore producer. Money from
103.7 the fund for each producer shall be released by the commissioner after review by a joint
103.8 committee consisting of an equal number of representatives of the salaried employees and
103.9 the nonsalaried production and maintenance employees of that producer. The District 11
103.10 director of the United States Steelworkers of America, on advice of each local employee
103.11 president, shall select the employee members. In nonorganized operations, the employee
103.12 committee shall be elected by the nonsalaried production and maintenance employees. The
103.13 review must be completed no later than six months after the producer presents a proposal
103.14 for expenditure of the funds to the committee. The funds held pursuant to this section may
103.15 be released only for workforce development and associated public facility improvement,
103.16 or for acquisition of plant and stationary mining equipment and facilities for the producer
103.17 or for research and development in Minnesota on new mining, or taconite, iron, or steel
103.18 production technology, but only if the producer provides a matching expenditure equal to
103.19 the amount of the distribution to be used for the same purpose beginning with distributions
103.20 in 2014. Effective for proposals for expenditures of money from the fund beginning May
103.21 26, 2007, the commissioner may not release the funds before the next scheduled meeting
103.22 of the board. If a proposed expenditure is not approved ~~by the board~~ under the requirements
103.23 for expenditures under section 298.22, the funds must be deposited in the Taconite
103.24 Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money~~
103.25 ~~which has been released from the fund prior to May 26, 2007 to procure haulage trucks,~~
103.26 ~~mobile equipment, or mining shovels, and the producer removes the piece of equipment~~
103.27 ~~from the taconite tax relief area defined in section 273.134 within ten years from the date~~
103.28 ~~of receipt of the money from the fund, a portion of the money granted from the fund must~~
103.29 ~~be repaid to the taconite economic development fund. The portion of the money to be repaid~~
103.30 ~~is 100 percent of the grant if the equipment is removed from the taconite tax relief area~~
103.31 ~~within 12 months after receipt of the money from the fund, declining by ten percent for~~
103.32 ~~each of the subsequent nine years during which the equipment remains within the taconite~~
103.33 ~~tax relief area.~~ If a taconite production facility is sold after operations at the facility had
103.34 ceased, any money remaining in the fund for the former producer may be released to the
103.35 purchaser of the facility on the terms otherwise applicable to the former producer under this

104.1 section. If a producer fails to provide matching funds for a proposed expenditure within six
104.2 months after the commissioner approves release of the funds, the funds are available for
104.3 release to another producer in proportion to the distribution provided and under the conditions
104.4 of this section. Any portion of the fund which is not released by the commissioner within
104.5 one year of its deposit in the fund shall be divided between the taconite environmental
104.6 protection fund created in section 298.223 and the Douglas J. Johnson economic protection
104.7 trust fund created in section 298.292 for placement in their respective special accounts.
104.8 Two-thirds of the unreleased funds shall be distributed to the taconite environmental
104.9 protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

104.10 ~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of~~
104.11 ~~distributions and the review process, an amount equal to ten cents per taxable ton of~~
104.12 ~~production in 2007, for distribution in 2008 only, that would otherwise be distributed under~~
104.13 ~~paragraph (a), may be used for a loan or grant for the cost of providing for a value-added~~
104.14 ~~wood product facility located in the taconite tax relief area and in a county that contains a~~
104.15 ~~city of the first class. This amount must be deducted from the distribution under paragraph~~
104.16 ~~(a) for which a matching expenditure by the producer is not required. The granting of the~~
104.17 ~~loan or grant is subject to approval by the board. If the money is provided as a loan, interest~~
104.18 ~~must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii)~~
104.19 ~~Repayments of the loan and interest, if any, must be deposited in the taconite environment~~
104.20 ~~protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this~~
104.21 ~~paragraph by July 1, 2012, the amount that had been made available for the loan under this~~
104.22 ~~paragraph must be transferred to the taconite environment protection fund under sections~~
104.23 ~~298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section~~
104.24 ~~that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a~~
104.25 ~~pro rata basis.~~

104.26 ~~(e) Repayment or transfer of money to the taconite environmental protection fund under~~
104.27 ~~paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation~~
104.28 ~~Board for public works projects in house legislative districts in the same proportion as~~
104.29 ~~taxable tonnage of production in 2007 in each house legislative district, for distribution in~~
104.30 ~~2008, bears to total taxable tonnage of production in 2007, for distribution in 2008.~~
104.31 ~~Notwithstanding any other law to the contrary, expenditures under this paragraph do not~~
104.32 ~~require approval by the governor. For purposes of this paragraph, "house legislative districts"~~
104.33 ~~means the legislative districts in existence on May 15, 2009.~~

105.1 Sec. 45. Minnesota Statutes 2016, section 298.27, is amended to read:

105.2 **298.27 COLLECTION AND PAYMENT OF TAX.**

105.3 The taxes provided by section 298.24 shall be paid directly to each eligible county and
105.4 the commissioner of Iron Range resources and rehabilitation Board. The commissioner of
105.5 revenue shall notify each producer of the amount to be paid each recipient prior to February
105.6 15. Every person subject to taxes imposed by section 298.24 shall file a correct report
105.7 covering the preceding year. The report must contain the information required by the
105.8 commissioner of revenue. The report shall be filed by each producer on or before February
105.9 1. A remittance equal to 50 percent of the total tax required to be paid hereunder shall be
105.10 paid on or before February 24. A remittance equal to the remaining total tax required to be
105.11 paid hereunder shall be paid on or before August 24. On or before February 25 and August
105.12 25, the county auditor shall make distribution of the payments previously received by the
105.13 county in the manner provided by section 298.28. Reports shall be made and hearings held
105.14 upon the determination of the tax in accordance with procedures established by the
105.15 commissioner of revenue. The commissioner of revenue shall have authority to make
105.16 reasonable rules as to the form and manner of filing reports necessary for the determination
105.17 of the tax hereunder, and by such rules may require the production of such information as
105.18 may be reasonably necessary or convenient for the determination and apportionment of the
105.19 tax. All the provisions of the occupation tax law with reference to the assessment and
105.20 determination of the occupation tax, including all provisions for appeals from or review of
105.21 the orders of the commissioner of revenue relative thereto, but not including provisions for
105.22 refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent
105.23 herewith. If any person subject to section 298.24 shall fail to make the report provided for
105.24 in this section at the time and in the manner herein provided, the commissioner of revenue
105.25 shall in such case, upon information possessed or obtained, ascertain the kind and amount
105.26 of ore mined or produced and thereon find and determine the amount of the tax due from
105.27 such person. There shall be added to the amount of tax due a penalty for failure to report
105.28 on or before February 1, which penalty shall equal ten percent of the tax imposed and be
105.29 treated as a part thereof.

105.30 If any person responsible for making a tax payment at the time and in the manner herein
105.31 provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount
105.32 so due, which penalty shall be treated as part of the tax due.

105.33 In the case of any underpayment of the tax payment required herein, there may be added
105.34 and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

106.1 A person having a liability of \$120,000 or more during a calendar year must remit all
106.2 liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The
106.3 funds transfer payment date, as defined in section 336.4A-401, must be on or before the
106.4 date the tax is due. If the date the tax is due is not a funds transfer business day, as defined
106.5 in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the
106.6 funds transfer business day next following the date the tax is due.

106.7 Sec. 46. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

106.8 Subd. 7. **Iron Range resources and rehabilitation ~~Board~~ account.** For the 1998
106.9 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and
106.10 rehabilitation ~~Board~~ account for the purposes of section 298.22. That amount shall be
106.11 increased for distribution years 1999 through 2014 and for distribution in 2018 and
106.12 subsequent years in the same proportion as the increase in the implicit price deflator as
106.13 provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision
106.14 shall be expended within or for the benefit of the taconite assistance area defined in section
106.15 273.1341 and in compliance with the requirements for expenditures under section 298.22.
106.16 ~~No part of the fund provided in this subdivision may be used to provide loans for the~~
106.17 ~~operation of private business unless the loan is approved by the governor.~~

106.18 Sec. 47. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

106.19 Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.**
106.20 (a) The following amounts must be allocated to the Iron Range resources and rehabilitation
106.21 ~~Board~~ account to be deposited in the Iron Range school consolidation and cooperatively
106.22 operated school account that is hereby created:

106.23 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed
106.24 under section 298.24; and

106.25 (ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed
106.26 under section 298.24;

106.27 (2) the amount as determined under section 298.17, paragraph (b), clause (3);

106.28 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax
106.29 proceeds attributable to the increase in the implicit price deflator as provided in section
106.30 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.
106.31 Johnson economic protection trust fund;

107.1 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased
107.2 tax proceeds attributable to the increase in the implicit price deflator as provided in section
107.3 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third
107.4 to be distributed to the Douglas J. Johnson economic protection trust fund; and

107.5 (iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased
107.6 tax proceeds attributable to the increase in the implicit price deflator as provided in section
107.7 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining
107.8 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

107.9 (4) any other amount as provided by law.

107.10 (b) Expenditures from this account shall be made only to provide disbursements to assist
107.11 school districts with the payment of bonds that were issued for qualified school projects,
107.12 or for any other school disbursement as approved by the commissioner of Iron Range
107.13 resources and rehabilitation Board, after consultation with the commission. For purposes
107.14 of this section, "qualified school projects" means school projects within the taconite assistance
107.15 area as defined in section 273.1341, that were (1) approved, by referendum, after April 3,
107.16 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

107.17 (c) Beginning in fiscal year 2019, the disbursement to school districts for payments for
107.18 bonds issued under section 123A.482, subdivision 9, must be increased each year to offset
107.19 any reduction in debt service equalization aid that the school district qualifies for in that
107.20 year, under section 123B.53, subdivision 6, compared with the amount the school district
107.21 qualified for in fiscal year 2018.

107.22 (d) No expenditure under this section shall be made unless ~~approved by seven members~~
107.23 ~~of the Iron Range Resources and Rehabilitation Board~~ the commissioner has complied with
107.24 the requirements for expenditures under section 298.22.

107.25 Sec. 48. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

107.26 Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the
107.27 city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the
107.28 Hockey Hall of Fame, provided that it continues to operate in that city, and provided that
107.29 the city of Eveleth certifies to the St. Louis County auditor that it has received donations
107.30 for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame
107.31 ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and
107.32 the governing body of the city determines that it is unlikely to resume operation there within

108.1 a six-month period, the distribution under this subdivision shall be made to the commissioner
108.2 of Iron Range resources and rehabilitation Board.

108.3 Sec. 49. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

108.4 Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be
108.5 ~~allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron~~
108.6 Range higher education account that is hereby created, to be used for higher education
108.7 programs conducted at educational institutions in the taconite assistance area defined in
108.8 section 273.1341. The Iron Range Higher Education committee under section 298.2214,
108.9 and the commissioner of Iron Range resources and rehabilitation Board, after complying
108.10 with all the requirements for expenditures under section 298.22, must approve all
108.11 expenditures from the account.

108.12 Sec. 50. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

108.13 Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which
108.14 remain after the distributions and payments in subdivisions 2 to 10a, as certified by the
108.15 commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with
108.16 interest earned on all money distributed under this section prior to distribution, shall be
108.17 divided between the taconite environmental protection fund created in section 298.223 and
108.18 the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows:
108.19 Two-thirds to the taconite environmental protection fund and one-third to the Douglas J.
108.20 Johnson economic protection trust fund. The proceeds shall be placed in the respective
108.21 special accounts.

108.22 (b) There shall be distributed to each city, town, and county the amount that it received
108.23 under Minnesota Statutes 1978, section 294.26₂, in calendar year 1977; provided, however,
108.24 that the amount distributed in 1981 to the unorganized territory number 2 of Lake County
108.25 and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company
108.26 will be distributed in 1982 and subsequent years to the unorganized territory number 2 of
108.27 Lake County and the towns of Beaver Bay and Stony River based on the miles of track of
108.28 Erie Mining Company in each taxing district.

108.29 (c) There shall be distributed to the Iron Range resources and rehabilitation ~~Board~~ account
108.30 the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount
108.31 distributed under this paragraph shall be expended within or for the benefit of the taconite
108.32 assistance area defined in section 273.1341.

109.1 (d) There shall be distributed to each school district 62 percent of the amount that it
109.2 received under Minnesota Statutes 1978, section 294.26₂, in calendar year 1977.

109.3 Sec. 51. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

109.4 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust
109.5 fund may be used for the following purposes:

109.6 (1) to provide loans, loan guarantees, interest buy-downs and other forms of participation
109.7 with private sources of financing, but a loan to a private enterprise shall be for a principal
109.8 amount not to exceed one-half of the cost of the project for which financing is sought, and
109.9 the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight
109.10 percent or an interest rate three percentage points less than a full faith and credit obligation
109.11 of the United States government of comparable maturity, at the time that the loan is approved;

109.12 (2) to fund reserve accounts established to secure the payment when due of the principal
109.13 of and interest on bonds issued pursuant to section 298.2211;

109.14 (3) to pay in periodic payments or in a lump-sum payment any or all of the interest on
109.15 bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or
109.16 retrofitting heating facilities in connection with district heating systems or systems utilizing
109.17 alternative energy sources;

109.18 (4) to invest in a venture capital fund or enterprise that will provide capital to other
109.19 entities that are engaging in, or that will engage in, projects or programs that have the
109.20 purposes set forth in subdivision 1. No investments may be made in a venture capital fund
109.21 or enterprise unless at least two other unrelated investors make investments of at least
109.22 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J.
109.23 Johnson economic protection trust fund may not exceed the amount of the largest investment
109.24 by an unrelated investor in the venture capital fund or enterprise. For purposes of this
109.25 subdivision, an "unrelated investor" is a person or entity that is not related to the entity in
109.26 which the investment is made or to any individual who owns more than 40 percent of the
109.27 value of the entity, in any of the following relationships: spouse, parent, child, sibling,
109.28 employee, or owner of an interest in the entity that exceeds ten percent of the value of all
109.29 interests in it. For purposes of determining the limitations under this clause, the amount of
109.30 investments made by an investor other than the Douglas J. Johnson economic protection
109.31 trust fund is the sum of all investments made in the venture capital fund or enterprise during
109.32 the period beginning one year before the date of the investment by the Douglas J. Johnson
109.33 economic protection trust fund; and

110.1 (5) to purchase forest land in the taconite assistance area defined in section 273.1341 to
110.2 be held and managed as a public trust for the benefit of the area for the purposes authorized
110.3 in section 298.22, subdivision 5a. Property purchased under this section may be sold by the
110.4 commissioner ~~upon approval by the board,~~ after consultation with the commission. The net
110.5 proceeds must be deposited in the trust fund for the purposes and uses of this section.

110.6 Money from the trust fund shall be expended only in or for the benefit of the taconite
110.7 assistance area defined in section 273.1341.

110.8 Sec. 52. Minnesota Statutes 2016, section 298.296, is amended to read:

110.9 **298.296 OPERATION OF FUND.**

110.10 Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of~~
110.11 ~~each year prepare a list of projects to be funded from the Douglas J. Johnson economic~~
110.12 ~~protection trust with necessary supporting information including description of the projects,~~
110.13 ~~plans, and cost estimates~~ must comply with the requirements for expenditures under section
110.14 298.22. These Projects shall be consistent with the priorities established in section 298.292
110.15 and shall not be ~~approved by the board unless it~~ proposed by the commissioner unless the
110.16 commissioner finds that:

110.17 (a) the project will materially assist, directly or indirectly, the creation of additional
110.18 long-term employment opportunities;

110.19 (b) the prospective benefits of the expenditure exceed the anticipated costs; and

110.20 (c) in the case of assistance to private enterprise, the project will serve a sound business
110.21 purpose.

110.22 ~~Each project must be approved by over one-half of all of the members of the board and~~
110.23 ~~the commissioner of Iron Range resources and rehabilitation. The list of projects shall be~~
110.24 ~~submitted to the governor, who shall, by November 15 of each year, approve or disapprove,~~
110.25 ~~or return for further consideration, each project. The money for a project may be expended~~
110.26 ~~only upon approval of the project by the governor. The board may submit supplemental~~
110.27 ~~projects for approval at any time.~~

110.28 Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on
110.29 projects and for administration of the trust fund only from the net interest, earnings, and
110.30 dividends arising from the investment of the trust at any time, including net interest, earnings,
110.31 and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for
110.32 use in fiscal year 1983, except that any amount required to be paid out of the trust fund to
110.33 provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and

111.1 to make school bond payments and payments to recipients of taconite production tax proceeds
111.2 pursuant to section 298.225, may be taken from the corpus of the trust.

111.3 (b) Additionally, ~~upon recommendation by the board,~~ the commissioner, after consulting
111.4 the commission, may choose to make up to \$13,000,000 from the corpus of the trust ~~may~~
111.5 ~~be made~~ available for use as provided in subdivision 4, and up to \$10,000,000 from the
111.6 corpus of the trust may be made available for use as provided in section 298.2961.

111.7 (c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust
111.8 on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts
111.9 made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8,
111.10 section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend
111.11 funds for projects under this paragraph only if ~~the project~~:

111.12 (1) the project is for the purposes established under section 298.292, subdivision 1,
111.13 clause (1) or (2); and

111.14 (2) ~~is approved by two-thirds of all of the members of the board~~ the commissioner
111.15 complied with the requirements for expenditures under section 298.22.

111.16 No money made available under this paragraph or paragraph (d) can be used for
111.17 administrative or operating expenses of the Department of Iron Range resources and
111.18 ~~rehabilitation Board~~ or expenses relating to any facilities owned or operated by the ~~board~~
111.19 commissioner on May 18, 2002.

111.20 (d) ~~Upon recommendation by a unanimous vote of all members of the board,~~ The
111.21 commissioner may spend amounts in addition to those authorized under paragraphs (a), (b),
111.22 and (c) ~~may be expended~~ on projects described in section 298.292, subdivision 1, if the
111.23 commissioner complies with the requirements for expenditures under section 298.22.

111.24 (e) Annual administrative costs, not including detailed engineering expenses for the
111.25 projects, shall not exceed five percent of the net interest, dividends, and earnings arising
111.26 from the trust in the preceding fiscal year.

111.27 (f) Principal and interest received in repayment of loans made pursuant to this section,
111.28 and earnings on other investments made under section 298.292, subdivision 2, clause (4),
111.29 shall be deposited in the state treasury and credited to the trust. These receipts are
111.30 appropriated to the board for the purposes of sections 298.291 to 298.298.

111.31 (g) Additionally, notwithstanding section 298.293, ~~upon the approval of the board~~ if the
111.32 commissioner complies with the requirements for expenditures under section 298.22, money
111.33 from the corpus of the trust may be expended to purchase forest lands within the taconite

112.1 assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2,
112.2 clause (5).

112.3 Subd. 3. **Administration.** The commissioner ~~and staff of the~~ Iron Range resources and
112.4 rehabilitation ~~Board~~ shall administer the program under which funds are expended pursuant
112.5 to sections 298.292 to 298.298.

112.6 Subd. 4. **Temporary loan authority.** (a) ~~The board may recommend that~~ If the
112.7 commissioner complies with the requirements for expenditures under section 298.22, the
112.8 commissioner may use up to \$7,500,000 from the corpus of the trust ~~may be used~~ for loans,
112.9 loan guarantees, grants, or equity investments as provided in this subdivision. The money
112.10 would be available for loans for construction and equipping of facilities constituting (1) a
112.11 value added iron products plant, which may be either a new plant or a facility incorporated
112.12 into an existing plant that produces iron upgraded to a minimum of 75 percent iron content
112.13 or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or
112.14 minerals processing plant for any mineral subject to the net proceeds tax imposed under
112.15 section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000
112.16 for any facility.

112.17 (b) Additionally, ~~the board must reserve~~ the first \$2,000,000 of the net interest, dividends,
112.18 and earnings arising from the investment of the trust after June 30, 1996, ~~to be used~~ must
112.19 be reserved for grants, loans, loan guarantees, or equity investments for the purposes set
112.20 forth in paragraph (a). This amount must be reserved until it is used as described in this
112.21 subdivision.

112.22 (c) Additionally, ~~the board may recommend that~~ up to \$5,500,000 from the corpus of
112.23 the trust may be used for additional grants, loans, loan guarantees, or equity investments
112.24 for the purposes set forth in paragraph (a).

112.25 (d) ~~The board~~ commissioner, after consultation with the commission, may require that
112.26 ~~it~~ the fund receive an equity percentage in any project to which it contributes under this
112.27 section.

112.28 Sec. 53. Minnesota Statutes 2016, section 298.2961, is amended to read:

112.29 **298.2961 PRODUCER GRANTS.**

112.30 Subdivision 1. **Appropriation.** (a) \$10,000,000 is appropriated from the Douglas J.
112.31 Johnson economic protection trust fund to a special account in the taconite area environmental
112.32 protection fund for grants to producers on a project-by-project basis as provided in this
112.33 section.

113.1 (b) The proceeds of the tax designated under section 298.28, subdivision 9b, are
113.2 appropriated for grants to producers on a project-by-project basis as provided in this section.

113.3 Subd. 2. **Projects; approval.** (a) Projects funded must be for:

113.4 (1) environmentally unique reclamation projects; or

113.5 (2) pit or plant repairs, expansions, or modernizations other than for a value added iron
113.6 products plant.

113.7 (b) ~~To be proposed by the board, a project must be approved by the board. The money~~
113.8 ~~for a project may be spent only upon approval of the project by the governor. The board~~
113.9 ~~may submit supplemental projects for approval at any time~~ For all such projects, the
113.10 commissioner must comply with the requirements for expenditures under section 298.22.

113.11 (c) ~~The board~~ commissioner, after consultation with the commission, may require that
113.12 ~~the fund~~ receive an equity percentage in any project to which it contributes under this
113.13 section.

113.14 Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations at
113.15 the facility had ceased, any money remaining in the taconite environmental fund for the
113.16 former producer may be released to the purchaser of the facility on the terms otherwise
113.17 applicable to the former producer under this section.

113.18 (b) Any portion of the taconite environmental fund that is not released by the
113.19 commissioner within three years of its deposit in the taconite environmental fund shall be
113.20 divided between the taconite environmental protection fund created in section 298.223 and
113.21 the Douglas J. Johnson economic protection trust fund created in section 298.292 for
113.22 placement in their respective special accounts. Two-thirds of the unreleased funds must be
113.23 distributed to the taconite environmental protection fund and one-third to the Douglas J.
113.24 Johnson economic protection trust fund.

113.25 Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under
113.26 section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision.
113.27 Any grant or loan made under this subdivision ~~must be approved by the board, established~~
113.28 ~~under section 298.22~~ comply with the requirements for expenditures under section 298.22.

113.29 (b) All distributions received in 2009 and subsequent years are allocated for projects
113.30 under section 298.223, subdivision 1.

113.31 Sec. 54. Minnesota Statutes 2016, section 298.297, is amended to read:

113.32 **298.297 ADVISORY COMMITTEES.**

114.1 Before submission of a project to the ~~board~~ commission, the commissioner of Iron Range
114.2 resources and rehabilitation shall appoint a technical advisory committee consisting of one
114.3 or more persons who are knowledgeable in areas related to the objectives of the proposal.
114.4 Members of the committees shall be compensated as provided in section 15.059, subdivision
114.5 3. The ~~board shall not act~~ commission shall not make recommendations on a proposal until
114.6 it has received the evaluation and recommendations of the technical advisory committee or
114.7 until 15 days have elapsed since the proposal was transmitted to the advisory committee,
114.8 whichever occurs first.

114.9 Sec. 55. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

114.10 Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly
114.11 constituted authorities of a taxing district there are in existence reserves of unmined iron
114.12 ore located in such district, these authorities may petition the commissioner of Iron Range
114.13 resources and rehabilitation ~~Board~~ for authority to petition the county assessor to verify the
114.14 existence of such reserves and to ascertain the value thereof by drilling in a manner consistent
114.15 with established engineering and geological exploration methods, in order that such taxing
114.16 district may be able to forecast in a proper manner its future economic and fiscal potentials.
114.17 The commissioner may grant the authority to petition only after consultation with the
114.18 commission.

114.19 Sec. 56. Minnesota Statutes 2016, section 298.46, subdivision 5, is amended to read:

114.20 Subd. 5. **Payment of costs; reimbursement.** The cost of such exploration or drilling
114.21 plus any damages to the property which may be assessed by the district court shall be paid
114.22 by the commissioner of Iron Range resources and rehabilitation ~~Board~~ from amounts
114.23 appropriated to ~~that board~~ the commissioner under section 298.22. The commissioner of
114.24 Iron Range resources and rehabilitation ~~Board~~ shall be reimbursed for one-half of the
114.25 amounts thus expended. Such reimbursement shall be made by the taxing districts in the
114.26 proportion that each such taxing district's levy on the property involved bears to the total
114.27 levy on such property. Such reimbursement shall be made to the commissioner of Iron
114.28 Range resources and rehabilitation ~~Board~~ in the manner provided by section 298.221.

114.29 Sec. 57. Minnesota Statutes 2016, section 298.46, subdivision 6, is amended to read:

114.30 Subd. 6. **Refusal to reimburse; reduction of other payments.** If any taxing district
114.31 refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor
114.32 is hereby authorized to reduce payments required to be made by the county to such taxing
114.33 district under other provisions of law. Thereafter the auditor shall draw a warrant, which

115.1 shall be deposited with the state treasury in accordance with section 298.221, to the credit
115.2 of the commissioner of Iron Range resources and rehabilitation ~~Board~~.

115.3 Sec. 58. Minnesota Statutes 2016, section 466.03, subdivision 6c, is amended to read:

115.4 Subd. 6c. **Water access sites.** Any claim based upon the construction, operation, or
115.5 maintenance by a municipality of a water access site created by the commissioner of Iron
115.6 Range resources and rehabilitation ~~Board~~. A water access site under this subdivision that
115.7 provides access to an idled, water filled mine pit also includes the entire water filled area
115.8 of the pit, and, further, claims related to a mine pit water access site under this subdivision
115.9 include those based upon the caving or slumping of mine pit walls.

115.10 Sec. 59. Minnesota Statutes 2016, section 469.310, subdivision 9, is amended to read:

115.11 Subd. 9. **Local government unit.** "Local government unit" means a statutory or home
115.12 rule charter city, county, town, the Department of Iron Range Resources and Rehabilitation
115.13 ~~agency~~, regional development commission, or a federally designated economic development
115.14 district.

115.15 Sec. 60. Minnesota Statutes 2016, section 474A.02, subdivision 21, is amended to read:

115.16 Subd. 21. **Preliminary resolution.** "Preliminary resolution" means a resolution adopted
115.17 by the governing body or board of the issuer, or ~~in the case of the~~ by the commissioner of
115.18 Iron Range resources and rehabilitation Board ~~by the commissioner~~. The resolution must
115.19 express a preliminary intention of the issuer to issue obligations for a specific project,
115.20 identify the proposed project, and disclose the proposed amount of qualified bonds to be
115.21 issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify
115.22 a specific project.

115.23 Sec. 61. Laws 2010, chapter 389, article 5, section 7, is amended to read:

115.24 Sec. 7. **GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

115.25 Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes,
115.26 section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city
115.27 of Biwabik, upon approval both by its governing body and by the vote of at least seven
115.28 members of the Iron Range Resources and Rehabilitation Board, may impose any or all of
115.29 the taxes described in this section.

115.30 Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less
115.31 refunds and costs of collection, must be deposited into the Iron Range Resources and

116.1 Rehabilitation ~~Board~~ account enterprise fund created under the provisions of Minnesota
116.2 Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the
116.3 commissioner of the Iron Range resources and rehabilitation ~~Board~~, ~~upon approval by the~~
116.4 ~~vote of at least seven members of~~ after consultation with the Legislative Commission on
116.5 Iron Range Resources and Rehabilitation ~~Board~~, to pay costs for the construction, renovation,
116.6 improvement, expansion, and maintenance of public recreational facilities located in those
116.7 portions of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes,
116.8 section 298.22, subdivision 7, or to pay any principal, interest, or premium on any bond
116.9 issued to finance the construction, renovation, improvement, or expansion of such public
116.10 recreational facilities.

116.11 Subd. 3. **Lodging tax.** (a) The city of Biwabik, upon approval both by its governing
116.12 body and by the vote of at least seven members of the Iron Range Resources and
116.13 Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the
116.14 gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This
116.15 tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may
116.16 be imposed only on gross lodging receipts generated within the Giants Ridge Recreation
116.17 Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

116.18 (b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
116.19 imposed under paragraph (a), the change must be approved by both the governing body of
116.20 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
116.21 the commissioner consults with the Legislative Commission on Iron Range Resources and
116.22 Rehabilitation.

116.23 Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both
116.24 by its governing body and by the vote of at least seven members of the Iron Range Resources
116.25 and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent
116.26 on admission receipts to entertainment and recreational facilities and on receipts from the
116.27 rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined
116.28 in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes,
116.29 section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration,
116.30 collection, and enforcement of the tax authorized in this subdivision.

116.31 (b) If the city imposes the tax under paragraph (a), it must include in the ordinance an
116.32 exemption for purchases of season tickets or passes.

116.33 (c) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
116.34 imposed under paragraph (a), the change must be approved by both the governing body of

117.1 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
117.2 the commissioner consults with the Legislative Commission on Iron Range Resources and
117.3 Rehabilitation.

117.4 Subd. 5. **Food and beverage tax.** (a) The city of Biwabik, upon approval both by its
117.5 governing body and by the vote of at least seven members of the Iron Range Resources and
117.6 Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than
117.7 one percent on gross receipts of food and beverages sold whether it is consumed on or off
117.8 the premises by restaurants and places of refreshment as defined by resolution of the city
117.9 within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22,
117.10 subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions
117.11 2 and 3, govern the imposition, administration, collection, and enforcement of the tax
117.12 authorized in this subdivision.

117.13 (b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax
117.14 imposed under paragraph (a), the change must be approved by both the governing body of
117.15 the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after
117.16 the commissioner consults with the Legislative Commission on Iron Range Resources and
117.17 Rehabilitation.

117.18 **EFFECTIVE DATE.** This section is effective August 1, 2017, without local approval
117.19 pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

117.20 Sec. 62. **REVISOR'S INSTRUCTION.**

117.21 The revisor of statutes, with cooperation from the House Research Department and the
117.22 Office of Senate Counsel, Research, and Fiscal Analysis, shall prepare legislation that makes
117.23 conforming changes in accordance with the provisions of this article. The revisor shall
117.24 submit the proposal, in a form ready for introduction, during the 2018 regular legislative
117.25 session to the chairs and ranking minority members of the senate and house of representatives
117.26 committees with jurisdiction over taxes.

117.27 Sec. 63. **REPEALER.**

117.28 Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are
117.29 repealed.

118.1

ARTICLE 5

118.2

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL

118.3

POLICY

118.4 Section 1. Minnesota Statutes 2016, section 268.046, subdivision 3, is amended to read:

118.5 Subd. 3. **Penalties; application.** (a) Any person that violates the requirements of this
118.6 section and any taxpaying employer that violates subdivision 1, paragraph (b), or any
118.7 nonprofit or government employer that violates subdivision 2, paragraph (b), is subject to
118.8 the penalties under section 268.184, subdivision 1a. Penalties are credited to the trust fund.

118.9 (b) Section 268.051, subdivision 4, does not apply to contracts under this section. This
118.10 section does not limit or prevent the application of section 268.051, subdivision 4, to any
118.11 other transactions or acquisitions involving the taxpaying employer. This section does not
118.12 limit or prevent the application of section 268.051, subdivision 4a.

118.13 (c) An assignment of an account upon the execution of a contract under this section and
118.14 a termination of a contract with the corresponding assignment of the account is not ~~considered~~
118.15 a separation from employment of any worker covered by the contract. Nothing under this
118.16 subdivision causes the person to be liable for any amounts past due under this chapter from
118.17 the taxpaying employer or the nonprofit or government employer.

118.18 ~~(d) This section applies to, but is not limited to, persons registered under section 79.255,~~
118.19 ~~but does not apply to persons that obtain~~ An exemption from registration under section
118.20 79.255, subdivision 9, does not determine the application of this section.

118.21 Sec. 2. Minnesota Statutes 2016, section 268.065, subdivision 2, is amended to read:

118.22 Subd. 2. **Employee leasing company, professional employer organization, or similar**
118.23 **person.** (a) A person whose work force consists of 50 percent or more of workers provided
118.24 by an employee leasing company, professional employer organization, or similar person
118.25 for a fee, is jointly and severally liable for the unpaid amounts that are due under this chapter
118.26 or section 116L.20 on the wages paid on the contract with the employee leasing company,
118.27 professional employer organization, or similar person.

118.28 ~~(b) This subdivision applies to, but is not limited to, persons registered under section~~
118.29 ~~79.255, but does not apply to agreements with persons that obtain~~ An exemption from
118.30 registration under section 79.255, subdivision 9, does not determine the application of this
118.31 section.

119.1 Sec. 3. Minnesota Statutes 2016, section 268.085, subdivision 13, is amended to read:

119.2 Subd. 13. **Suspension from employment.** (a) An applicant who has been suspended
119.3 from employment without pay for 30 calendar days or less, as a result of employment
119.4 misconduct or aggravated employment misconduct as defined under section 268.095,
119.5 ~~subdivision 6~~, is ineligible for unemployment benefits beginning the Sunday of the week
119.6 that the applicant was suspended and continuing for the duration of the suspension.

119.7 (b) A suspension from employment without pay that is of indefinite duration or is for
119.8 more than 30 calendar days is considered, at the time the suspension begins, a discharge
119.9 from employment ~~under~~ subject to section 268.095, ~~subdivision 5~~.

119.10 (c) A suspension from employment with pay, regardless of duration, is not ~~considered~~
119.11 a separation from employment and the applicant is ineligible for unemployment benefits
119.12 for the duration of the suspension with pay.

119.13 Sec. 4. Minnesota Statutes 2016, section 268.095, subdivision 5, is amended to read:

119.14 Subd. 5. **Discharge defined.** (a) A discharge from employment occurs when any words
119.15 or actions by an employer would lead a reasonable employee to believe that the employer
119.16 will no longer allow the employee to work for the employer in any capacity. A layoff because
119.17 of lack of work is a discharge.

119.18 (b) A suspension from employment without pay that is of an indefinite duration or is
119.19 for more than 30 calendar days is considered a discharge at the time the suspension begins.

119.20 ~~(b)~~ (c) When determining if an applicant was discharged, the theory of a constructive
119.21 discharge does not apply.

119.22 ~~(e)~~ (d) An employee who gives notice of intention to quit the employment and is not
119.23 allowed by the employer to work the entire notice period is discharged from the employment
119.24 as of the date the employer will no longer allow the employee to work. If the discharge
119.25 occurs within 30 calendar days before the intended date of quitting, then, as of the intended
119.26 date of quitting, the separation from employment is a quit from employment subject to
119.27 subdivision 1.

119.28 ~~(d)~~ (e) The end of a job assignment with the client of a staffing service is a discharge
119.29 from employment with the staffing service unless subdivision 2, paragraph (e), applies.

120.1 Sec. 5. Minnesota Statutes 2016, section 268.101, subdivision 2, is amended to read:

120.2 Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility
120.3 raised by information required from an applicant under subdivision 1, paragraph (a) or (c),
120.4 and send to the applicant and any involved employer, by mail or electronic transmission, a
120.5 document titled a determination of eligibility or a determination of ineligibility, as is
120.6 appropriate. The determination on an issue of ineligibility as a result of a quit or a discharge
120.7 of the applicant must state the effect on the employer under section 268.047. A determination
120.8 must be made in accordance with this paragraph even if a notified employer has not raised
120.9 the issue of ineligibility.

120.10 (b) The commissioner must determine any issue of ineligibility raised by an employer
120.11 and send to the applicant and that employer, by mail or electronic transmission, a document
120.12 titled a determination of eligibility or a determination of ineligibility as is appropriate. The
120.13 determination on an issue of ineligibility as a result of a quit or discharge of the applicant
120.14 must state the effect on the employer under section 268.047.

120.15 If a base period employer:

120.16 (1) was not the applicant's most recent employer before the application for unemployment
120.17 benefits;

120.18 (2) did not employ the applicant during the six calendar months before the application
120.19 for unemployment benefits; and

120.20 (3) did not raise an issue of ineligibility as a result of a quit or discharge of the applicant
120.21 within ten calendar days of notification under subdivision 1, paragraph (b);

120.22 then any exception under section 268.047, subdivisions 2 and 3, begins the Sunday two
120.23 weeks following the week that the issue of ineligibility as a result of a quit or discharge of
120.24 the applicant was raised by the employer.

120.25 A communication from an employer must specifically set out why the applicant should
120.26 be determined ineligible for unemployment benefits for that communication to be considered
120.27 to have raised an issue of ineligibility for purposes of this section. A statement of "protest"
120.28 or a similar term without more information does not constitute raising an issue of ineligibility
120.29 for purposes of this section.

120.30 (c) Subject to section 268.031, an issue of ineligibility is determined based upon that
120.31 information required of an applicant, any information that may be obtained from an applicant
120.32 or employer, and information from any other source.

121.1 (d) Regardless of the requirements of this subdivision, the commissioner is not required
 121.2 to send to an applicant a copy of the determination where the applicant has satisfied a period
 121.3 of ineligibility because of a quit or a discharge under section 268.095, subdivision 10.

121.4 (e) ~~The commissioner may~~ department is authorized to issue a determination on an issue
 121.5 of ineligibility within 24 months from the establishment of a benefit account based upon
 121.6 information from any source, even if the issue of ineligibility was not raised by the applicant
 121.7 or an employer.

121.8 If an applicant obtained unemployment benefits through ~~fraud~~ misrepresentation under
 121.9 section 268.18, subdivision 2, the department is authorized to issue a determination of
 121.10 ineligibility ~~may be issued~~ within 48 months of the establishment of the benefit account.

121.11 If the department has filed an intervention in a worker's compensation matter under
 121.12 section 176.361, the department is authorized to issue a determination of ineligibility within
 121.13 48 months of the establishment of the benefit account.

121.14 (f) A determination of eligibility or determination of ineligibility is final unless an appeal
 121.15 is filed by the applicant or employer within 20 calendar days after sending. The determination
 121.16 must contain a prominent statement indicating the consequences of not appealing.
 121.17 Proceedings on the appeal are conducted in accordance with section 268.105.

121.18 (g) An issue of ineligibility required to be determined under this section includes any
 121.19 question regarding the denial or allowing of unemployment benefits under this chapter
 121.20 except for issues under section 268.07. An issue of ineligibility for purposes of this section
 121.21 includes any question of effect on an employer under section 268.047.

121.22

ARTICLE 6

121.23

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL

121.24

HOUSEKEEPING

121.25 Section 1. Minnesota Statutes 2016, section 268.035, subdivision 20, is amended to read:

121.26 Subd. 20. **Noncovered employment.** "Noncovered employment" means:

121.27 (1) employment for the United States government or an instrumentality thereof, including
 121.28 military service;

121.29 (2) employment for a state, other than Minnesota, or a political subdivision or
 121.30 instrumentality thereof;

121.31 (3) employment for a foreign government;

121.32 (4) employment covered under the federal Railroad Unemployment Insurance Act;

122.1 (5) employment for a church or convention or association of churches, or a nonprofit
122.2 organization operated primarily for religious purposes that is operated, supervised, controlled,
122.3 or principally supported by a church or convention or association of churches;

122.4 (6) employment for an elementary or secondary school with a curriculum that includes
122.5 religious education that is operated by a church, a convention or association of churches,
122.6 or a nonprofit organization that is operated, supervised, controlled, or principally supported
122.7 by a church or convention or association of churches;

122.8 ~~(6)~~ (7) employment for Minnesota or a political subdivision, or a nonprofit organization,
122.9 of a duly ordained or licensed minister of a church in the exercise of a ministry or by a
122.10 member of a religious order in the exercise of duties required by the order;

122.11 ~~(7)~~ (8) employment for Minnesota or a political subdivision, or a nonprofit organization,
122.12 of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the
122.13 purpose of carrying out a program of rehabilitation for individuals whose earning capacity
122.14 is impaired by age or physical or mental deficiency or injury or a program providing
122.15 "sheltered" work for individuals who because of an impaired physical or mental capacity
122.16 cannot be readily absorbed in the competitive labor market. This clause applies only to
122.17 services performed in a facility certified by the Rehabilitation Services Branch of the
122.18 department or in a day training or habilitation program licensed by the Department of Human
122.19 Services;

122.20 ~~(8)~~ (9) employment for Minnesota or a political subdivision, or a nonprofit organization,
122.21 of an individual receiving work relief or work training as part of an unemployment work
122.22 relief or work training program ~~assisted or~~ financed in whole or in part by any federal agency
122.23 or an agency of a state or political subdivision thereof. This clause does not apply to programs
122.24 that require unemployment benefit coverage for the participants;

122.25 ~~(9)~~ (10) employment for Minnesota or a political subdivision, as an elected official, a
122.26 member of a legislative body, or a member of the judiciary;

122.27 ~~(10)~~ (11) employment as a member of the Minnesota National Guard or Air National
122.28 Guard;

122.29 ~~(11)~~ (12) employment for Minnesota or a political subdivision, or instrumentality thereof,
122.30 of an individual serving on a temporary basis in case of fire, flood, tornado, or similar
122.31 emergency;

123.1 ~~(12)~~ (13) employment as an election official or election worker for Minnesota or a
123.2 political subdivision, if the compensation for that employment was less than \$1,000 in a
123.3 calendar year;

123.4 ~~(13)~~ (14) employment for Minnesota that is a major policy-making or advisory position
123.5 in the unclassified service;

123.6 ~~(14)~~ (15) employment for Minnesota in an unclassified position established under section
123.7 43A.08, subdivision 1a;

123.8 ~~(15)~~ (16) employment for a political subdivision of Minnesota that is a nontenured major
123.9 policy making or advisory position;

123.10 ~~(16)~~ (17) domestic employment in a private household, local college club, or local chapter
123.11 of a college fraternity or sorority, if the wages paid in any calendar quarter in either the
123.12 current or prior calendar year to all individuals in domestic employment totaled less than
123.13 \$1,000.

123.14 "Domestic employment" includes all service in the operation and maintenance of a
123.15 private household, for a local college club, or local chapter of a college fraternity or sorority
123.16 as distinguished from service as an employee in the pursuit of an employer's trade or business;

123.17 ~~(17)~~ (18) employment of an individual by a son, daughter, or spouse, and employment
123.18 of a child under the age of 18 by the child's father or mother;

123.19 ~~(18)~~ (19) employment of an inmate of a custodial or penal institution;

123.20 ~~(19)~~ (20) employment for a school, college, or university, by a student who is enrolled
123.21 and whose primary relation to the school, college, or university is as a student. This does
123.22 not include an individual whose primary relation to the school, college, or university is as
123.23 an employee who also takes courses;

123.24 ~~(20)~~ (21) employment of an individual who is enrolled as a student in a full-time program
123.25 at a nonprofit or public educational institution that maintains a regular faculty and curriculum
123.26 and has a regularly organized body of students in attendance at the place where its educational
123.27 activities are carried on, taken for credit at the institution, that combines academic instruction
123.28 with work experience, if the employment is an integral part of the program, and the institution
123.29 has so certified to the employer, except that this clause does not apply to employment in a
123.30 program established for or on behalf of an employer or group of employers;

123.31 ~~(21)~~ (22) employment of university, college, or professional school students in an
123.32 internship or other training program with the city of St. Paul or the city of Minneapolis
123.33 under Laws 1990, chapter 570, article 6, section 3;

124.1 ~~(22)~~ (23) employment for a hospital by a patient of the hospital. "Hospital" means an
124.2 institution that has been licensed by the Department of Health as a hospital;

124.3 ~~(23)~~ (24) employment as a student nurse for a hospital or a nurses' training school by
124.4 an individual who is enrolled and is regularly attending classes in an accredited nurses'
124.5 training school;

124.6 ~~(24)~~ (25) employment as an intern for a hospital by an individual who has completed a
124.7 four-year course in an accredited medical school;

124.8 ~~(25)~~ (26) employment as an insurance salesperson, by other than a corporate officer, if
124.9 all the wages from the employment is solely by way of commission. The word "insurance"
124.10 includes an annuity and an optional annuity;

124.11 ~~(26)~~ (27) employment as an officer of a township mutual insurance company or farmer's
124.12 mutual insurance company under chapter 67A;

124.13 ~~(27)~~ (28) employment of a corporate officer, if the officer directly or indirectly, including
124.14 through a subsidiary or holding company, owns 25 percent or more of the employer
124.15 corporation, and employment of a member of a limited liability company, if the member
124.16 directly or indirectly, including through a subsidiary or holding company, owns 25 percent
124.17 or more of the employer limited liability company;

124.18 ~~(28)~~ (29) employment as a real estate salesperson, other than a corporate officer, if all
124.19 the wages from the employment is solely by way of commission;

124.20 ~~(29)~~ (30) employment as a direct seller as defined in United States Code, title 26, section
124.21 3508;

124.22 ~~(30)~~ (31) employment of an individual under the age of 18 in the delivery or distribution
124.23 of newspapers or shopping news, not including delivery or distribution to any point for
124.24 subsequent delivery or distribution;

124.25 ~~(31)~~ (32) casual employment performed for an individual, other than domestic
124.26 employment under clause ~~(16)~~ (17), that does not promote or advance that employer's trade
124.27 or business;

124.28 ~~(32)~~ (33) employment in "agricultural employment" unless it is "covered agricultural
124.29 employment" under subdivision 11; or

124.30 ~~(33)~~ (34) if employment during one-half or more of any pay period was covered
124.31 employment, all the employment for the pay period is covered employment; but if during
124.32 more than one-half of any pay period the employment was noncovered employment, then

125.1 all of the employment for the pay period is noncovered employment. "Pay period" means
125.2 a period of not more than a calendar month for which a payment or compensation is ordinarily
125.3 made to the employee by the employer.

125.4 Sec. 2. Minnesota Statutes 2016, section 268.035, subdivision 21d, is amended to read:

125.5 Subd. 21d. **Staffing service.** A "staffing service" is an employer whose business involves
125.6 employing individuals directly for the purpose of furnishing temporary assignment workers
125.7 to ~~clients~~ support or supplement the workforce of the business that is a client of the staffing
125.8 service.

125.9 Sec. 3. Minnesota Statutes 2016, section 268.051, subdivision 9, is amended to read:

125.10 Subd. 9. **Assessments, fees, and surcharges; treatment.** ~~Any assessment, fee, or~~
125.11 ~~surcharge imposed under the Minnesota Unemployment Insurance Law is treated the same~~
125.12 ~~as, and considered as, a tax.~~ Any assessment, fee, or surcharge is subject to the same
125.13 collection procedures that apply to past due taxes.

125.14 Sec. 4. Minnesota Statutes 2016, section 268.07, subdivision 3b, is amended to read:

125.15 Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for
125.16 unemployment benefits is effective the Sunday of the calendar week that the application
125.17 was filed. An application for unemployment benefits may be backdated one calendar week
125.18 before the Sunday of the week the application was actually filed if the applicant requests
125.19 the backdating within seven calendar days of the date the application is filed. An application
125.20 may be backdated only if the applicant was unemployed during the period of the backdating.
125.21 If an individual attempted to file an application for unemployment benefits, but was prevented
125.22 from filing an application by the department, the application is effective the Sunday of the
125.23 calendar week the individual first attempted to file an application.

125.24 (b) A benefit account established under subdivision 2 is effective the date the application
125.25 for unemployment benefits was effective.

125.26 (c) A benefit account, once established, may later be withdrawn only if:

125.27 (1) the applicant has not been paid any unemployment benefits on that benefit account;
125.28 and

125.29 (2) a new application for unemployment benefits is filed and a new benefit account is
125.30 established at the time of the withdrawal.

126.1 A benefit account may be withdrawn after the expiration of the benefit year, and the
126.2 new work requirements of subdivision 2, paragraph (b), do not apply if the applicant was
126.3 not paid any unemployment benefits on the benefit account that is being withdrawn.

126.4 A determination or amended determination of eligibility or ineligibility issued under
126.5 section 268.101, that was sent before the withdrawal of the benefit account, remains in
126.6 effect and is not voided by the withdrawal of the benefit account.

126.7 (d) An application for unemployment benefits is not allowed before the Sunday following
126.8 the expiration of the benefit year on a prior benefit account. Except as allowed under
126.9 paragraph (c), an applicant may establish only one benefit account each 52 calendar weeks.
126.10 This paragraph applies to benefit accounts established under any federal law or the law of
126.11 any other state.

126.12 Sec. 5. Minnesota Statutes 2016, section 268.085, subdivision 1, is amended to read:

126.13 Subdivision 1. **Eligibility conditions.** An applicant may be eligible to receive
126.14 unemployment benefits for any week if:

126.15 (1) the applicant has filed a continued request for unemployment benefits for that week
126.16 under section 268.0865;

126.17 (2) the week for which unemployment benefits are requested is in the applicant's benefit
126.18 year;

126.19 (3) the applicant was unemployed as defined in section 268.035, subdivision 26;

126.20 (4) the applicant was available for suitable employment as defined in subdivision 15.

126.21 The applicant's weekly unemployment benefit amount is reduced one-fifth for each day the
126.22 applicant is unavailable for suitable employment. This clause does not apply to an applicant
126.23 who is in reemployment assistance training, or each day the applicant is on jury duty or
126.24 serving as an election judge;

126.25 (5) the applicant was actively seeking suitable employment as defined in subdivision
126.26 16. This clause does not apply to an applicant who is in reemployment assistance training
126.27 or who was on jury duty throughout the week;

126.28 (6) the applicant has served a nonpayable period of one week that the applicant is
126.29 otherwise eligible for some amount of unemployment benefits. This clause does not apply
126.30 if the applicant would have been eligible for federal disaster unemployment assistance
126.31 because of a disaster in Minnesota, but for the applicant's establishment of a benefit account
126.32 under section 268.07; and

127.1 (7) the applicant has been participating in reemployment assistance services, such as
127.2 development of, and adherence to, a work search plan, if the applicant has been directed to
127.3 participate by the commissioner. This clause does not apply if the applicant has good cause
127.4 for failing to participate. "Good cause" is a reason that would have prevented a reasonable
127.5 person acting with due diligence from participating.

127.6 Sec. 6. Minnesota Statutes 2016, section 268.085, subdivision 13a, is amended to read:

127.7 Subd. 13a. **Leave of absence.** (a) An applicant on a voluntary leave of absence is
127.8 ineligible for unemployment benefits for the duration of the leave of absence. An applicant
127.9 on an involuntary leave of absence is not ineligible under this subdivision.

127.10 A leave of absence is voluntary when work that the applicant can then perform is available
127.11 with the applicant's employer but the applicant chooses not to work. A medical leave of
127.12 absence is not presumed to be voluntary.

127.13 (b) A period of vacation requested by the applicant, paid or unpaid, is ~~considered~~ a
127.14 voluntary leave of absence. A vacation period assigned by an employer under: (1) a uniform
127.15 vacation shutdown; (2) a collective bargaining agreement; or (3) an established employer
127.16 policy, is ~~considered~~ an involuntary leave of absence.

127.17 (c) A leave of absence is a temporary stopping of work that has been approved by the
127.18 employer. A voluntary leave of absence is not ~~considered~~ a quit and an involuntary leave
127.19 of absence is not ~~considered~~ a discharge from employment for purposes of section 268.095.

127.20 (d) An applicant who is on a paid leave of absence, whether the leave of absence is
127.21 voluntary or involuntary, is ineligible for unemployment benefits for the duration of the
127.22 leave.

127.23 (e) This subdivision applies to a leave of absence from a base period employer, an
127.24 employer during the period between the end of the base period and the effective date of the
127.25 benefit account, or an employer during the benefit year.

127.26 Sec. 7. Minnesota Statutes 2016, section 268.105, subdivision 2, is amended to read:

127.27 Subd. 2. **Request for reconsideration.** (a) Any party, or the commissioner, may within
127.28 20 calendar days of the sending of the unemployment law judge's decision under subdivision
127.29 1a, file a request for reconsideration asking the judge to reconsider that decision.

127.30 (b) Upon a request for reconsideration having been filed, the chief unemployment law
127.31 judge must send a notice, by mail or electronic transmission, to all parties that a request for
127.32 reconsideration has been filed. The notice must inform the parties:

128.1 (1) that reconsideration is the procedure for the unemployment law judge to correct any
128.2 factual or legal mistake in the decision, or to order an additional hearing when appropriate;

128.3 (2) of the opportunity to provide comment on the request for reconsideration, and the
128.4 right under subdivision 5 to obtain a copy of any recorded testimony and exhibits offered
128.5 or received into evidence at the hearing;

128.6 (3) that providing specific comments as to a perceived factual or legal mistake in the
128.7 decision, or a perceived mistake in procedure during the hearing, will assist the
128.8 unemployment law judge in deciding the request for reconsideration;

128.9 (4) of the right to obtain any comments and submissions provided by any other party
128.10 regarding the request for reconsideration; and

128.11 (5) of the provisions of paragraph (c) regarding additional evidence.

128.12 This paragraph does not apply if paragraph (d) is applicable. Sending the notice does not
128.13 mean the unemployment law judge has decided the request for reconsideration was timely
128.14 filed.

128.15 (c) In deciding a request for reconsideration, the unemployment law judge must not
128.16 consider any evidence that was not submitted at the hearing, except for purposes of
128.17 determining whether to order an additional hearing.

128.18 The unemployment law judge must order an additional hearing if a party shows that
128.19 evidence which was not submitted at the hearing:

128.20 (1) would likely change the outcome of the decision and there was good cause for not
128.21 having previously submitted that evidence; or

128.22 (2) would show that the evidence that was submitted at the hearing was likely false and
128.23 that the likely false evidence had an effect on the outcome of the decision.

128.24 "Good cause" for purposes of this paragraph is a reason that would have prevented a
128.25 reasonable person acting with due diligence from submitting the evidence.

128.26 (d) If the party who filed the request for reconsideration failed to participate in the
128.27 hearing, the unemployment law judge must issue an order setting aside the decision and
128.28 ordering an additional hearing if the party who failed to participate had good cause for
128.29 failing to do so. The party who failed to participate in the hearing must be informed of the
128.30 requirement to show good cause for failing to participate. If the unemployment law judge
128.31 determines that good cause for failure to participate has not been shown, the judge must
128.32 state that in the decision issued under paragraph (f).

129.1 Submission of a written statement at the hearing does not constitute participation for
129.2 purposes of this paragraph.

129.3 "Good cause" for purposes of this paragraph is a reason that would have prevented a
129.4 reasonable person acting with due diligence from participating in the hearing.

129.5 (e) A request for reconsideration must be decided by the unemployment law judge who
129.6 issued the decision under subdivision 1a unless that judge:

129.7 (1) is no longer employed by the department;

129.8 (2) is on an extended or indefinite leave; or

129.9 (3) has been removed from the proceedings by the chief unemployment law judge.

129.10 (f) If a request for reconsideration is timely filed, the unemployment law judge must
129.11 issue:

129.12 (1) a decision affirming the findings of fact, reasons for decision, and decision issued
129.13 under subdivision 1a;

129.14 (2) a decision modifying the findings of fact, reasons for decision, and decision under
129.15 subdivision 1a; or

129.16 (3) an order setting aside the findings of fact, reasons for decision, and decision issued
129.17 under subdivision 1a, and ordering an additional hearing.

129.18 The unemployment law judge must issue a decision dismissing the request for
129.19 reconsideration as untimely if the judge decides the request for reconsideration was not
129.20 filed within 20 calendar days after the sending of the decision under subdivision 1a.

129.21 The unemployment law judge must send to all parties, by mail or electronic transmission,
129.22 the decision or order issued under this subdivision. A decision affirming or modifying the
129.23 previously issued findings of fact, reasons for decision, and decision, or a decision dismissing
129.24 the request for reconsideration as untimely, is the final decision on the matter and is binding
129.25 on the parties unless judicial review is sought under subdivision 7.

129.26 **ARTICLE 7**

129.27 **UNEMPLOYMENT INSURANCE ADVISORY COUNCIL** 129.28 **TECHNICAL**

129.29 Section 1. Minnesota Statutes 2016, section 268.031, subdivision 1, is amended to read:

129.30 Subdivision 1. **Standard of proof.** All issues of fact under the Minnesota Unemployment
129.31 Insurance Law are determined by a preponderance of the evidence.

130.1 Sec. 2. Minnesota Statutes 2016, section 268.035, subdivision 15, is amended to read:

130.2 Subd. 15. **Employment.** (a) "Employment" means service performed by:

130.3 (1) an individual who is ~~considered~~ an employee under the common law of
130.4 employer-employee and not ~~considered~~ an independent contractor;

130.5 (2) an officer of a corporation;

130.6 (3) a member of a limited liability company who is ~~considered~~ an employee under the
130.7 common law of employer-employee; or

130.8 (4) product demonstrators in retail stores or other locations to aid in the sale of products.

130.9 The person that pays the wages is ~~considered~~ the employer; ~~or~~.

130.10 ~~(5) an individual who performs services for a person for compensation, as:~~

130.11 ~~(i) an agent-driver or commission-driver engaged in distributing meat products, vegetable
130.12 products, fruit products, beverages, or laundry or dry cleaning services; or~~

130.13 ~~(ii) a traveling or city salesperson, other than as an agent-driver or commission-driver,
130.14 engaged full-time in the solicitation on behalf of the person, of orders from wholesalers,
130.15 retailers, contractors, or operators of hotels, restaurants, or other similar establishments for
130.16 merchandise for resale or supplies for use in their business operations.~~

130.17 ~~This clause applies only if the contract of service provides that substantially all of the
130.18 services are to be performed personally by the individual, and the services are part of a
130.19 continuing relationship with the person for whom the services are performed, and the
130.20 individual does not have a substantial investment in facilities used in connection with the
130.21 performance of the services, other than facilities for transportation.~~

130.22 (b) Employment does not include service as a juror.

130.23 (c) Construction industry employment is defined in subdivision 9a. Trucking and
130.24 messenger/courier industry employment is defined in subdivision 25b. Rules on determining
130.25 worker employment status are described under Minnesota Rules, chapter 3315.

130.26 Sec. 3. Minnesota Statutes 2016, section 268.035, subdivision 23, is amended to read:

130.27 Subd. 23. **State's average annual and average weekly wage.** (a) On or before June 30
130.28 of each year, the commissioner must calculate, from wage detail reports under section
130.29 268.044, the state's average annual wage and the state's average weekly wage in the following
130.30 manner:

131.1 (1) the sum of the total monthly covered employment reported by all employers for the
131.2 prior calendar year is divided by 12 to calculate the average monthly covered employment;

131.3 (2) the sum of the total wages paid for all covered employment reported by all employers
131.4 for the prior calendar year is divided by the average monthly covered employment to calculate
131.5 the state's average annual wage; and

131.6 (3) the state's average annual wage is divided by 52 to calculate the state's average weekly
131.7 wage.

131.8 (b) For purposes of calculating the amount of taxable wages under subdivision 24, the
131.9 state's average annual wage applies to the calendar year following the calculation.

131.10 (c) For purposes of calculating ~~(4)~~ the state's maximum weekly unemployment benefit
131.11 amount available on any benefit account under section 268.07, subdivision 2a, ~~and (2)~~ the
131.12 state's average weekly wage applies to the one-year period beginning the last Sunday in
131.13 October of the calendar year of the calculation.

131.14 (d) For purposes of calculating the wage credits necessary to establish a benefit account
131.15 under section 268.07, subdivision 2, the state's average weekly wage applies to the one-year
131.16 period beginning the last Sunday in October of the calendar year of the calculation.

131.17 Sec. 4. Minnesota Statutes 2016, section 268.035, subdivision 30, is amended to read:

131.18 Subd. 30. **Wages paid.** (a) "Wages paid" means the amount of wages:

131.19 (1) that have been actually paid; or

131.20 (2) that have been credited to or set apart so that payment and disposition is under the
131.21 control of the employee.

131.22 (b) Wage payments delayed beyond the regularly scheduled pay date are ~~considered~~
131.23 "wages paid" on the missed pay date. Back pay is ~~considered~~ "wages paid" on the date of
131.24 actual payment. Any wages earned but not paid with no scheduled date of payment is
131.25 ~~considered~~ are "wages paid" on the last day of employment.

131.26 (c) Wages paid does not include wages earned but not paid except as provided for in
131.27 this subdivision.

131.28 Sec. 5. Minnesota Statutes 2016, section 268.042, subdivision 1, is amended to read:

131.29 Subdivision 1. **Employer registration.** (a) Each employer must, upon or before the
131.30 submission of its first wage detail report under section 268.044, register with the
131.31 commissioner for a tax account or a reimbursable account, by electronic transmission in a

132.1 format prescribed by the commissioner. The employer must provide all required information
132.2 for registration, including the actual physical street and city address of the employer.

132.3 (b) Within 30 calendar days, each employer must notify the commissioner by electronic
132.4 transmission, in a format prescribed, of a change in legal entity, of the transfer, sale, or
132.5 acquisition of a business conducted in Minnesota, in whole or in part, if the transaction
132.6 results in the creation of a new or different employer or affects the establishment of employer
132.7 accounts, the assignment of tax rates, or the transfer of experience rating history.

132.8 (c) Except as provided in subdivision 3, any person that is or becomes an employer
132.9 ~~subject to the Minnesota Unemployment Insurance Law~~ with covered employment within
132.10 any calendar year is ~~considered to be~~ subject to this chapter the entire calendar year.

132.11 (d) Within 30 calendar days of the termination of business, an employer that has been
132.12 assigned a tax account or reimbursable account must notify the commissioner by electronic
132.13 transmission, in a format prescribed by the commissioner, if that employer does not intend
132.14 or expect to pay wages to any employees in covered employment during the current or the
132.15 next calendar year. Upon notification, the employer is no longer required to file wage detail
132.16 reports under section 268.044, subdivision 1, paragraph (d), and the employer's account
132.17 must be terminated.

132.18 (e) An employer that has its account terminated regains its previous tax account under
132.19 section 268.045, with the experience rating history of that account, if the employer again
132.20 commences business and again pays wages in covered employment if:

132.21 (1) less than 14 calendar quarters have elapsed in which no wages were paid for covered
132.22 employment;

132.23 (2) the experience rating history regained contains taxable wages; and

132.24 (3) the experience rating history has not been transferred to a successor under section
132.25 268.051, subdivision 4.

132.26 Sec. 6. Minnesota Statutes 2016, section 268.051, subdivision 1, is amended to read:

132.27 Subdivision 1. **Payments.** (a) Unemployment insurance taxes ~~and any special~~
132.28 ~~assessments, fees, or surcharges~~ accrue and become payable by each employer for each
132.29 calendar year on the taxable wages that the employer paid to employees in covered
132.30 employment, except for:

132.31 (1) nonprofit organizations that elect to make reimbursements as provided in section
132.32 268.053; and

133.1 (2) the state of Minnesota and political subdivisions that make reimbursements, unless
133.2 they elect to pay taxes as provided in section 268.052.

133.3 Each employer must pay taxes quarterly, at the employer's assigned tax rate under
133.4 subdivision 6, on the taxable wages paid to each employee. The commissioner must compute
133.5 the tax due from the wage detail report required under section 268.044 and notify the
133.6 employer of the tax due. The taxes ~~and any special assessments, fees, or surcharges~~ must
133.7 be paid to the trust fund and must be received by the department on or before the last day
133.8 of the month following the end of the calendar quarter.

133.9 (b) If for any reason the wages on the wage detail report under section 268.044 are
133.10 adjusted for any quarter, the commissioner must recompute the taxes due for that quarter
133.11 and assess the employer for any amount due or credit the employer as appropriate.

133.12 Sec. 7. Minnesota Statutes 2016, section 268.07, subdivision 2, is amended to read:

133.13 Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish
133.14 a benefit account an applicant must have ~~total~~ wage credits ~~in the applicant's four-quarter~~
133.15 ~~base period~~ of at least 5.3 percent of the state's average annual wage rounded down to the
133.16 next lower \$100.

133.17 (b) To establish a new benefit account following the expiration of the benefit year on a
133.18 prior benefit account, an applicant must have performed actual work in subsequent covered
133.19 employment and have been paid wages in one or more completed calendar quarters that
133.20 started after the effective date of the prior benefit account. The wages paid for that
133.21 employment must be at least enough to meet the requirements of paragraph (a). A benefit
133.22 account under this paragraph may not be established effective earlier than the Sunday
133.23 following the end of the most recent completed calendar quarter in which the requirements
133.24 of paragraph (a) were met. An applicant may not establish a second benefit account as a
133.25 result of one loss of employment.

133.26 Sec. 8. Minnesota Statutes 2016, section 268.07, subdivision 3a, is amended to read:

133.27 Subd. 3a. **Right of appeal.** (a) A determination or amended determination of benefit
133.28 account is final unless an applicant or base period employer within 20 calendar days after
133.29 the sending of the determination or amended determination files an appeal. Every
133.30 determination or amended determination of benefit account must contain a prominent
133.31 statement indicating in clear language the consequences of not appealing. Proceedings on
133.32 the appeal are conducted in accordance with section 268.105.

134.1 (b) Any applicant or base period employer may appeal from a determination or amended
134.2 determination of benefit account on the issue of whether services performed constitute
134.3 employment, whether the employment is ~~considered~~ covered employment, and whether
134.4 money paid constitutes wages. ~~Proceedings on the appeal are conducted in accordance with~~
134.5 ~~section 268.105.~~

134.6 Sec. 9. Minnesota Statutes 2016, section 268.085, subdivision 6, is amended to read:

134.7 Subd. 6. **Receipt of back pay.** (a) Back pay received by an applicant within 24 months
134.8 of the establishment of the benefit account with respect to any week must be deducted from
134.9 unemployment benefits paid for that week, and the applicant is ~~considered to have been~~
134.10 overpaid the unemployment benefits under section 268.18, subdivision 1.

134.11 If the back pay is not paid with respect to a specific period, the back pay must be applied
134.12 to the period immediately following the last day of employment.

134.13 (b) If the back pay is reduced by the amount of unemployment benefits that have been
134.14 paid, the amount of back pay withheld and not paid the applicant must be:

134.15 (1) paid by the taxpaying or reimbursing employer to the trust fund within 30 calendar
134.16 days and is subject to the same collection procedures that apply to past due taxes and
134.17 reimbursements; and

134.18 (2) when received by the trust fund:

134.19 (i) an overpayment of unemployment benefits must be created which, under section
134.20 268.047, subdivision 2, clause (8), clears the employer's tax or reimbursable account of any
134.21 effect; and

134.22 (ii) the back pay must then be applied to the unemployment benefit overpayment,
134.23 eliminating any effect on the applicant.

134.24 (c) The following must result when applying paragraph (b):

134.25 (1) an employer neither overpays nor underpays the employer's proper portion of the
134.26 unemployment benefit costs; and

134.27 (2) the applicant is placed in the same position as never having been paid the
134.28 unemployment benefits.

134.29 (d) This subdivision applies to payments labeled front pay, settlement pay, and other
134.30 terms describing or dealing with wage loss.

135.1 Sec. 10. Minnesota Statutes 2016, section 268.085, subdivision 7, is amended to read:

135.2 Subd. 7. **School employees; between terms denial.** (a) ~~No Wage credits in any amount~~
135.3 ~~from any employment with any an educational institution or institutions earned in any~~
135.4 ~~capacity may not be used for unemployment benefit purposes for any week during the period~~
135.5 ~~between two successive academic years or terms if:~~

135.6 (1) the applicant had employment for ~~any an~~ educational institution or institutions in the
135.7 prior academic year or term; and

135.8 (2) there is a reasonable assurance that the applicant will have employment for ~~any an~~
135.9 educational institution or institutions in the following academic year or term, ~~unless that.~~

135.10 This paragraph applies to a vacation period or holiday recess if the applicant was
135.11 employed immediately before the vacation period or holiday recess, and there is a reasonable
135.12 assurance that the applicant will be employed immediately following the vacation period
135.13 or holiday recess. This paragraph also applies to the period between two regular but not
135.14 successive terms if there is an agreement for that schedule between the applicant and the
135.15 educational institution.

135.16 This paragraph does not apply if the subsequent employment is substantially less
135.17 favorable than the employment of the prior academic year or term, or the employment prior
135.18 to the vacation period or holiday recess.

135.19 (b) Paragraph (a) does not apply to an applicant who, at the end of the prior academic
135.20 year or term, had an agreement for a definite period of employment between academic years
135.21 or terms in other than an instructional, research, or principal administrative capacity and
135.22 the educational institution or institutions failed to provide that employment.

135.23 (c) If unemployment benefits are denied to any applicant under paragraph (a) who was
135.24 employed in the prior academic year or term in other than an instructional, research, or
135.25 principal administrative capacity and who was not offered an opportunity to perform the
135.26 employment in the following academic year or term, the applicant is entitled to retroactive
135.27 unemployment benefits for each week during the period between academic years or terms
135.28 that the applicant filed a timely continued request for unemployment benefits, but
135.29 unemployment benefits were denied solely because of paragraph (a).

135.30 ~~(d) An educational assistant is not considered to be in an instructional, research, or~~
135.31 ~~principal administrative capacity.~~

135.32 ~~(e) Paragraph (a) applies to any vacation period or holiday recess if the applicant was~~
135.33 ~~employed immediately before the vacation period or holiday recess, and there is a reasonable~~

136.1 ~~assurance that the applicant will be employed immediately following the vacation period~~
 136.2 ~~or holiday recess.~~

136.3 ~~(d)~~ (d) This subdivision applies to employment with an educational service agency if the
 136.4 applicant performed the services at an educational institution or institutions. "Educational
 136.5 service agency" means a governmental agency or entity established and operated ~~exclusively~~
 136.6 for the purpose of providing services to one or more educational institutions.

136.7 (e) This subdivision ~~also~~ applies to employment with Minnesota ~~or~~ a political
 136.8 subdivision, or a nonprofit organization, if the services are provided to or on behalf of an
 136.9 educational institution or institutions.

136.10 ~~(g) Paragraphs (a) and (e) apply~~ (f) Paragraph (a) applies beginning the Sunday of the
 136.11 week that there is a reasonable assurance of employment.

136.12 ~~(h)~~ (g) Employment and a reasonable assurance with multiple education institutions
 136.13 must be aggregated for purposes of application of this subdivision.

136.14 ~~(i)~~ (h) If all of the applicant's employment with any educational institution or institutions
 136.15 during the prior academic year or term consisted of on-call employment, and the applicant
 136.16 has a reasonable assurance of any on-call employment with any educational institution or
 136.17 institutions for the following academic year or term, it is not considered substantially less
 136.18 favorable employment.

136.19 ~~(j) Paragraph (a) also applies to the period between two regular but not successive terms.~~

136.20 ~~(k)~~ (i) A "reasonable assurance" may be written, oral, implied, or established by custom
 136.21 or practice.

136.22 ~~(l)~~ (j) An "educational institution" is ~~an~~ a school, college, university, or other educational
 136.23 entity operated by Minnesota ~~or~~ a political subdivision or an instrumentality thereof, or an
 136.24 ~~educational~~ a nonprofit organization described in United States Code, title 26, section
 136.25 ~~501(e)(3) of the federal Internal Revenue Code, and exempt from income tax under section~~
 136.26 ~~501(a).~~

136.27 (k) An "instructional, research, or principal administrative capacity" does not include
 136.28 an educational assistant.

136.29 Sec. 11. Minnesota Statutes 2016, section 268.085, subdivision 12, is amended to read:

136.30 Subd. 12. **Aliens.** (a) An alien is ineligible for unemployment benefits for any week the
 136.31 alien is not authorized to work in the United States under federal law. Information from the
 136.32 Bureau of Citizenship and Immigration Services is ~~considered~~ conclusive, absent specific

137.1 evidence that the information was erroneous. Under the existing agreement between the
137.2 United States and Canada, this paragraph does not apply to an applicant who is a Canadian
137.3 citizen and has returned to and is living in Canada each week unemployment benefits are
137.4 requested.

137.5 (b) ~~Unemployment benefits must not be paid on the basis of~~ An alien's wage credits
137.6 ~~earned by an alien~~ may not be used for unemployment benefit purposes unless the alien
137.7 was:

137.8 (1) ~~was~~ lawfully admitted for permanent residence at the time of the employment;₂

137.9 (2) ~~was~~ lawfully present for the purposes of the employment;₂ or

137.10 (3) ~~was~~ permanently residing in the United States under color of law at the time of the
137.11 employment.

137.12 (c) ~~Any~~ Information required of applicants applying for unemployment benefits to
137.13 determine eligibility because of their alien status must be required ~~from~~ of all applicants.

137.14 Sec. 12. Minnesota Statutes 2016, section 268.0865, subdivision 5, is amended to read:

137.15 Subd. 5. **Good cause defined.** (a) "Good cause" for purposes of this section is a
137.16 ~~compelling substantial~~ reason that would have prevented a reasonable person acting with
137.17 due diligence from filing a continued request for unemployment benefits within the time
137.18 periods required.

137.19 (b) "Good cause" does not include forgetfulness, loss of the continued request form if
137.20 filing by mail, having returned to work, having an appeal pending, or inability to file a
137.21 continued request for unemployment benefits by the method designated if the applicant was
137.22 aware of the inability and did not make diligent effort to have the method of filing a continued
137.23 request changed by the commissioner. "Good cause" does not include having previously
137.24 made an attempt to file a continued request for unemployment benefits but where the
137.25 communication was not considered a continued request because the applicant failed to
137.26 submit all required information.

137.27 Sec. 13. Minnesota Statutes 2016, section 268.095, subdivision 1, is amended to read:

137.28 Subdivision 1. **Quit.** An applicant who quit employment is ineligible for all
137.29 unemployment benefits according to subdivision 10 except when:

137.30 (1) the applicant quit the employment because of a good reason caused by the employer
137.31 as defined in subdivision 3;

138.1 (2) the applicant quit the employment to accept other covered employment that provided
138.2 equal to or better terms and conditions of employment, but the applicant did not work long
138.3 enough at the second employment to have sufficient subsequent wages paid to satisfy the
138.4 period of ineligibility that would otherwise be imposed under subdivision 10 for quitting
138.5 the first employment;

138.6 (3) the applicant quit the employment within 30 calendar days of beginning the
138.7 employment and the employment was unsuitable;

138.8 (4) the employment was unsuitable and the applicant quit to enter reemployment
138.9 assistance training;

138.10 (5) the employment was part time and the applicant also had full-time employment in
138.11 the base period, from which full-time employment the applicant separated because of reasons
138.12 for which the applicant is would not be ineligible, and the wage credits from the full-time
138.13 employment are sufficient to meet the minimum requirements to establish a benefit account
138.14 under section 268.07;

138.15 (6) the applicant quit because the employer notified the applicant that the applicant was
138.16 going to be laid off because of lack of work within 30 calendar days. An applicant who quit
138.17 employment within 30 calendar days of a notified date of layoff because of lack of work is
138.18 ineligible for unemployment benefits through the end of the week that includes the scheduled
138.19 date of layoff;

138.20 (7) the applicant quit the employment (i) because the applicant's serious illness or injury
138.21 made it medically necessary that the applicant quit; or (ii) in order to provide necessary care
138.22 because of the illness, injury, or disability of an immediate family member of the applicant.
138.23 This exception only applies if the applicant informs the employer of the medical problem
138.24 and requests accommodation and no reasonable accommodation is made available.

138.25 If the applicant's serious illness is chemical dependency, this exception does not apply
138.26 if the applicant was previously diagnosed as chemically dependent or had treatment for
138.27 chemical dependency, and since that diagnosis or treatment has failed to make consistent
138.28 efforts to control the chemical dependency.

138.29 This exception raises an issue of the applicant's being available for suitable employment
138.30 under section 268.085, subdivision 1, that the commissioner must determine;

138.31 (8) the applicant's loss of child care for the applicant's minor child caused the applicant
138.32 to quit the employment, provided the applicant made reasonable effort to obtain other child

139.1 care and requested time off or other accommodation from the employer and no reasonable
139.2 accommodation is available.

139.3 This exception raises an issue of the applicant's being available for suitable employment
139.4 under section 268.085, subdivision 1, that the commissioner must determine;

139.5 (9) the applicant quit because domestic abuse, sexual assault, or stalking of the applicant
139.6 or an immediate family member of the applicant, necessitated the applicant's quitting the
139.7 employment.

139.8 For purposes of this subdivision:

139.9 (i) "domestic abuse" has the meaning given in section 518B.01;

139.10 (ii) "sexual assault" means an act that would constitute a violation of sections 609.342
139.11 to 609.3453 or 609.352; and

139.12 (iii) "stalking" means an act that would constitute a violation of section 609.749; or

139.13 (10) the applicant quit in order to relocate to accompany a spouse:

139.14 ~~(i)~~ (i) who is in the military; or

139.15 ~~(ii)~~ (ii) whose job was transferred by the spouse's employer to a new location making it
139.16 impractical for the applicant to commute.

139.17 Sec. 14. Minnesota Statutes 2016, section 268.095, subdivision 2, is amended to read:

139.18 Subd. 2. **Quit defined.** (a) A quit from employment occurs when the decision to end
139.19 the employment was, at the time the employment ended, the employee's.

139.20 (b) When determining if an applicant quit, the theory of a constructive quit does not
139.21 apply.

139.22 (c) An employee who has been notified that the employee will be discharged in the
139.23 future, who chooses to end the employment while employment in any capacity is still
139.24 available, has quit the employment.

139.25 (d) A notice of quitting in the future does not constitute a quit at the time the notice is
139.26 given. An employee who seeks to withdraw a previously submitted notice of quitting in the
139.27 future has quit the employment, as of the intended date of quitting, if the employer does not
139.28 agree that the notice may be withdrawn.

139.29 (e) An applicant has quit employment with a staffing service if, within five calendar
139.30 days after completion of a suitable job assignment from a staffing service, the applicant:

- 140.1 (1) fails without good cause to affirmatively request an additional suitable job assignment;
- 140.2 (2) refuses without good cause an additional suitable job assignment offered; or
- 140.3 (3) accepts employment with the client of the staffing service. Accepting employment
- 140.4 with the client of the staffing service meets the requirements of the exception to ineligibility
- 140.5 under subdivision 1, clause (2).

140.6 This paragraph applies only if, at the time of beginning of employment with the staffing

140.7 service, the applicant signed and was provided a copy of a separate document written in

140.8 clear and concise language that informed the applicant of this paragraph and that

140.9 unemployment benefits may be affected.

140.10 For purposes of this paragraph, "good cause" is a reason that would compel an average,

140.11 reasonable worker, who would otherwise want an additional suitable job assignment with

140.12 the staffing service (1) to fail to contact the staffing service, or (2) to refuse an offered

140.13 assignment.

140.14 Sec. 15. Minnesota Statutes 2016, section 268.131, is amended to read:

140.15 **268.131 RECIPROCAL UNEMPLOYMENT BENEFIT COMBINED WAGE**

140.16 **ARRANGEMENTS FOR WORK IN MULTIPLE STATES.**

140.17 ~~Subdivision 1. Cooperation with other states on combining wages.~~ (a) In accordance

140.18 with the requirements of ~~United States Code, title 26, section 3304(a)(9)(B),~~ the Federal

140.19 Unemployment Tax Act, the commissioner must participate in reciprocal arrangements with

140.20 other states for the payment of unemployment benefits on the basis of combining an

140.21 applicant's wages from multiple states for the purposes of collecting unemployment benefits

140.22 from a single state. ~~The reciprocal agreement must include provisions for applying the base~~

140.23 ~~period of a single state law to a benefit account involving the combining of an applicant's~~

140.24 ~~wages and employment and avoiding the duplicate use of wages by reason of such combining.~~

140.25 The commissioner may not enter into any reciprocal arrangement unless it contains provisions

140.26 for only pay unemployment benefits from the trust fund under this section if:

140.27 (1) there are reimbursements to the trust fund, by the other state, for unemployment

140.28 benefits paid from the trust fund to applicants based upon wages and employment covered

140.29 under the laws of the other state; and

140.30 ~~(b) The commissioner is authorized to pay unemployment benefits based upon an~~

140.31 ~~applicant's wages paid in covered employment in another state only if (2) the applicant is~~

140.32 ~~combining Minnesota wage credits with the wages paid in covered employment from another~~

140.33 ~~state or states.~~

141.1 ~~(e) Section 268.23 does not apply to this subdivision.~~

141.2 ~~(d) On any reciprocal arrangement,~~ (b) Under this section, the wages paid an applicant
141.3 from employment covered under an unemployment insurance program of another state are
141.4 considered wages from covered employment for the purpose of determining the applicant's
141.5 rights to unemployment benefits under the Minnesota Unemployment Insurance Law.

141.6 ~~Subd. 2. **Cooperation with foreign governments.** The commissioner is authorized to~~
141.7 ~~enter into or cooperate in arrangements whereby facilities and services provided under the~~
141.8 ~~Minnesota Unemployment Insurance Law and facilities and services provided under the~~
141.9 ~~unemployment insurance program of any foreign government, may be used for the taking~~
141.10 ~~of applications for unemployment benefits and continued requests and the payment of~~
141.11 ~~unemployment benefits under this law or under a similar law of a foreign government.~~

141.12 Sec. 16. Minnesota Statutes 2016, section 268.18, subdivision 2, is amended to read:

141.13 Subd. 2. **Overpayment because of fraud misrepresentation.** (a) An applicant has
141.14 committed fraud misrepresentation if the applicant is overpaid unemployment benefits by:

141.15 ~~(1) knowingly misrepresenting, misstating, or failing to disclose any material fact; or~~

141.16 ~~(2) making a false statement or representation without a good faith belief as to the~~
141.17 correctness of the statement or representation.

141.18 After the discovery of facts indicating fraud misrepresentation, the commissioner must
141.19 issue a determination of overpayment penalty assessing a penalty equal to 40 percent of the
141.20 amount overpaid. This penalty is in addition to penalties under section 268.182.

141.21 (b) Unless the applicant files an appeal within 20 calendar days after the sending of a
141.22 determination of overpayment penalty to the applicant by mail or electronic transmission,
141.23 the determination is final. Proceedings on the appeal are conducted in accordance with
141.24 section 268.105.

141.25 (c) A determination of overpayment penalty must state the methods of collection the
141.26 commissioner may use to recover the overpayment, penalty, and interest assessed. Money
141.27 received in repayment of overpaid unemployment benefits, penalties, and interest is first
141.28 applied to the benefits overpaid, then to the penalty amount due, then to any interest due.
141.29 62.5 percent of the payments made toward the penalty are credited to the contingent account
141.30 and 37.5 percent credited to the trust fund.

142.1 (d) The department is authorized to issue a determination of overpayment penalty under
 142.2 this subdivision ~~may be issued~~ within 48 months of the establishment of the benefit account
 142.3 upon which the unemployment benefits were obtained through ~~fraud~~ misrepresentation.

142.4 Sec. 17. Minnesota Statutes 2016, section 268.18, subdivision 2b, is amended to read:

142.5 Subd. 2b. **Interest.** On any unemployment benefits ~~fraudulently~~ obtained by
 142.6 misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner
 142.7 must assess interest at the rate of one percent per month on any amount that remains unpaid
 142.8 beginning 30 calendar days after the date of a determination of overpayment penalty. A
 142.9 determination of overpayment penalty must state that interest will be assessed. Interest is
 142.10 assessed in the same manner as on employer debt under section 268.057, subdivision 5.
 142.11 Interest payments collected under this subdivision are credited to the trust fund.

142.12 Sec. 18. Minnesota Statutes 2016, section 268.18, subdivision 5, is amended to read:

142.13 Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of
 142.14 unemployment benefits, including any penalties and interest, is not ~~considered~~
 142.15 of a method of recovery.

142.16 (b) Intervention or lack thereof, in whole or in part, in a workers' compensation matter
 142.17 under section 176.361 is not ~~considered~~ an election of a remedy and does not prevent the
 142.18 commissioner from determining any an applicant ineligible for unemployment benefits
 142.19 ~~overpaid under subdivision 1 or 2~~ or taking action under section 268.182.

142.20 Sec. 19. Minnesota Statutes 2016, section 268.182, is amended to read:

142.21 **~~268.182 APPLICANT'S FALSE REPRESENTATIONS; CONCEALMENT OF~~**
 142.22 **~~FACTS FRAUD; CRIMINAL PENALTY.~~**

142.23 Subdivision 1. **Criminal penalties.** ~~Whoever~~ An individual has committed fraud and is
 142.24 guilty of theft and must be sentenced under section 609.52 if the individual obtains, or
 142.25 attempts to obtain, or aids or abets any other individual to obtain, by means of an intentional
 142.26 false statement or representation, by intentional concealment of a material fact, or by
 142.27 impersonation or other fraudulent means, unemployment benefits that the individual is not
 142.28 entitled or unemployment benefits greater than the individual is entitled to under this chapter,
 142.29 or under the federal law of any state or of the federal government, either personally or for
 142.30 any other individual, is guilty of theft and must be sentenced under section 609.52.

142.31 Subd. 2. **Administrative penalties.** (a) Any applicant who ~~knowingly makes a false~~
 142.32 ~~statement or representation, who knowingly fails to disclose a material fact, or who makes~~

143.1 a false statement or representation without a good faith belief as to the correctness of the
143.2 statement or representation, in order to obtain or in an attempt to obtain unemployment
143.3 benefits may be assessed, in addition to any other penalties, an administrative penalty of
143.4 being ineligible for unemployment benefits for 13 to 104 weeks.

143.5 (b) A determination of ineligibility setting out the weeks the applicant is ineligible must
143.6 be sent to the applicant by mail or electronic transmission. The department is authorized to
143.7 issue a determination of ineligibility under this subdivision ~~may be issued~~ within 48 months
143.8 of the establishment of the benefit account upon which the unemployment benefits were
143.9 obtained, or attempted to be obtained. Unless an appeal is filed within 20 calendar days of
143.10 sending, the determination is final. Proceedings on the appeal are conducted in accordance
143.11 with section 268.105.

143.12 Sec. 20. Minnesota Statutes 2016, section 268.184, is amended to read:

143.13 **268.184 EMPLOYER MISCONDUCT; PENALTY MISREPRESENTATION AND**
143.14 **MISREPORTING; ADMINISTRATIVE PENALTIES.**

143.15 Subdivision 1. **Misrepresentation; administrative penalties.** (a) The commissioner
143.16 must penalize an employer if that employer or any employee, officer, or agent of that
143.17 employer, ~~is in collusion with any applicant for the purpose of assisting the applicant to~~
143.18 ~~receive unemployment benefits fraudulently. The penalty is \$500 or the amount of~~
143.19 ~~unemployment benefits determined to be overpaid, whichever is greater.~~

143.20 ~~(b) The commissioner must penalize an employer if that employer or any employee,~~
143.21 ~~officer, or agent of that employer: (1) made a false statement or representation knowing it~~
143.22 ~~to be false; (2) made a false statement or representation without a good faith belief as to~~
143.23 ~~correctness of the statement or representation; (3) or knowingly failed to disclose a material~~
143.24 ~~fact; or (4) made an offer of employment to an applicant when, in fact, the employer had~~
143.25 ~~no employment available.~~ in order to:

143.26 (1) assist an applicant to receive unemployment benefits to which the applicant is not
143.27 entitled;

143.28 (2) prevent or reduce the payment of unemployment benefits to an applicant; or

143.29 (3) avoid or reduce any payment required from an employer under this chapter or section
143.30 116L.20.

143.31 The penalty is the greater of \$500 or 50 percent of the following resulting from the employer's
143.32 action:

- 144.1 (i) the amount of any overpaid unemployment benefits to an applicant;
- 144.2 (ii) the amount of unemployment benefits not paid to an applicant that would otherwise
144.3 have been paid; or
- 144.4 (iii) the amount of any payment required from the employer under this chapter or section
144.5 116L.20 that was not paid.
- 144.6 ~~(e)~~ (b) The commissioner must penalize an employer if that employer failed or refused
144.7 to honor a subpoena issued under section 268.188. The penalty is \$500 and any costs of
144.8 enforcing the subpoena, including attorney fees.
- 144.9 ~~(d)~~ (c) Penalties under this subdivision and under section 268.047, subdivision 4,
144.10 paragraph (b), are in addition to any other penalties and subject to the same collection
144.11 procedures that apply to past due taxes. Penalties must be paid within 30 calendar days of
144.12 issuance of the determination of penalty and credited to the trust fund.
- 144.13 ~~(e)~~ (d) The determination of penalty is final unless the employer files an appeal within
144.14 20 calendar days after the sending of the determination of penalty to the employer by mail
144.15 or electronic transmission. Proceedings on the appeal are conducted in accordance with
144.16 section 268.105.
- 144.17 Subd. 1a. **Notification and misreporting penalties.** (a) If the commissioner finds that
144.18 any employer or agent of an employer failed to meet the notification requirements of section
144.19 268.051, subdivision 4, the employer must be assessed a penalty of \$5,000 or two percent
144.20 of the first full quarterly payroll acquired, whichever is higher. Payroll is wages paid as
144.21 defined in section 268.035, subdivision 30. The penalty under this paragraph must be
144.22 canceled if the commissioner determines that the failure occurred because of ignorance or
144.23 inadvertence.
- 144.24 (b) If the commissioner finds that any individual advised an employer to violate the
144.25 employer's notification requirements under section 268.051, subdivision 4, the individual,
144.26 and that individual's employer, must each be assessed the penalty in paragraph (a).
- 144.27 (c) If the commissioner finds that any person or agent of a person violated the reporting
144.28 requirements of section 268.046, the person must be assessed a penalty of \$5,000 or two
144.29 percent of the quarterly payroll reported in violation of section 268.046, whichever is higher.
144.30 Payroll is wages paid as defined in section 268.035, subdivision 30.
- 144.31 (d) Penalties under this subdivision are in addition to any other penalties and subject to
144.32 the same collection procedures that apply to past due amounts from an employer. Penalties

145.1 must be paid within 30 calendar days after sending of the determination of penalty and
 145.2 credited to the trust fund.

145.3 (e) The determination of penalty is final unless the person assessed files an appeal within
 145.4 20 calendar days after sending of the determination of penalty by mail or electronic
 145.5 transmission. Proceedings on the appeal are conducted in accordance with section 268.105.

145.6 Subd. 2. **Criminal penalties.** Any employer or any officer or agent of an employer or
 145.7 any other individual ~~who~~ has committed fraud and is guilty of a crime, if in order to avoid
 145.8 or reduce any payment required from an employer under this chapter or section 116L.20,
 145.9 or to prevent or reduce the payment of unemployment benefits to an applicant:

145.10 (1) makes a false statement or representation knowing it to be false;

145.11 (2) knowingly fails to disclose a material fact, including notification required under
 145.12 section 268.051, subdivision 4; or

145.13 (3) knowingly advises or assists an employer in violating clause (1) or (2), ~~to avoid or~~
 145.14 ~~reduce any payment required from an employer under this chapter or section 116L.20, or~~
 145.15 ~~to prevent or reduce the payment of unemployment benefits to any applicant,~~

145.16 The individual is guilty of a gross misdemeanor unless if the underpayment exceeds is \$500,
 145.17 in that case or less. The individual is guilty of a felony if the underpayment exceeds \$500.

145.18 Sec. 21. Minnesota Statutes 2016, section 268.194, subdivision 1, is amended to read:

145.19 Subdivision 1. **Establishment.** There is established as a special state trust fund, separate
 145.20 and apart from all other public money or funds of this state, an unemployment insurance
 145.21 trust fund, that is administered by the commissioner exclusively for the payment of
 145.22 unemployment benefits. This trust fund consists of:

145.23 (1) all taxes collected;

145.24 (2) interest earned upon any money in the trust fund;

145.25 (3) reimbursements paid by nonprofit organizations, and the state and political
 145.26 subdivisions;

145.27 (4) tax rate buydown payments under section 268.051, subdivision 7;

145.28 (5) ~~any~~ money received as a loan from the federal unemployment trust fund in accordance
 145.29 with United States Code, title 42, section 1321, of the Social Security Act;

145.30 (6) ~~any other~~ money received under a reciprocal unemployment benefit combined wage
 145.31 arrangement with the federal government or any other state;

146.1 (7) money received from the federal government for unemployment benefits paid under
146.2 a federal program;

146.3 ~~(7)~~ (8) money recovered on overpaid unemployment benefits;

146.4 ~~(8)~~ (9) all money credited to the account under this chapter;

146.5 ~~(9)~~ (10) all money credited to the account of Minnesota in the federal unemployment
146.6 trust fund under United States Code, title 42, section 1103, of the Social Security Act, also
146.7 known as the Reed Act; and

146.8 ~~(10)~~ (11) all money received for the trust fund from any other source.

146.9 Sec. 22. Minnesota Statutes 2016, section 268.194, subdivision 4, is amended to read:

146.10 Subd. 4. **Reimbursements.** The commissioner is authorized to make to other state or
146.11 federal agencies and to receive from other state or federal agencies, reimbursements from
146.12 or to the trust fund, in accordance with ~~reciprocal~~ combined wage arrangements entered
146.13 into under section 268.131.

146.14 Money received under a ~~reciprocal agreement~~ combined wage arrangement must be
146.15 placed directly in the unemployment benefit payment account of the trust fund.

146.16 Sec. 23. **REVISOR'S INSTRUCTION.**

146.17 In the following sections of Minnesota Statutes, the revisor of statutes shall delete the
146.18 term "considered": Minnesota Statutes, sections 268.035, subdivisions 21c and 26; 268.07,
146.19 subdivision 1; 268.085, subdivisions 4a, 13c, 15, and 16; 268.095, subdivision 3; 268.101,
146.20 subdivision 6; and 268.105, subdivisions 3a and 7.

146.21 Sec. 24. **REVISOR'S INSTRUCTION.**

146.22 (a) In Minnesota Statutes, section 268.18, the revisor of statutes shall change the term
146.23 "fraud" to "misrepresentation" and "nonfraud" to "nonmisrepresentation."

146.24 (b) The revisor of statutes shall renumber Minnesota Statutes, section 268.184,
146.25 subdivision 2, as Minnesota Statutes, section 268.182, subdivision 1, paragraph (b).

146.26 (c) The revisor of statutes shall renumber Minnesota Statutes, section 268.182, subdivision
146.27 2, as Minnesota Statutes, section 268.183.

146.28 (d) The revisor of statutes shall make cross-reference changes needed arising out of the
146.29 renumbering in Minnesota Statutes, section 268.032, subdivision 20.

147.1 Sec. 25. **REPEALER.**

147.2 Laws 2005, chapter 112, article 1, section 14, is repealed.

147.3 **ARTICLE 8**

147.4 **COMMERCE POLICY**

147.5 Section 1. Minnesota Statutes 2016, section 45.013, is amended to read:

147.6 **45.013 POWER TO APPOINT STAFF.**

147.7 The commissioner of commerce may appoint ~~four~~ one deputy ~~commissioners~~
147.8 commissioner, four assistant commissioners, and an assistant to the commissioner. Those
147.9 positions, as well as that of a confidential secretary, are unclassified. The commissioner
147.10 may appoint other employees necessary to carry out the duties and responsibilities entrusted
147.11 to the commissioner.

147.12 Sec. 2. Minnesota Statutes 2016, section 45.0135, subdivision 6, is amended to read:

147.13 Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account
147.14 is created in the state treasury. Money received from assessments under subdivision 7 and
147.15 transferred from the automobile theft prevention account in ~~section~~ sections 65B.84,
147.16 subdivision 1, and 297I.11, subdivision 2, is deposited in the account. Money in this fund
147.17 is appropriated to the commissioner of commerce for the purposes specified in this section
147.18 and sections 60A.951 to 60A.956.

147.19 **EFFECTIVE DATE.** This section is effective July 1, 2018.

147.20 Sec. 3. Minnesota Statutes 2016, section 65B.84, subdivision 1, is amended to read:

147.21 Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The
147.22 commissioner of commerce shall:

147.23 (1) develop and sponsor the implementation of statewide plans, programs, and strategies
147.24 to combat automobile theft, improve the administration of the automobile theft laws, and
147.25 provide a forum for identification of critical problems for those persons dealing with
147.26 automobile theft;

147.27 (2) coordinate the development, adoption, and implementation of plans, programs, and
147.28 strategies relating to interagency and intergovernmental cooperation with respect to
147.29 automobile theft enforcement;

- 148.1 (3) annually audit the plans and programs that have been funded in whole or in part to
148.2 evaluate the effectiveness of the plans and programs and withdraw funding should the
148.3 commissioner determine that a plan or program is ineffective or is no longer in need of
148.4 further financial support from the fund;
- 148.5 (4) develop a plan of operation including:
- 148.6 (i) an assessment of the scope of the problem of automobile theft, including areas of the
148.7 state where the problem is greatest;
- 148.8 (ii) an analysis of various methods of combating the problem of automobile theft;
- 148.9 (iii) a plan for providing financial support to combat automobile theft;
- 148.10 (iv) a plan for eliminating car hijacking; and
- 148.11 (v) an estimate of the funds required to implement the plan; and
- 148.12 (5) distribute money, in consultation with the commissioner of public safety, pursuant
148.13 to subdivision 3 from the automobile theft prevention special revenue account for automobile
148.14 theft prevention activities, including:
- 148.15 (i) paying the administrative costs of the program;
- 148.16 (ii) providing financial support to the State Patrol and local law enforcement agencies
148.17 for automobile theft enforcement teams;
- 148.18 (iii) providing financial support to state or local law enforcement agencies for programs
148.19 designed to reduce the incidence of automobile theft and for improved equipment and
148.20 techniques for responding to automobile thefts;
- 148.21 (iv) providing financial support to local prosecutors for programs designed to reduce
148.22 the incidence of automobile theft;
- 148.23 (v) providing financial support to judicial agencies for programs designed to reduce the
148.24 incidence of automobile theft;
- 148.25 (vi) providing financial support for neighborhood or community organizations or business
148.26 organizations for programs designed to reduce the incidence of automobile theft and to
148.27 educate people about the common methods of automobile theft, the models of automobiles
148.28 most likely to be stolen, and the times and places automobile theft is most likely to occur;
148.29 and

149.1 (vii) providing financial support for automobile theft educational and training programs
149.2 for state and local law enforcement officials, driver and vehicle services exam and inspections
149.3 staff, and members of the judiciary.

149.4 (b) The commissioner may not spend in any fiscal year more than ten percent of the
149.5 money in the fund for the program's administrative and operating costs. The commissioner
149.6 is annually appropriated and must distribute the amount of the proceeds credited to the
149.7 automobile theft prevention special revenue account each year, less the transfer of \$1,300,000
149.8 each year to the ~~general fund~~ insurance fraud prevention account described in section 297I.11,
149.9 subdivision 2.

149.10 (c) At the end of each fiscal year, the commissioner may transfer any unobligated balances
149.11 in the auto theft prevention account to the insurance fraud prevention account under section
149.12 45.0135, subdivision 6.

149.13 **EFFECTIVE DATE.** This section is effective July 1, 2018.

149.14 Sec. 4. **[239.7511] GAS TAX SIGN ON PETROLEUM DISPENSER.**

149.15 (a) The director must ensure that signs having 12-point font or greater are affixed on
149.16 retail petroleum dispensers as follows:

149.17 (1) for regular or premium gasoline, a sign that reads: "The price for each gallon of
149.18 gasoline includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline
149.19 tax of 18.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and
149.20 bridges, according to the Minnesota Constitution."; and

149.21 (2) for diesel fuel, a sign that reads: "The price for each gallon of diesel fuel includes
149.22 the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 24.4 cents
149.23 per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according
149.24 to the Minnesota Constitution."

149.25 (b) The director must distribute the signs under this section to the owner or operator of
149.26 retail petroleum dispensers. To the extent possible, the director must coordinate the
149.27 distribution of signs with other duties the director may have involving retail petroleum
149.28 dispensers.

149.29 (c) If the amount of the gasoline tax described in paragraph (a), clauses (1) and (2),
149.30 changes, the director must distribute revised signs to reflect the updated gasoline tax amounts
149.31 within 12 calendar months of the change.

150.1 (d) The director is prohibited from assessing any penalty, fine, or fee on the owner or
150.2 operator of a retail petroleum dispenser that has a missing, destroyed, defaced, or otherwise
150.3 damaged gas tax sign.

150.4 Sec. 5. Minnesota Statutes 2016, section 297I.11, subdivision 2, is amended to read:

150.5 Subd. 2. **Automobile theft prevention account.** A special revenue account in the state
150.6 treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1.
150.7 Of the revenue in the account, \$1,300,000 each year must be transferred to the ~~general fund~~
150.8 insurance fraud prevention account under section 45.0135, subdivision 6. Revenues in excess
150.9 of \$1,300,000 each year may be used only for the automobile theft prevention program
150.10 described in section 65B.84.

150.11 **EFFECTIVE DATE.** This section is effective July 1, 2018.

150.12 Sec. 6. Minnesota Statutes 2016, section 325J.06, is amended to read:

150.13 **325J.06 EFFECT OF NONREDEMPTION.**

150.14 (a) A pledgor shall have no obligation to redeem pledged goods or make any payment
150.15 on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of
150.16 the pawn transaction, ~~renewal, or extension~~ shall automatically be forfeited to the
150.17 pawnbroker, and qualified right, title, and interest in and to the goods shall automatically
150.18 vest in the pawnbroker.

150.19 (b) The pawnbroker's right, title, and interest in the pledged goods under paragraph (a)
150.20 is qualified only by the pledgor's right, while the pledged goods remain in possession of the
150.21 pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees
150.22 and/or interest accrued up to the date of redemption.

150.23 (c) A pawn transaction that involves holding only the title to property is subject to chapter
150.24 168A or 336.

150.25 Sec. 7. Minnesota Statutes 2016, section 345.42, subdivision 1, is amended to read:

150.26 Subdivision 1. **Commissioner's duty.** Within the calendar year next following the year
150.27 in which abandoned property has been paid or delivered to the commissioner, the
150.28 commissioner shall provide public notice of the abandoned property in the manner described
150.29 in subdivision 1a and frequency otherwise as the commissioner determines to be most
150.30 effective and efficient in communicating to the persons appearing to be owners of this
150.31 property. Public notice may include the use of print, broadcast, or electronic media. The

151.1 commissioner shall, at a minimum, expend 15 percent of the funds allocated by the legislature
151.2 to the operations of the unclaimed property division, to comply with the public notice
151.3 requirements of this ~~subdivision~~ section and shall report to the legislature annually on how
151.4 those funds are expended. Public notice must include public outreach efforts including the
151.5 use of newspapers and other mass media, but must not include costs incurred by the
151.6 commissioner to develop, maintain, or improve the Department of Commerce Web site.

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

151.8 Sec. 8. Minnesota Statutes 2016, section 345.42, is amended by adding a subdivision to
151.9 read:

151.10 Subd. 1a. **Public notice.** (a) Public notice provided by the commissioner shall include
151.11 the following:

151.12 (1) posting on the Department of Commerce Web site a list of all persons appearing to
151.13 be owners of abandoned property. The list shall be arranged in alphabetical order by the
151.14 last name of the person and further organized by county. The list of persons must be updated
151.15 at least three times per year and must remain on the Department of Commerce Web site at
151.16 all times;

151.17 (2) publication in a qualified newspaper of a list of persons appearing to be owners of
151.18 abandoned property having a value of \$500 or more. The list must be published in a qualified
151.19 newspaper of general circulation in each county, and must include the names of all persons
151.20 whose last known address is within the county. The list must be published at least once per
151.21 year. The commissioner may stagger publication of the entire list of owners by publishing
151.22 a partial list at least twice, but no more than three times per year. Each qualified newspaper
151.23 that publishes the list shall, at no additional charge to the commissioner, also post the list
151.24 on its Web site or on a central Web site that can be accessed directly from the qualified
151.25 newspaper's Web site. The list must be accessible on the Web site for not less than 180 days
151.26 and at no cost to the public. The qualified newspaper must include in its publication of the
151.27 list a reference to its Web site or a central Web site; and

151.28 (3) dissemination of information to persons appearing to be owners of abandoned property
151.29 through other means and media, including broadcast media, the Internet, and social media.

151.30 (b) Beginning July 1, 2017, and annually thereafter, the commissioner shall provide to
151.31 each member of the legislature a list of all persons appearing to be owners of abandoned
151.32 property whose last known address is located in the legislator's respective legislative district.

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

152.1 Sec. 9. **[471.9998] MERCHANT BAGS.**

152.2 **Subdivision 1. Merchant option.** All merchants, itinerant vendors, and peddlers doing
152.3 business in this state shall have the option to provide customers a paper, plastic, or reusable
152.4 bag for the packaging of any item or good purchased, provided such purchase is of a size
152.5 and manner commensurate with the use of paper, plastic, or reusable bags.

152.6 **Subd. 2. Prohibition; bag ban.** Notwithstanding any other provision of law, no political
152.7 subdivision shall impose any ban upon the use of paper, plastic, or reusable bags for
152.8 packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

152.9 **EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on
152.10 the effective date of this section that would be prohibited under this section are invalid as
152.11 of the effective date of this section.

152.12 Sec. 10. **EXISTING DEPUTY COMMISSIONERS MAY SERVE UNTIL JANUARY**
152.13 **1, 2019.**

152.14 All existing deputy commissioners under Minnesota Statutes, section 45.013, may serve
152.15 until January 1, 2019. Vacancies that occur in these positions before January 1, 2019, must
152.16 not be filled.

152.17 Sec. 11. **REPORT ON UNCLAIMED PROPERTY DIVISION.**

152.18 The commissioner shall report by February 15, 2018, to the chairs and ranking minority
152.19 members of the standing committees of the house of representatives and senate having
152.20 jurisdiction over commerce regarding the process owners of abandoned property must
152.21 comply with in order to file an allowed claim under Minnesota Statutes, chapter 345. The
152.22 report shall include information regarding the documentation and identification necessary
152.23 for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to
152.24 file an allowed claim.

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

152.26 **ARTICLE 9**

152.27 **TELECOMMUNICATIONS POLICY**

152.28 Section 1. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision
152.29 to read:

152.30 **Subd. 10. Voice-over-Internet protocol service.** "Voice-over-Internet protocol service"
152.31 or "VoIP service" means any service that (1) enables real-time two-way voice

153.1 communications that originate from or terminate at the user's location in Internet protocol
153.2 or any successor protocol, and (2) permits users generally to receive calls that originate on
153.3 the public switched telephone network and terminate calls to the public switched telephone
153.4 network.

153.5 Sec. 2. Minnesota Statutes 2016, section 237.01, is amended by adding a subdivision to
153.6 read:

153.7 Subd. 11. **Internet protocol-enabled service.** "Internet protocol-enabled service" or
153.8 "IP-enabled service" means any service, capability, functionality, or application provided
153.9 using Internet protocol, or any successor protocol, that enables an end user to send or receive
153.10 a communication in Internet protocol format or any successor format, regardless of whether
153.11 that communication is voice, data, or video.

153.12 Sec. 3. [237.037] VOICE-OVER-INTERNET PROTOCOL SERVICE AND
153.13 INTERNET PROTOCOL-ENABLED SERVICE.

153.14 Subdivision 1. **Regulation prohibited.** Except as provided in this section, no state
153.15 agency, including the commission and the Department of Commerce, or political subdivision
153.16 of this state shall by rule, order, or other means directly or indirectly regulate the entry,
153.17 rates, terms, quality of service, availability, classification, or any other aspect of VoIP service
153.18 or IP-enabled service.

153.19 Subd. 2. **VoIP regulation.** (a) To the extent permitted by federal law, VoIP service is
153.20 subject to the requirements of sections 237.49, 237.52, 237.70, and 403.11 with regard to
153.21 the collection and remittance of the surcharges governed by those sections.

153.22 (b) A provider of VoIP service must comply with the requirements of chapter 403
153.23 applicable to the provision of access to 911 service by service providers, except to the extent
153.24 those requirements conflict with federal requirements for the provision of 911 service by
153.25 VoIP providers under Code of Federal Regulations, title 47, part 9. A VoIP provider is
153.26 entitled to the benefit of the limitation of liability provisions of section 403.07, subdivision
153.27 5. Beginning June 1, 2017, and continuing each June 1 thereafter, each VoIP provider shall
153.28 file a plan with the commission describing how it will comply with the requirements of this
153.29 paragraph. After its initial filing under this paragraph, a VoIP provider shall file with the
153.30 commission either an update of the plan or a statement certifying that the plan and personnel
153.31 contact information previously filed is still current.

153.32 Subd. 3. **Relation to other law.** Nothing in this section restricts, creates, expands, or
153.33 otherwise affects or modifies:

154.1 (1) the commission's authority under the Federal Communications Act of 1934, United
154.2 States Code, title 47, sections 251 and 252;

154.3 (2) any applicable wholesale tariff or any commission authority related to wholesale
154.4 services;

154.5 (3) any commission jurisdiction over (i) intrastate switched access rates, terms, and
154.6 conditions, including the implementation of federal law with respect to intercarrier
154.7 compensation, or (ii) existing commission authority to address or affect the resolution of
154.8 disputes regarding intercarrier compensation;

154.9 (4) the rights of any entity, or the authority of the commission and local government
154.10 authorities, with respect to the use and regulation of public rights-of-way under sections
154.11 237.162 and 237.163;

154.12 (5) the establishment or enforcement of standards, requirements or procedures in
154.13 procurement policies, internal operational policies, or work rules of any state agency or
154.14 political subdivision of the state relating to the protection of intellectual property; or

154.15 (6) the authority of the attorney general to apply and enforce chapters 325C to 325G,
154.16 325K to 325M, and other laws of general applicability governing consumer protection and
154.17 trade practices.

154.18 Subd. 4. **Exemption.** The following services delivered by IP-enabled service are not
154.19 regulated under this chapter:

154.20 (1) video services provided by a cable communications system, as defined in section
154.21 238.02, subdivision 3;

154.22 (2) cable service, as defined in United States Code, title 47, section 522, clause (6); or

154.23 (3) any other IP-enabled video service.

154.24 Subd. 5. **Preservation of existing landline telephone service.** Nothing in this section
154.25 restricts, creates, expands, or otherwise affects or modifies the obligations of a telephone
154.26 company under this chapter to offer landline telephone service that is not Voice-over-Internet
154.27 protocol service.

154.28 Sec. 4. **[237.417] PERSONAL INFORMATION; PROHIBITION.**

154.29 No telecommunications or Internet service provider that has entered into a franchise
154.30 agreement, right-of-way agreement, or other contract with the state of Minnesota or a
154.31 political subdivision, or that uses facilities that are subject to such agreements, even if it is
154.32 not a party to the agreement, may collect personal information from a customer resulting

155.1 from the customer's use of the telecommunications or Internet service provider without
155.2 express written approval from the customer.

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

155.4 **ARTICLE 10**

155.5 **ENERGY POLICY**

155.6 Section 1. Minnesota Statutes 2016, section 3.8851, subdivision 1, is amended to read:

155.7 Subdivision 1. **Establishment.** (a) There is established a Legislative Energy Commission
155.8 to study and to make recommendations for legislation concerning issues related to its duties
155.9 under subdivision 3.

155.10 (b) The commission consists of:

155.11 (1) ~~ten~~ five members of the house of representatives, three of whom are appointed by
155.12 the speaker of the house, ~~four~~ and ~~two~~ of whom ~~must be from~~ are appointed by the leader
155.13 of the minority caucus, and including the chair of the committee with primary jurisdiction
155.14 over energy policy; the chair or another member of each of the committees with primary
155.15 jurisdiction over environmental policy, agricultural policy, and transportation policy; and

155.16 (2) ~~ten~~ five members of the senate ~~to be~~, three of whom are appointed by the
155.17 Subcommittee on Committees leader of the majority caucus, ~~four~~ and ~~two~~ of whom ~~must~~
155.18 be from are appointed by the leader of the minority caucus, and including the chair of the
155.19 committee with primary jurisdiction over energy policy; and the chair or another member
155.20 of each of the committees with primary jurisdiction over environmental policy, agricultural
155.21 policy, and transportation policy.

155.22 (c) The commission may employ full-time and part-time staff, contract for consulting
155.23 services, and may reimburse the expenses of persons requested to assist it in its duties. The
155.24 director of the Legislative Coordinating Commission shall assist the commission in
155.25 administrative matters. The commission shall elect cochairs, one member of the house of
155.26 representatives and one member of the senate from among the committee and subcommittee
155.27 chairs named to the commission. The commission members from the house of representatives
155.28 shall elect the house of representatives cochair, and the commission members from the
155.29 senate shall elect the senate cochair.

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

156.1 Sec. 2. Minnesota Statutes 2016, section 16B.323, is amended to read:

156.2 **16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

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

156.5 ~~(b) "Made in Minnesota" means the manufacture in this state of:~~

156.6 ~~(1) components of a solar thermal system certified by the Solar Rating and Certification~~
156.7 ~~Corporation; or~~

156.8 ~~(2) solar photovoltaic modules that:~~

156.9 ~~(i) are manufactured at a manufacturing facility in Minnesota that is registered and~~
156.10 ~~authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory,~~
156.11 ~~CSA International, Intertek, or an equivalent independent testing agency;~~

156.12 ~~(ii) bear certification marks from Underwriters Laboratory, CSA International, Intertek,~~
156.13 ~~or an equivalent independent testing agency; and~~

156.14 ~~(iii) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses~~
156.15 ~~(1), (5), and (6).~~

156.16 ~~For the purposes of clause (2), "manufactured" has the meaning given in section~~
156.17 ~~116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

156.18 ~~(e) (b) "Major renovation" means a substantial addition to an existing building, or a~~
156.19 ~~substantial change to the interior configuration or the energy system of an existing building.~~

156.20 ~~(d) (c) "Solar energy system" means solar photovoltaic modules devices alone or installed~~
156.21 ~~in conjunction with a solar thermal system.~~

156.22 ~~(e) "Solar Photovoltaic module (d) "Photovoltaic device" has the meaning given in~~
156.23 ~~section 116C.7791, subdivision 1, paragraph (e) 216C.06, subdivision 16.~~

156.24 ~~(f) (e) "Solar thermal system" has the meaning given "qualifying solar thermal project"~~
156.25 ~~in section 216B.2411, subdivision 2, paragraph (e).~~

156.26 ~~(g) (f) "State building" means a building whose construction or renovation is paid wholly~~
156.27 ~~or in part by the state from the bond proceeds fund.~~

156.28 Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for
156.29 the construction or major renovation of a state building, after the completion of a cost-benefit
156.30 analysis, may include installation of ~~"Made in Minnesota"~~ solar energy systems of up to 40
156.31 kilowatts capacity on, adjacent, or in proximity to the state building.

157.1 (b) The capacity of a solar energy system must be less than 40 kilowatts to the extent
157.2 necessary to match the electrical load of the building or to the extent necessary to keep the
157.3 costs for the installation below the five percent maximum set by paragraph (c).

157.4 (c) The cost of the solar energy system must not exceed five percent of the appropriations
157.5 from the bond proceeds fund for the construction or renovation of the state building. Purchase
157.6 and installation of a solar thermal system may account for no more than 25 percent of the
157.7 cost of a solar energy system installation.

157.8 (d) A project subject to this section is ineligible to receive a rebate for the installation
157.9 of a solar energy system under section 116C.7791 or from any utility.

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

157.11 Sec. 3. Minnesota Statutes 2016, section 116.03, is amended by adding a subdivision to
157.12 read:

157.13 **Subd. 7. Clean Air Act settlement money.** "Clean Air Act settlement money" means
157.14 money received by or required to be paid to the state as a result of litigation or settlements
157.15 of alleged violations of the federal Clean Air Act, United States Code, title 42, section 7401,
157.16 et seq., or rules adopted thereunder, by an automobile manufacturer. Clean Air Act settlement
157.17 money may not be spent until it is specifically appropriated by law.

157.18 Sec. 4. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

157.19 Subdivision 1. ~~Renewable development~~ **Energy fund account.** (a) The energy fund
157.20 account is established as a separate account in the special revenue fund in the state treasury.
157.21 Appropriations and transfers to the account are credited to the account. Earnings, such as
157.22 interest, dividends, and any other earnings arising from assets of the account, are credited
157.23 to the account. Funds remaining in the account at the end of a fiscal year do not cancel to
157.24 the general fund, but remain in the account until expended.

157.25 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
157.26 plant must transfer all funds in the renewable development account previously established
157.27 under this subdivision and managed by the public utility to the energy fund account
157.28 established in paragraph (a). Funds awarded to grantees in previous grant cycles that have
157.29 not yet been expended and unencumbered funds required to be paid in calendar year 2017
157.30 under sections 116C.7791, 116C.7792, and 216C.41 are not subject to transfer under this
157.31 paragraph.

158.1 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
158.2 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
158.3 plant must transfer to a ~~renewable development~~ the energy fund account \$500,000 each
158.4 year for each dry cask containing spent fuel that is located at the Prairie Island power plant
158.5 for each year the plant is in operation, and \$7,500,000 each year the plant is not in operation
158.6 if ordered by the commission pursuant to paragraph ~~(e)~~ (f). The fund transfer must be made
158.7 if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie
158.8 Island for any part of a year.

158.9 ~~(b)~~ (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
158.10 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
158.11 plant must transfer to the ~~renewable development~~ energy fund account \$350,000 each year
158.12 for each dry cask containing spent fuel that is located at the Monticello nuclear power plant
158.13 for each year the plant is in operation, and \$5,250,000 each year the plant is not in operation
158.14 if ordered by the commission pursuant to paragraph ~~(e)~~ (f). The fund transfer must be made
158.15 if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at
158.16 Monticello for any part of a year.

158.17 (e) Each year, the public utility must withhold from the funds transferred to the energy
158.18 fund account under paragraphs (c) and (d) the amount necessary to pay its obligations under
158.19 sections 116C.7791, 116C.7792, and 216C.41 for that calendar year.

158.20 ~~(e)~~ (f) After discontinuation of operation of the Prairie Island nuclear plant or the
158.21 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
158.22 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
158.23 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
158.24 facility for any year in which the commission finds, by the preponderance of the evidence,
158.25 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored
158.26 at the facility to a permanent or interim storage site out of the state. This determination shall
158.27 be made at least every two years.

158.28 (g) Funds in the account may only be expended to support projects that:

158.29 (1) result in lower rates for Xcel's Minnesota retail electricity customers;

158.30 (2) result in reduced air emissions from Xcel's Minnesota electric generating facilities;

158.31 and

158.32 (3) provide incentives for the development of new energy technologies that meet the
158.33 conditions of clause (1) or (2).

159.1 Except as provided in section 116C.7793, subdivision 7, expenditures from the fund must
159.2 only benefit Minnesota ratepayers receiving electric service from the utility that owns a
159.3 nuclear-powered electric generating plant in this state or the Prairie Island Indian community
159.4 or its members.

159.5 ~~(d) Funds in the account may be expended only for any of the following purposes:~~

159.6 ~~(1) to increase the market penetration within the state of renewable electric energy~~
159.7 ~~resources at reasonable costs;~~

159.8 ~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects~~
159.9 ~~and companies within the state;~~

159.10 ~~(3) to stimulate research and development within the state into renewable electric energy~~
159.11 ~~technologies; and~~

159.12 ~~(4) to develop near-commercial and demonstration scale renewable electric projects or~~
159.13 ~~near-commercial and demonstration scale electric infrastructure delivery projects if those~~
159.14 ~~delivery projects enhance the delivery of renewable electric energy.~~

159.15 ~~The utility that owns a nuclear generating plant is eligible to apply for renewable development~~
159.16 ~~account grants.~~

159.17 ~~(e) Expenditures authorized by this subdivision from the account may be made only~~
159.18 ~~after approval by order of the Public Utilities Commission upon a petition by the public~~
159.19 ~~utility. The commission may approve proposed expenditures, may disapprove proposed~~
159.20 ~~expenditures that it finds to be not in compliance with this subdivision or otherwise not in~~
159.21 ~~the public interest, and may, if agreed to by the public utility, modify proposed expenditures.~~
159.22 ~~The commission may approve reasonable and necessary expenditures for administering the~~
159.23 ~~account in an amount not to exceed five percent of expenditures. Commission approval is~~
159.24 ~~not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or~~
159.25 ~~other law.~~

159.26 ~~(f) The account shall be managed by the public utility but the public utility must consult~~
159.27 ~~about account expenditures with an advisory group that includes, among others,~~
159.28 ~~representatives of its ratepayers. The commission may require that other interests be~~
159.29 ~~represented on the advisory group. The advisory group must be consulted with respect to~~
159.30 ~~the general scope of expenditures in designing a request for proposal and in evaluating~~
159.31 ~~projects submitted in response to a request for proposals. In addition to consulting with the~~
159.32 ~~advisory group, the public utility must utilize an independent third-party expert to evaluate~~
159.33 ~~proposals submitted in response to a request for proposal, including all proposals made by~~

160.1 ~~the public utility. A request for proposal for research and development under paragraph (d),~~
160.2 ~~clause (3), may be limited to or include a request to higher education institutions located in~~
160.3 ~~Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for~~
160.4 ~~multiple projects may include a provision that exempts the projects from the third-party~~
160.5 ~~expert review and instead provides for project evaluation and selection by a merit peer~~
160.6 ~~review grant system. The utility should attempt to reach agreement with the advisory group~~
160.7 ~~after consulting with it but the utility has full and sole authority to determine which~~
160.8 ~~expenditures shall be submitted to the commission for commission approval. In the process~~
160.9 ~~of determining request for proposal scope and subject and in evaluating responses to request~~
160.10 ~~for proposals, the public utility must strongly consider, where reasonable, potential benefit~~
160.11 ~~to Minnesota citizens and businesses and the utility's ratepayers.~~

160.12 ~~(g) Funds in the account may not be directly appropriated by the legislature by a law~~
160.13 ~~enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date~~
160.14 ~~may be expended only pursuant to an order of the commission according to this subdivision.~~

160.15 ~~(h) A request for proposal for renewable energy generation projects must, when feasible~~
160.16 ~~and reasonable, give preference to projects that are most cost-effective for a particular energy~~
160.17 ~~source.~~

160.18 ~~(i) The public utility must annually, by February 15, report to the chairs and ranking~~
160.19 ~~minority members of the legislative committees with jurisdiction over energy policy on~~
160.20 ~~projects funded by the account for the prior year and all previous years. The report must,~~
160.21 ~~to the extent possible and reasonable, itemize the actual and projected financial benefit to~~
160.22 ~~the public utility's ratepayers of each project.~~

160.23 ~~(j) A project receiving funds from the account must produce a written final report that~~
160.24 ~~includes sufficient detail for technical readers and a clearly written summary for nontechnical~~
160.25 ~~readers. The report must include an evaluation of the project's financial, environmental, and~~
160.26 ~~other benefits to the state and the public utility's ratepayers.~~

160.27 ~~(k) Final reports, any mid-project status reports, and renewable development account~~
160.28 ~~financial reports must be posted online on a public Web site designated by the commission.~~

160.29 ~~(l) All final reports must acknowledge that the project was made possible in whole or~~
160.30 ~~part by the Minnesota renewable development fund, noting that the fund is financed by the~~
160.31 ~~public utility's ratepayers.~~

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

161.1 Sec. 5. Minnesota Statutes 2016, section 116C.779, is amended by adding a subdivision
161.2 to read:

161.3 Subd. 1a. **Payment termination.** (a) The commissioner shall track the cumulative
161.4 transfers made to the account and its predecessor, the renewable development account, each
161.5 year since 1999 for each dry cask containing spent fuel that is stored at an independent
161.6 spent-fuel storage facility at Prairie Island or Monticello. During the time when state law
161.7 required the public utility to transfer a specific amount of funds to the account for all the
161.8 casks stored, the per-cask allocation shall be calculated by dividing the total amount
161.9 transferred by the number of casks stored that year.

161.10 (b) When the commissioner determines that the cumulative transfers calculated under
161.11 paragraph (a) for a specific cask reach \$10,000,000, the commissioner shall notify the public
161.12 utility that no additional transfers to the account for that cask shall be made.

161.13 (c) This subdivision does not affect any provisions of subdivision 1, paragraph (c) or
161.14 (d), with respect to transfers to the account made after a plant has ceased operation.

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

161.16 Sec. 6. Minnesota Statutes 2016, section 116C.7792, is amended to read:

161.17 **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

161.18 The utility subject to section 116C.779 shall operate a program to provide solar energy
161.19 production incentives for solar energy systems of no more than a total nameplate capacity
161.20 of 20 kilowatts direct current. The program shall be operated for five consecutive calendar
161.21 years commencing in 2014. \$5,000,000 shall be allocated for each of the five years from
161.22 the ~~renewable development~~ energy fund account established in section 116C.779 to a separate
161.23 account for the purpose of the solar production incentive program. The solar system must
161.24 be sized to less than 120 percent of the customer's on-site annual energy consumption. The
161.25 production incentive must be paid for ten years commencing with the commissioning of
161.26 the system. The utility must file a plan to operate the program with the commissioner of
161.27 commerce. The utility may not operate the program until it is approved by the commissioner.

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

161.29 Sec. 7. **[116C.7793] LEGISLATIVE RENEWABLE ENERGY COUNCIL.**

161.30 Subdivision 1. **Establishment.** (a) The Legislative Renewable Energy Council of 11
161.31 members is established in the legislative branch, consisting of:

162.1 (1) five members of the house of representatives appointed by the speaker of the house,
162.2 three of whom are from the majority caucus and two of whom are from the minority caucus;
162.3 and

162.4 (2) five members of the senate appointed by the Subcommittee on Committees of the
162.5 Committee on Rules and Administration, three of whom are from the majority caucus and
162.6 two of whom are from the minority caucus; and

162.7 (3) one representative of the Prairie Island Indian Community appointed by that
162.8 community's tribal council.

162.9 (b) Eight legislative members appointed to the council must represent legislative districts
162.10 in which at least 60 percent of residents receive electric service from the utility that owns
162.11 a nuclear powered electric generating plant in this state. No member may be appointed to
162.12 the council from a legislative district that does not contain any electric retail customers of
162.13 the utility that owns a nuclear powered electric generating plant in this state. Council
162.14 members must be geographically balanced to represent the entire electric service area of
162.15 that utility.

162.16 (c) Council members shall elect a chair, a vice-chair, and other officers as determined
162.17 by the council. The chair may convene meetings as necessary to conduct the duties prescribed
162.18 by this section.

162.19 (d) The Legislative Coordinating Commission may appoint nonpartisan staff and contract
162.20 with consultants as necessary to support the functions of the council. The council has final
162.21 approval authority to hire an executive director. Up to one-half of one percent of the money
162.22 appropriated from the fund may be used to pay for the council's administrative expenses.

162.23 Subd. 2. **Council recommendations.** (a) The council must make recommendations to
162.24 the legislature on appropriations from the energy fund account established under section
162.25 116C.779 that are consistent with that section and state law. The council's recommendations
162.26 must be submitted no later than December 15 each year. The council must present its
162.27 recommendations to the senate and house of representatives committees with jurisdiction
162.28 over energy policy and finance by February 15 in odd-numbered years, and within the first
162.29 four weeks of the legislative session in even-numbered years.

162.30 (b) Recommendations of the council, including approval of recommendations for
162.31 expenditures from the energy fund account, require an affirmative vote of at least eight
162.32 members of the council.

163.1 (c) The council must develop and implement a decision-making process that ensures
163.2 citizens and potential recipients of funds are included at each stage of the process. The
163.3 process must include a fair, equitable, and thorough method to review funding requests,
163.4 and a clear and easily understood process to rank projects.

163.5 Subd. 3. **Conflict of interest.** (a) A council member may not be an advocate for or
163.6 against a council action or vote on any action that may be a conflict of interest. A conflict
163.7 of interest must be disclosed as soon as it is discovered. The council must follow the policies
163.8 and requirements related to conflicts of interest developed by the Office of Grants
163.9 Management under section 16B.98.

163.10 (b) For the purposes of this section, a conflict of interest exists when a person has an
163.11 organizational conflict of interest or a direct financial conflict of interest, and the conflict
163.12 of interest presents the appearance that it will be difficult for the person to impartially fulfill
163.13 the person's duties as a member of the council. An organizational conflict of interest exists
163.14 when a person has an affiliation with an organization subject to council activities that presents
163.15 the appearance of a conflict between organizational interests and the council member's
163.16 duties under this section. An organizational conflict of interest does not exist if the person's
163.17 only affiliation with an organization is being a member of the organization.

163.18 Subd. 4. **Audit.** The legislative auditor must audit energy fund account expenditures
163.19 recommended by the council, including administrative and staffing expenditures, to ensure
163.20 the money is spent in compliance with all applicable laws.

163.21 Subd. 5. **Recipient requirements.** (a) A recipient of a direct appropriation from the
163.22 energy fund account recommended by the council must compile and submit all information
163.23 for funded projects or programs, including proposed measurable outcomes required by the
163.24 council.

163.25 (b) A recipient's future eligibility to receive funds from the energy fund account is
163.26 contingent upon the recipient satisfying all applicable requirements under this section, as
163.27 well as any additional requirements contained in applicable law. If the Office of the
163.28 Legislative Auditor, in the course of an audit or investigation, publicly reports that a recipient
163.29 of funds from the energy fund account has not complied with the laws, rules, or regulations
163.30 under this section or other laws applicable to the recipient, the recipient is not eligible for
163.31 future funding from the energy fund account until the recipient demonstrates compliance
163.32 to the legislative auditor.

163.33 (c) A recipient of a direct appropriation from the energy fund account pursuant to a
163.34 recommendation by the council may not receive funds from another direct appropriation

164.1 from the council until four years after completion of the project funded by the prior direct
164.2 appropriation.

164.3 Subd. 6. **Accomplishment plans.** As a condition of accepting funds appropriated from
164.4 the energy fund account on the council's recommendation, a recipient must agree to submit
164.5 an accomplishment plan and periodic accomplishment reports to the council in the form
164.6 determined by the council. The accomplishment plan must identify the project manager
164.7 responsible for expending the appropriation and the final product. The accomplishment plan
164.8 must account for the use of the appropriation, identify outcomes of the expenditure, and
164.9 include an evaluation of results.

164.10 Subd. 7. **Expenditures.** (a) The council's recommendations regarding expenditures from
164.11 the energy fund account may include but are not limited to research and development
164.12 projects, demonstration projects, and statewide programs and financial incentives.

164.13 (b) If general fund money is transferred to the energy fund account, the council may
164.14 recommend the expenditure of, and the legislature may appropriate, funds from the account
164.15 up to the amount of general fund money present in the account for purposes that do not
164.16 exclusively benefit Minnesota ratepayers receiving electric service from the utility that owns
164.17 a nuclear powered generating plant in this state.

164.18 Subd. 8. **Administration.** The council shall develop administrative procedures for the
164.19 submission and review of proposals seeking funding from the council.

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

164.21 Sec. 8. Minnesota Statutes 2016, section 216A.03, subdivision 1, is amended to read:

164.22 Subdivision 1. **Members.** (a) The Public Utilities Commission shall consist of five
164.23 members. The terms of members shall be six years and until their successors have been
164.24 appointed and qualified. ~~Each commissioner shall be appointed by the governor by and with~~
164.25 ~~the advice and consent of the senate.~~ Not more than three commissioners shall belong to
164.26 the same political party. At least one commissioner must have been domiciled at the time
164.27 of appointment outside the seven-county metropolitan area. If the membership of the
164.28 commission ~~after July 31, 1986,~~ does not consist of at least one member domiciled at the
164.29 time of appointment outside the seven-county metropolitan area, the membership shall
164.30 conform to this requirement following normal attrition of the present commissioners. ~~The~~
164.31 ~~governor~~ When selecting commissioners, the appropriating authorities under paragraph (c)
164.32 shall give consideration to persons learned in the law or persons who have engaged in the
164.33 profession of engineering, public accounting, property and utility valuation, finance, physical

165.1 or natural sciences, production agriculture, or natural resources as well as being representative
165.2 of the general public.

165.3 (b) For purposes of this subdivision, "seven-county metropolitan area" means Anoka,
165.4 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.

165.5 (c) The legislature and the governor shall appoint members of the commission as follows:

165.6 (1) the speaker of the house of representatives shall appoint one member;

165.7 (2) the leader of the majority caucus in the senate shall appoint one member;

165.8 (3) the leader of the minority caucus in the house of representatives shall appoint one
165.9 member;

165.10 (4) the leader of the minority caucus in the senate shall appoint one member; and

165.11 (5) the governor shall appoint one member.

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

165.13 Sec. 9. Minnesota Statutes 2016, section 216A.03, is amended by adding a subdivision to
165.14 read:

165.15 Subd. 1b. **Transition.** (a) This subdivision governs the membership of the commission
165.16 between July 1, 2017, and July 1, 2019.

165.17 (b) On or before July 1, 2017, the leaders of the senate majority and minority caucuses
165.18 shall each appoint one commissioner to serve a term ending July 1, 2023, to replace
165.19 commissioners whose terms expire in 2022 and 2023.

165.20 (c) On or before February 1, 2019, the governor shall appoint a commissioner to serve
165.21 a term ending July 1, 2025, to replace a commissioner whose term ends in 2021.

165.22 (d) On or before July 1, 2019, the leaders of the house majority and minority caucuses
165.23 shall each appoint one commissioner to serve a term ending July 1, 2025, to replace
165.24 commissioners whose terms expire in 2019 and 2020.

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

165.26 Sec. 10. Minnesota Statutes 2016, section 216B.03, is amended to read:

165.27 **216B.03 REASONABLE RATE.**

165.28 Every rate made, demanded, or received by any public utility, or by any two or more
165.29 public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably

166.1 preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable,
166.2 and consistent in application to a class of consumers. To the maximum reasonable extent,
166.3 the commission shall set rates to encourage economic growth, job retention, energy
166.4 conservation and renewable energy use, and to further the goals of sections 216B.164,
166.5 216B.1696, 216B.241, and 216C.05. Any doubt as to reasonableness should be resolved in
166.6 favor of the consumer. For rate-making purposes a public utility may treat two or more
166.7 municipalities served by it as a single class wherever the populations are comparable in size
166.8 or the conditions of service are similar.

166.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
166.10 applies immediately to all proceedings pending before the commission.

166.11 Sec. 11. Minnesota Statutes 2016, section 216B.16, subdivision 1a, is amended to read:

166.12 Subd. 1a. **Settlement.** (a) When a public utility submits a general rate filing, the Office
166.13 of Administrative Hearings, before conducting a contested case hearing, shall convene a
166.14 settlement conference including all of the parties for the purpose of encouraging settlement
166.15 of any or all of the issues in the contested case. If a stipulated settlement is not reached
166.16 before the contested case hearing, the Office of Administrative Hearings may reconvene
166.17 the settlement conference during or after completion of the contested case hearing at its
166.18 discretion or a party's request. The Office of Administrative Hearings or the commission
166.19 may, upon the request of any party and the public utility, extend the procedural schedule
166.20 of the contested case in order to permit the parties to engage in settlement discussions. An
166.21 extension must be for a definite period of time not to exceed 60 days.

166.22 (b) If the applicant and all intervening parties agree to a stipulated settlement of the case
166.23 or parts of the case, the settlement must be submitted to the commission. The commission
166.24 shall accept or reject the settlement in its entirety and, at any time until its final order is
166.25 issued in the case, may require the Office of Administrative Hearings to conduct a contested
166.26 case hearing. The commission may accept the settlement on finding that ~~to do so~~ the
166.27 settlement is supported by substantial evidence and approving the settlement is in the public
166.28 interest and is supported by substantial evidence. The analysis must consider the impact of
166.29 the proposed settlement on the economy, job growth, and job retention. If the commission
166.30 does not accept the settlement, it may issue an order modifying the settlement subject to
166.31 the approval of the parties. Each party shall have ten days in which to reject the proposed
166.32 modification. If no party rejects the proposed modification, the commission's order becomes
166.33 final. If the commission rejects the settlement, or a party rejects the commission's proposed
166.34 modification, a contested case hearing must be completed.

167.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
167.2 applies immediately to all proceedings pending before the commission.

167.3 Sec. 12. Minnesota Statutes 2016, section 216B.16, subdivision 6, is amended to read:

167.4 Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers
167.5 under this chapter to determine just and reasonable rates for public utilities, shall give due
167.6 consideration to the public need for adequate, efficient, and reasonable service, as well as
167.7 the need for competitive electric rates, job preservation, and economic growth, and to the
167.8 need of the public utility for revenue sufficient to enable it to meet the cost of furnishing
167.9 the service, including adequate provision for depreciation of its utility property used and
167.10 useful in rendering service to the public, and to earn a fair and reasonable return upon the
167.11 investment in such property. In determining the rate base upon which the utility is to be
167.12 allowed to earn a fair rate of return, the commission shall give due consideration to evidence
167.13 of the cost of the property when first devoted to public use, to prudent acquisition cost to
167.14 the public utility less appropriate depreciation on each, to construction work in progress, to
167.15 offsets in the nature of capital provided by sources other than the investors, and to other
167.16 expenses of a capital nature. For purposes of determining rate base, the commission shall
167.17 consider the original cost of utility property included in the base and shall make no allowance
167.18 for its estimated current replacement value. If the commission orders a generating facility
167.19 to terminate its operations before the end of the facility's physical life in order to comply
167.20 with a specific state or federal energy statute or policy, the commission may allow the public
167.21 utility to recover any positive net book value of the facility as determined by the commission.

167.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and
167.23 applies immediately to all proceedings pending before the commission.

167.24 Sec. 13. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

167.25 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
167.26 and 2b, each public utility shall generate or procure sufficient electricity generated by solar
167.27 energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at
167.28 least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is
167.29 generated by solar energy.

167.30 (b) For a public utility with more than 200,000 retail electric customers, at least ten
167.31 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
167.32 solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

167.33 (c) A public utility with between 50,000 and 200,000 retail electric customers:

168.1 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
168.2 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
168.3 less; and

168.4 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
168.5 of 40 kilowatts or less to a community solar garden program operated by the public utility
168.6 that has been approved by the commission.

168.7 ~~(b)~~ (d) The solar energy standard established in this subdivision is subject to all the
168.8 provisions of this section governing a utility's standard obligation under subdivision 2a.

168.9 ~~(e)~~ (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the
168.10 retail electric sales in Minnesota be generated by solar energy.

168.11 ~~(d)~~ (f) For the purposes of calculating the total retail electric sales of a public utility
168.12 under this subdivision, there shall be excluded retail electric sales to customers that are:

168.13 (1) an iron mining extraction and processing facility, including a scam mining facility
168.14 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

168.15 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
168.16 manufacturer.

168.17 Those customers may not have included in the rates charged to them by the public utility
168.18 any costs of satisfying the solar standard specified by this subdivision.

168.19 ~~(e)~~ (g) A public utility may not use energy used to satisfy the solar energy standard under
168.20 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
168.21 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
168.22 solar standard under this subdivision.

168.23 ~~(f)~~ (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
168.24 with a solar photovoltaic device installed and generating electricity in Minnesota after
168.25 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
168.26 under this subdivision.

168.27 ~~(g)~~ (i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall
168.28 file a report with the commission reporting its progress in achieving the solar energy standard
168.29 established under this subdivision.

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

169.1 Sec. 14. Minnesota Statutes 2016, section 216B.241, subdivision 1b, is amended to read:

169.2 Subd. 1b. **Conservation improvement by cooperative association or municipality.**

169.3 (a) This subdivision applies to:

169.4 (1) a cooperative electric association that provides retail service to ~~its~~ more than 5,000
169.5 members;

169.6 (2) a municipality that provides electric service to more than 1,000 retail customers; and

169.7 (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales
169.8 to natural gas ~~to~~ retail customers.

169.9 (b) Each cooperative electric association and municipality subject to this subdivision
169.10 shall spend and invest for energy conservation improvements under this subdivision the
169.11 following amounts:

169.12 (1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas
169.13 and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross
169.14 operating revenues from electric and gas service provided in the state to large electric
169.15 customer facilities; and

169.16 (2) for a cooperative electric association, 1.5 percent of its gross operating revenues
169.17 from service provided in the state, excluding gross operating revenues from service provided
169.18 in the state to large electric customer facilities indirectly through a distribution cooperative
169.19 electric association.

169.20 (c) Each municipality and cooperative electric association subject to this subdivision
169.21 shall identify and implement energy conservation improvement spending and investments
169.22 that are appropriate for the municipality or association, except that a municipality or
169.23 association may not spend or invest for energy conservation improvements that directly
169.24 benefit a large energy facility or a large electric customer facility for which the commissioner
169.25 has issued an exemption under subdivision 1a, paragraph (b).

169.26 (d) Each municipality and cooperative electric association subject to this subdivision
169.27 may spend and invest annually up to ten percent of the total amount required to be spent
169.28 and invested on energy conservation improvements under this subdivision on research and
169.29 development projects that meet the definition of energy conservation improvement in
169.30 subdivision 1 and that are funded directly by the municipality or cooperative electric
169.31 association.

169.32 (e) Load-management activities may be used to meet 50 percent of the conservation
169.33 investment and spending requirements of this subdivision.

170.1 (f) A generation and transmission cooperative electric association that provides energy
170.2 services to cooperative electric associations that provide electric service at retail to consumers
170.3 may invest in energy conservation improvements on behalf of the associations it serves and
170.4 may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate
170.5 basis. A municipal power agency or other not-for-profit entity that provides energy service
170.6 to municipal utilities that provide electric service at retail may invest in energy conservation
170.7 improvements on behalf of the municipal utilities it serves and may fulfill the conservation,
170.8 spending, reporting, and energy-savings goals on an aggregate basis, under an agreement
170.9 between the municipal power agency or not-for-profit entity and each municipal utility for
170.10 funding the investments.

170.11 (g) Each municipality or cooperative shall file energy conservation improvement plans
170.12 by June 1 on a schedule determined by order of the commissioner, but at least every three
170.13 years. Plans received by June 1 must be approved or approved as modified by the
170.14 commissioner by December 1 of the same year. The municipality or cooperative shall
170.15 provide an evaluation to the commissioner detailing its energy conservation improvement
170.16 spending and investments for the previous period. The evaluation must briefly describe
170.17 each conservation program and must specify the energy savings or increased efficiency in
170.18 the use of energy within the service territory of the utility or association that is the result of
170.19 the spending and investments. The evaluation must analyze the cost-effectiveness of the
170.20 utility's or association's conservation programs, using a list of baseline energy and capacity
170.21 savings assumptions developed in consultation with the department. The commissioner
170.22 shall review each evaluation and make recommendations, where appropriate, to the
170.23 municipality or association to increase the effectiveness of conservation improvement
170.24 activities.

170.25 ~~(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]~~

170.26 ~~(h)~~ (h) The commissioner shall consider and may require a utility, association, or other
170.27 entity providing energy efficiency and conservation services under this section to undertake
170.28 a program suggested by an outside source, including a political subdivision, nonprofit
170.29 corporation, or community organization.

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

170.31 Sec. 15. Minnesota Statutes 2016, section 216B.241, subdivision 1c, is amended to read:

170.32 Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving
170.33 goals for energy conservation improvement expenditures and shall evaluate an energy
170.34 conservation improvement program on how well it meets the goals set.

171.1 (b) Each individual utility and association shall have an annual energy-savings goal
171.2 equivalent to 1.5 percent of gross annual retail energy sales unless modified by the
171.3 commissioner under paragraph (d). The savings goals must be calculated based on the most
171.4 recent three-year weather-normalized average. A utility or association may elect to carry
171.5 forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar
171.6 years, except that savings from electric utility infrastructure projects allowed under paragraph
171.7 (d) may be carried forward for five years. A particular energy savings can be used only for
171.8 one year's goal.

171.9 (c) The commissioner must adopt a filing schedule that is designed to have all utilities
171.10 and associations operating under an energy-savings plan by calendar year 2010.

171.11 (d) In its energy conservation improvement plan filing, a utility or association may
171.12 request the commissioner to adjust its annual energy-savings percentage goal based on its
171.13 historical conservation investment experience, customer class makeup, load growth, a
171.14 conservation potential study, or other factors the commissioner determines warrants an
171.15 adjustment. The commissioner may not approve a plan of a public utility that provides for
171.16 an annual energy-savings goal of less than one percent of gross annual retail energy sales
171.17 from energy conservation improvements.

171.18 A utility or association may include in its energy conservation plan energy savings from
171.19 electric utility infrastructure projects approved by the commission under section 216B.1636
171.20 or waste heat recovery converted into electricity projects that may count as energy savings
171.21 in addition to a minimum energy-savings goal of at least one percent for energy conservation
171.22 improvements. Energy savings from electric utility infrastructure projects, as defined in
171.23 section 216B.1636, may be included in the energy conservation plan of a municipal utility
171.24 or cooperative electric association. Electric utility infrastructure projects must result in
171.25 increased energy efficiency greater than that which would have occurred through normal
171.26 maintenance activity.

171.27 (e) An energy-savings goal is not satisfied by attaining the revenue expenditure
171.28 requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the
171.29 energy-savings goal established in this subdivision.

171.30 (f) An association or utility is not required to make energy conservation investments to
171.31 attain the energy-savings goals of this subdivision that are not cost-effective even if the
171.32 investment is necessary to attain the energy-savings goals. For the purpose of this paragraph,
171.33 in determining cost-effectiveness, the commissioner shall consider the costs and benefits
171.34 to ratepayers, the utility, participants, and society. In addition, the commissioner shall

172.1 consider the rate at which an association or municipal utility is increasing its energy savings
172.2 and its expenditures on energy conservation.

172.3 (g) On an annual basis, the commissioner shall produce and make publicly available a
172.4 report on the annual energy savings and estimated carbon dioxide reductions achieved by
172.5 the energy conservation improvement programs for the two most recent years for which
172.6 data is available. The commissioner shall report on program performance both in the
172.7 aggregate and for each entity filing an energy conservation improvement plan for approval
172.8 or review by the commissioner.

172.9 (h) By January 15, 2010, the commissioner shall report to the legislature whether the
172.10 spending requirements under subdivisions 1a and 1b are necessary to achieve the
172.11 energy-savings goals established in this subdivision.

172.12 (i) This subdivision does not apply to:

172.13 (1) a cooperative electric association with fewer than 5,000 members;

172.14 (2) a municipal utility with fewer than 1,000 retail electric customers; or

172.15 (3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales
172.16 to retail natural gas customers.

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

172.18 Sec. 16. Minnesota Statutes 2016, section 216B.241, subdivision 2, is amended to read:

172.19 Subd. 2. **Programs.** (a) The commissioner may require public utilities to make
172.20 investments and expenditures in energy conservation improvements, explicitly setting forth
172.21 the interest rates, prices, and terms under which the improvements must be offered to the
172.22 customers. The required programs must cover no more than a three-year period. Public
172.23 utilities shall file conservation improvement plans by June 1, on a schedule determined by
172.24 order of the commissioner, but at least every three years. Plans received by a public utility
172.25 by June 1 must be approved or approved as modified by the commissioner by December 1
172.26 of that same year. The commissioner shall evaluate the program on the basis of
172.27 cost-effectiveness and the reliability of technologies employed. The commissioner's order
172.28 must provide to the extent practicable for a free choice, by consumers participating in the
172.29 program, of the device, method, material, or project constituting the energy conservation
172.30 improvement and for a free choice of the seller, installer, or contractor of the energy
172.31 conservation improvement, provided that the device, method, material, or project seller,
172.32 installer, or contractor is duly licensed, certified, approved, or qualified, including under
172.33 the residential conservation services program, where applicable.

173.1 (b) The commissioner may require a utility subject to subdivision 1c to make an energy
173.2 conservation improvement investment or expenditure whenever the commissioner finds
173.3 that the improvement will result in energy savings at a total cost to the utility less than the
173.4 cost to the utility to produce or purchase an equivalent amount of new supply of energy.
173.5 The commissioner shall nevertheless ensure that every public utility operate one or more
173.6 programs under periodic review by the department.

173.7 (c) Each public utility subject to subdivision 1a may spend and invest annually up to ten
173.8 percent of the total amount required to be spent and invested on energy conservation
173.9 improvements under this section by the utility on research and development projects that
173.10 meet the definition of energy conservation improvement in subdivision 1 and that are funded
173.11 directly by the public utility.

173.12 (d) A public utility may not spend for or invest in energy conservation improvements
173.13 that directly benefit a large energy facility or a large electric customer facility for which the
173.14 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The
173.15 commissioner shall consider and may require a utility to undertake a program suggested by
173.16 an outside source, including a political subdivision, a nonprofit corporation, or community
173.17 organization.

173.18 (e) A utility, a political subdivision, or a nonprofit or community organization that has
173.19 suggested a program, the attorney general acting on behalf of consumers and small business
173.20 interests, or a utility customer that has suggested a program and is not represented by the
173.21 attorney general under section 8.33 may petition the commission to modify or revoke a
173.22 department decision under this section, and the commission may do so if it determines that
173.23 the program is not cost-effective, does not adequately address the residential conservation
173.24 improvement needs of low-income persons, has a long-range negative effect on one or more
173.25 classes of customers, or is otherwise not in the public interest. The commission shall reject
173.26 a petition that, on its face, fails to make a reasonable argument that a program is not in the
173.27 public interest.

173.28 (f) The commissioner may order a public utility to include, with the filing of the utility's
173.29 annual status report, the results of an independent audit of the utility's conservation
173.30 improvement programs and expenditures performed by the department or an auditor with
173.31 experience in the provision of energy conservation and energy efficiency services approved
173.32 by the commissioner and chosen by the utility. The audit must specify the energy savings
173.33 or increased efficiency in the use of energy within the service territory of the utility that is
173.34 the result of the spending and investments. The audit must evaluate the cost-effectiveness
173.35 of the utility's conservation programs.

174.1 (g) A gas utility may not spend for or invest in energy conservation improvements that
174.2 directly benefit a large customer facility or commercial gas customer facility for which the
174.3 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or
174.4 (e). The commissioner shall consider and may require a utility to undertake a program
174.5 suggested by an outside source, including a political subdivision, a nonprofit corporation,
174.6 or a community organization.

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

174.8 Sec. 17. Minnesota Statutes 2016, section 216B.241, subdivision 5, is amended to read:

174.9 Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric
174.10 association, and municipal utility that provides electric service to retail customers and is
174.11 subject to subdivision 1c shall include as part of its conservation improvement activities a
174.12 program to strongly encourage the use of fluorescent and high-intensity discharge lamps.
174.13 The program must include at least a public information campaign to encourage use of the
174.14 lamps and proper management of spent lamps by all customer classifications.

174.15 (b) A public utility that provides electric service at retail to 200,000 or more customers
174.16 shall establish, either directly or through contracts with other persons, including lamp
174.17 manufacturers, distributors, wholesalers, and retailers and local government units, a system
174.18 to collect for delivery to a reclamation or recycling facility spent fluorescent and
174.19 high-intensity discharge lamps from households and from small businesses as defined in
174.20 section 645.445 that generate an average of fewer than ten spent lamps per year.

174.21 (c) A collection system must include establishing reasonably convenient locations for
174.22 collecting spent lamps from households and financial incentives sufficient to encourage
174.23 spent lamp generators to take the lamps to the collection locations. Financial incentives may
174.24 include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash
174.25 back system, or any other financial incentive or group of incentives designed to collect the
174.26 maximum number of spent lamps from households and small businesses that is reasonably
174.27 feasible.

174.28 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,
174.29 a cooperative electric association, or a municipal utility that provides electric service at
174.30 retail to customers may establish a collection system under paragraphs (b) and (c) as part
174.31 of conservation improvement activities required under this section.

174.32 (e) The commissioner of the Pollution Control Agency may not, unless clearly required
174.33 by federal law, require a public utility, cooperative electric association, or municipality that

175.1 establishes a household fluorescent and high-intensity discharge lamp collection system
175.2 under this section to manage the lamps as hazardous waste as long as the lamps are managed
175.3 to avoid breakage and are delivered to a recycling or reclamation facility that removes
175.4 mercury and other toxic materials contained in the lamps prior to placement of the lamps
175.5 in solid waste.

175.6 (f) If a public utility, cooperative electric association, or municipal utility contracts with
175.7 a local government unit to provide a collection system under this subdivision, the contract
175.8 must provide for payment to the local government unit of all the unit's incremental costs of
175.9 collecting and managing spent lamps.

175.10 (g) All the costs incurred by a public utility, cooperative electric association, or municipal
175.11 utility for promotion and collection of fluorescent and high-intensity discharge lamps under
175.12 this subdivision are conservation improvement spending under this section.

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

175.14 Sec. 18. Minnesota Statutes 2016, section 216B.241, subdivision 5d, is amended to read:

175.15 Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

175.16 (1) "utility" means a public utility, municipal utility, or cooperative electric association
175.17 subject to subdivision 1c that provides electric or natural gas service to retail customers;
175.18 and

175.19 (2) "on-bill repayment program" means a program in which a utility collects on a
175.20 customer's bill repayment of a loan to the customer by an eligible lender to finance the
175.21 customer's investment in eligible energy conservation or renewable energy projects, and
175.22 remits loan repayments to the lender.

175.23 (b) A utility may include as part of its conservation improvement plan an on-bill
175.24 repayment program to enable a customer to finance eligible projects with installment loans
175.25 originated by an eligible lender. An eligible project is one that is either an energy conservation
175.26 improvement, or a project installed on the customer's site that uses an eligible renewable
175.27 energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b),
175.28 but does not include mixed municipal solid waste or refuse-derived fuel from mixed
175.29 municipal solid waste. An eligible renewable energy source also includes solar thermal
175.30 technology that collects the sun's radiant energy and uses that energy to heat or cool air or
175.31 water, and meets the requirements of section 216C.25. To be an eligible lender, a lender
175.32 must:

175.33 (1) have a federal or state charter and be eligible for federal deposit insurance;

176.1 (2) be a government entity, including an entity established under chapter 469, that has
176.2 authority to provide financial assistance for energy efficiency and renewable energy projects;

176.3 (3) be a joint venture by utilities established under section 452.25; or

176.4 (4) be licensed, certified, or otherwise have its lending activities overseen by a state or
176.5 federal government agency.

176.6 The commissioner must allow a utility broad discretion in designing and implementing an
176.7 on-bill repayment program, provided that the program complies with this subdivision.

176.8 (c) A utility may establish an on-bill repayment program for all customer classes or for
176.9 a specific customer class.

176.10 (d) A public utility that implements an on-bill repayment program under this subdivision
176.11 must enter into a contract with one or more eligible lenders that complies with the
176.12 requirements of this subdivision and contains provisions addressing capital commitments,
176.13 loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance
176.14 of loans returned due to delinquency or default.

176.15 (e) A public utility's contract with a lender must require the lender to comply with all
176.16 applicable federal and state laws, rules, and regulations related to lending practices and
176.17 consumer protection; to conform to reasonable and prudent lending standards; and to provide
176.18 businesses that sell, maintain, and install eligible projects the ability to participate in an
176.19 on-bill repayment program under this subdivision on a nondiscriminatory basis.

176.20 (f) A public utility's contract with a lender may provide:

176.21 (1) for the public utility to purchase loans from the lender with a condition that the lender
176.22 must purchase back loans in delinquency or default; or

176.23 (2) for the lender to retain ownership of loans with the public utility servicing the loans
176.24 through on-bill repayment as long as payments are current.

176.25 The risk of default must remain with the lender. The lender shall not have recourse against
176.26 the public utility except in the event of negligence or breach of contract by the utility.

176.27 (g) If a public utility customer makes a partial payment on a utility bill that includes a
176.28 loan installment, the partial payment must be credited first to the amount owed for utility
176.29 service, including taxes and fees. A public utility may not suspend or terminate a customer's
176.30 utility service for delinquency or default on a loan that is being serviced through the public
176.31 utility's on-bill repayment program.

177.1 (h) An outstanding balance on a loan being repaid under this subdivision is a financial
177.2 obligation only of the customer who is signatory to the loan, and not to any subsequent
177.3 customer occupying the property associated with the loan. If the public utility purchases
177.4 loans from the lender as authorized under paragraph (f), clause (1), the public utility must
177.5 return to the lender a loan not repaid when a customer borrower no longer occupies the
177.6 property.

177.7 (i) Costs incurred by a public utility under this subdivision are recoverable as provided
177.8 in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs
177.9 for billing system modifications necessary to implement and operate an on-bill repayment
177.10 program and for ongoing costs to operate the program. Costs in a plan approved by the
177.11 commissioner may be counted toward a utility's conservation spending requirements under
177.12 subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting
177.13 from this section may be counted toward satisfying a utility's energy-savings goals under
177.14 subdivision 1c.

177.15 (j) This subdivision does not require a utility to terminate or modify an existing financing
177.16 program and does not prohibit a utility from establishing an on-bill financing program in
177.17 which the utility provides the financing capital.

177.18 (k) A municipal utility or cooperative electric association that implements an on-bill
177.19 repayment program shall design the program to address the issues identified in paragraphs
177.20 (d) through (h) as determined by the governing board of the utility or association.

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

177.22 Sec. 19. Minnesota Statutes 2016, section 216B.241, subdivision 7, is amended to read:

177.23 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility
177.24 and association subject to subdivision 1c provides low-income programs. When approving
177.25 spending and energy-savings goals for low-income programs, the commissioner shall
177.26 consider historic spending and participation levels, energy savings for low-income programs,
177.27 and the number of low-income persons residing in the utility's service territory. A municipal
177.28 utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing
177.29 gas service must spend at least 0.4 percent, of its most recent three-year average gross
177.30 operating revenue from residential customers in the state on low-income programs. A utility
177.31 or association that furnishes electric service must spend at least 0.1 percent of its gross
177.32 operating revenue from residential customers in the state on low-income programs. For a
177.33 generation and transmission cooperative association, this requirement shall apply to each
177.34 association's members' aggregate gross operating revenue from sale of electricity to residential

178.1 customers in the state. Beginning in 2010, a utility or association that furnishes electric
178.2 service must spend 0.2 percent of its gross operating revenue from residential customers in
178.3 the state on low-income programs.

178.4 (b) To meet the requirements of paragraph (a), a utility or association may contribute
178.5 money to the energy and conservation account. An energy conservation improvement plan
178.6 must state the amount, if any, of low-income energy conservation improvement funds the
178.7 utility or association will contribute to the energy and conservation account. Contributions
178.8 must be remitted to the commissioner by February 1 of each year.

178.9 (c) The commissioner shall establish low-income programs to utilize money contributed
178.10 to the energy and conservation account under paragraph (b). In establishing low-income
178.11 programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and
178.12 community organizations, especially organizations engaged in providing energy and
178.13 weatherization assistance to low-income persons. Money contributed to the energy and
178.14 conservation account under paragraph (b) must provide programs for low-income persons,
178.15 including low-income renters, in the service territory of the utility or association providing
178.16 the money. The commissioner shall record and report expenditures and energy savings
178.17 achieved as a result of low-income programs funded through the energy and conservation
178.18 account in the report required under subdivision 1c, paragraph (g). The commissioner may
178.19 contract with a political subdivision, nonprofit or community organization, public utility,
178.20 municipality, or cooperative electric association to implement low-income programs funded
178.21 through the energy and conservation account.

178.22 (d) A utility or association may petition the commissioner to modify its required spending
178.23 under paragraph (a) if the utility or association and the commissioner have been unable to
178.24 expend the amount required under paragraph (a) for three consecutive years.

178.25 (e) The costs and benefits associated with any approved low-income gas or electric
178.26 conservation improvement program that is not cost-effective when considering the costs
178.27 and benefits to the utility may, at the discretion of the utility, be excluded from the calculation
178.28 of net economic benefits for purposes of calculating the financial incentive to the utility.
178.29 The energy and demand savings may, at the discretion of the utility, be applied toward the
178.30 calculation of overall portfolio energy and demand savings for purposes of determining
178.31 progress toward annual goals and in the financial incentive mechanism.

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

179.1 Sec. 20. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

179.2 Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with
179.3 the commission periodically in accordance with rules adopted by the commission. The
179.4 commission shall approve, reject, or modify the plan of a public utility, as defined in section
179.5 216B.02, subdivision 4, consistent with the public interest. The analysis must consider the
179.6 economy, job growth, and job retention.

179.7 (b) In the resource plan proceedings of all other utilities, the commission's order shall
179.8 be advisory and the order's findings and conclusions shall constitute prima facie evidence
179.9 which may be rebutted by substantial evidence in all other proceedings. With respect to
179.10 utilities other than those defined in section 216B.02, subdivision 4, the commission shall
179.11 consider the filing requirements and decisions in any comparable proceedings in another
179.12 jurisdiction.

179.13 (c) As a part of its resource plan filing, a utility shall include the least cost plan for
179.14 meeting 50 and 75 percent of all energy needs from both new and refurbished capacity
179.15 needs generating facilities through a combination of conservation and renewable energy
179.16 resources.

179.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.
179.18 Paragraphs (a) and (b) apply immediately to all proceedings pending before the commission.
179.19 Paragraph (c) applies to resource plans filed with the commission on or after July 1, 2017.

179.20 Sec. 21. Minnesota Statutes 2016, section 216B.2422, subdivision 3, is amended to read:

179.21 Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable,
179.22 quantify and establish a range of environmental costs associated with each method of
179.23 electricity generation. A utility shall use the values established by the commission in
179.24 conjunction with other external factors, including socioeconomic costs, when evaluating
179.25 and selecting resource options in all proceedings before the commission, including resource
179.26 plan and certificate of need proceedings. As part of the resource options and socioeconomic
179.27 cost analysis under this section, the utility must calculate the impact of resource options on
179.28 customers' bills and utility rates. Any doubt regarding the various resource options before
179.29 the commission must be resolved in favor of supporting the economy, job growth, and job
179.30 retention.

179.31 (b) The commission shall establish interim environmental cost values associated with
179.32 each method of electricity generation by March 1, 1994. These values expire on the date
179.33 the commission establishes environmental cost values under paragraph (a).

180.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
180.2 applies immediately to all proceedings pending before the commission.

180.3 Sec. 22. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

180.4 Subd. 4. **Preference for renewable energy facility.** The commission shall not approve
180.5 a new or refurbished nonrenewable energy facility in an integrated resource plan or a
180.6 certificate of need, pursuant to section 216B.243, nor shall the commission allow rate
180.7 recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the
180.8 utility has demonstrated that a renewable energy facility is not in the public interest. When
180.9 making the public interest determination, the commission must ~~include~~ consider:

180.10 (1) whether the resource plan helps the utility achieve the greenhouse gas reduction
180.11 goals under section 216H.02, the renewable energy standard under section 216B.1691, or
180.12 the solar energy standard under section 216B.1691, subdivision 2f;

180.13 (2) impacts on local and regional grid reliability;

180.14 (3) utility and ratepayer impacts resulting from the intermittent nature of renewable
180.15 energy facilities, including but not limited to the costs of purchasing wholesale electricity
180.16 in the market and the costs of providing ancillary services; and

180.17 (4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,
180.18 changes in transmission costs, portfolio diversification, and environmental compliance
180.19 costs.

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

180.21 Sec. 23. Minnesota Statutes 2016, section 216B.243, subdivision 8, is amended to read:

180.22 Subd. 8. **Exemptions.** (a) This section does not apply to:

180.23 (1) cogeneration or small power production facilities as defined in the Federal Power
180.24 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
180.25 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
180.26 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
180.27 any case where the commission has determined after being advised by the attorney general
180.28 that its application has been preempted by federal law;

180.29 (2) a high-voltage transmission line proposed primarily to distribute electricity to serve
180.30 the demand of a single customer at a single location, unless the applicant opts to request
180.31 that the commission determine need under this section or section 216B.2425;

181.1 (3) the upgrade to a higher voltage of an existing transmission line that serves the demand
181.2 of a single customer that primarily uses existing rights-of-way, unless the applicant opts to
181.3 request that the commission determine need under this section or section 216B.2425;

181.4 (4) a high-voltage transmission line of one mile or less required to connect a new or
181.5 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

181.6 (5) conversion of the fuel source of an existing electric generating plant to using natural
181.7 gas;

181.8 (6) the modification of an existing electric generating plant to increase efficiency, as
181.9 long as the capacity of the plant is not increased more than ten percent or more than 100
181.10 megawatts, whichever is greater;

181.11 (7) a wind energy conversion system or solar electric generation facility if the system
181.12 or facility is owned and operated by an independent power producer and the electric output
181.13 of the system or facility is not sold to an entity that provides retail service in Minnesota or
181.14 wholesale electric service to another entity in Minnesota other than an entity that is a federally
181.15 recognized regional transmission organization or independent system operator; ~~or~~

181.16 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
181.17 2, or a solar energy generating large energy facility, as defined in section ~~216B.2421,~~
181.18 ~~subdivision 2~~ 216E.01, subdivision 9a, engaging in a repowering project that:

181.19 (i) will not result in the facility exceeding the nameplate capacity under its most recent
181.20 interconnection agreement; or

181.21 (ii) will result in the facility exceeding the nameplate capacity under its most recent
181.22 interconnection agreement, provided that the Midcontinent Independent System Operator
181.23 has provided a signed generator interconnection agreement that reflects the expected net
181.24 power increase;

181.25 (9) a large wind energy conversion system, as defined in section 216F.01, subdivision
181.26 2;

181.27 (10) a solar energy generating system, as defined in section 216E.01, subdivision 9a,
181.28 with a capacity of five megawatts or more;

181.29 (11) a pipeline transporting crude oil or refined petroleum products;

181.30 (12) a pipeline transporting natural gas or propane; or

181.31 (13) a replacement pipeline.

181.32 (b) For the purpose of this subdivision, the following terms have the meanings given:

182.1 (1) "repowering project" means:

182.2 ~~(1)~~ (i) modifying a large wind energy conversion system or a solar energy generating
182.3 large energy facility to increase its efficiency without increasing its nameplate capacity;

182.4 ~~(2)~~ (ii) replacing turbines in a large wind energy conversion system without increasing
182.5 the nameplate capacity of the system; or

182.6 ~~(3)~~ (iii) increasing the nameplate capacity of a large wind energy conversion system;
182.7 and

182.8 (2) "replacement pipeline" means a pipeline constructed in a new or existing right-of-way
182.9 that replaces service provided by an existing pipeline that will be permanently removed
182.10 from service within 180 days of the date of initial service of the replacement pipeline.

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

182.12 Sec. 24. Minnesota Statutes 2016, section 216C.05, subdivision 2, is amended to read:

182.13 Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

182.14 (1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of
182.15 electricity and natural gas be achieved through cost-effective energy efficiency;

182.16 (2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the
182.17 year 2015, through increased reliance on energy efficiency and renewable energy alternatives;
182.18 and

182.19 (3) 25 percent of the total energy used in the state be derived from renewable energy
182.20 resources by the year 2025-; and

182.21 (4) retail electricity rates be at least ten percent below the national average for commercial
182.22 customers and at least five percent below the national average for all other customer classes.

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

182.24 Sec. 25. Minnesota Statutes 2016, section 216C.41, subdivision 2, is amended to read:

182.25 Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made
182.26 according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner
182.27 or operator of a qualified hydropower facility or qualified wind energy conversion facility
182.28 for electric energy generated and sold by the facility, (3) a publicly owned hydropower
182.29 facility for electric energy that is generated by the facility and used by the owner of the
182.30 facility outside the facility, or (4) the owner of a publicly owned dam that is in need of

183.1 substantial repair, for electric energy that is generated by a hydropower facility at the dam
183.2 and the annual incentive payments will be used to fund the structural repairs and replacement
183.3 of structural components of the dam, or to retire debt incurred to fund those repairs.

183.4 (b) Payment may only be made upon receipt by the commissioner of commerce of an
183.5 incentive payment application that establishes that the applicant is eligible to receive an
183.6 incentive payment and that satisfies other requirements the commissioner deems necessary.
183.7 The application must be in a form and submitted at a time the commissioner establishes.

183.8 (c) There is annually appropriated from the ~~renewable development~~ energy fund account
183.9 established under section 116C.779 to the commissioner of commerce sums sufficient to
183.10 make the payments required under this section, in addition to the amounts funded by the
183.11 ~~renewable development~~ energy fund account as specified in subdivision 5a.

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

183.13 Sec. 26. Minnesota Statutes 2016, section 216C.41, subdivision 5a, is amended to read:

183.14 Subd. 5a. ~~Renewable development account~~ **Payment authorization.** The Department
183.15 of Commerce shall authorize payment of the renewable energy production incentive to wind
183.16 energy conversion systems that are eligible under this section or Laws 2005, chapter 40, to
183.17 on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive
183.18 shall be made from the ~~renewable energy development~~ fund account as provided under
183.19 section 116C.779, subdivision 2.

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

183.21 Sec. 27. **[216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA"**
183.22 **SOLAR ENERGY PRODUCTION INCENTIVES.**

183.23 Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy
183.24 production incentive to an owner whose application was approved by the commissioner of
183.25 commerce under section 216C.415 prior to the effective date of this section must be
183.26 administered under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413;
183.27 216C.414, subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made
183.28 under this section to an owner whose application was approved by the commissioner after
183.29 the effective date of this section.

183.30 Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under
183.31 Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the

184.1 energy fund account in the special revenue fund established under section 116C.779,
184.2 subdivision 1.

184.3 (b) There is annually appropriated from the energy fund account in the special revenue
184.4 fund established in section 116C.779 to the commissioner of commerce money sufficient
184.5 to make the incentive payments required under Minnesota Statutes 2016, section 216C.415.

184.6 (c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of
184.7 this appropriation may be used for administrative costs.

184.8 Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this
184.9 subdivision only for solar photovoltaic module installations that meet the requirements of
184.10 subdivision 1 and that first begin generating electricity between January 1, 2014, and
184.11 December 31, 2017.

184.12 (b) The payment eligibility window of the incentive begins and runs consecutively from
184.13 the date the solar photovoltaic module first begins generating electricity.

184.14 (c) An owner of solar photovoltaic modules may receive payments under this section
184.15 for a particular module for a period of ten years, provided that sufficient funds are available
184.16 in the account.

184.17 (d) No payment may be made under this section for electricity generated after December
184.18 31, 2027.

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

184.20 Sec. 28. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
184.21 to read:

184.22 Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means
184.23 a residential dwelling containing five or more units intended for use as a residence by tenants
184.24 or lessees of the owner.

184.25 Sec. 29. Minnesota Statutes 2016, section 216E.03, subdivision 3, is amended to read:

184.26 Subd. 3. **Application.** Any person seeking to construct a large electric power generating
184.27 plant or a high-voltage transmission line must apply to the commission for a site or route
184.28 permit. The application shall contain such information as the commission may require. The
184.29 applicant shall ~~shall~~ may propose at least two sites for a large electric power generating plant and
184.30 two routes for a high-voltage transmission line. Neither of the two proposed routes may be
184.31 designated as a preferred route and all proposed routes must be numbered and designated

185.1 as alternatives. The commission shall determine whether an application is complete and
185.2 advise the applicant of any deficiencies within ten days of receipt. An application is not
185.3 incomplete if information not in the application can be obtained from the applicant during
185.4 the first phase of the process and that information is not essential for notice and initial public
185.5 meetings.

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

185.7 Sec. 30. Minnesota Statutes 2016, section 216E.03, subdivision 9, is amended to read:

185.8 Subd. 9. **Timing.** The commission shall make a final decision on an application within
185.9 60 days after receipt of the report of the administrative law judge. A final decision on the
185.10 request for a site permit or route permit shall be made within one year after the commission's
185.11 determination that an application is complete. The commission may extend this time limit
185.12 for up to ~~three months~~ 30 days for just cause or upon agreement of the applicant.

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

185.14 Sec. 31. Minnesota Statutes 2016, section 216E.04, subdivision 7, is amended to read:

185.15 Subd. 7. **Timing.** The commission shall make a final decision on an application within
185.16 60 days after completion of the public hearing. A final decision on the request for a site
185.17 permit or route permit under this section shall be made within six months after the
185.18 commission's determination that an application is complete. The commission may extend
185.19 this time limit for up to ~~three months~~ 30 days for just cause or upon agreement of the
185.20 applicant.

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

185.22 Sec. 32. Minnesota Statutes 2016, section 216F.01, subdivision 2, is amended to read:

185.23 Subd. 2. **Large wind energy conversion system or LWECS.** "Large wind energy
185.24 conversion system" or "LWECS" means any combination of WECS with a combined
185.25 nameplate capacity of 5,000 kilowatts or more and transmission lines directly associated
185.26 with the LWECS that are necessary to interconnect the LWECS to the transmission system.

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

185.28 Sec. 33. Minnesota Statutes 2016, section 216F.011, is amended to read:

185.29 **216F.011 SIZE DETERMINATION.**

186.1 (a) The total size of a combination of wind energy conversion systems for the purpose
186.2 of determining what jurisdiction has siting authority under this chapter must be determined
186.3 according to this section. The nameplate capacity of one wind energy conversion system
186.4 must be combined with the nameplate capacity of any other wind energy conversion system
186.5 that:

186.6 (1) is located within five miles of the wind energy conversion system;

186.7 (2) is constructed within the same 12-month period as the wind energy conversion
186.8 system; and

186.9 (3) exhibits characteristics of being a single development, including, but not limited to,
186.10 ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing
186.11 arrangements, and common debt or equity financing.

186.12 (b) The commissioner shall provide forms and assistance for project developers to make
186.13 a request for a size determination. Upon written request of a project developer, the
186.14 commissioner of commerce shall provide a written size determination within 30 days of
186.15 receipt of the request and of any information needed to complete the size determination that
186.16 has been requested by the commissioner. In the case of a dispute, the chair of the Public
186.17 Utilities Commission shall make the final size determination.

186.18 (c) An application to a county for a permit under this chapter for a wind energy conversion
186.19 system is not complete without a size determination made under this section.

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

186.21 Sec. 34. Minnesota Statutes 2016, section 216F.04, is amended to read:

186.22 **216F.04 SITE PERMIT.**

186.23 (a) No person may construct an LWECS without a site permit issued by the Public
186.24 Utilities Commission.

186.25 (b) Any person seeking to construct an LWECS shall submit an application to the
186.26 commission for a site permit in accordance with this chapter and any rules adopted by the
186.27 commission. The permitted site need not be contiguous land.

186.28 (c) The commission shall make a final decision on an application for a site permit for
186.29 an LWECS within 180 days after acceptance of a complete application by the commission.
186.30 The commission may extend this deadline for cause if the proposer agrees to an extension
186.31 in writing.

187.1 (d) The commission may place conditions in a permit and may deny, modify, suspend,
187.2 or revoke a permit.

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

187.4 Sec. 35. **[216G.025] ALTERNATIVE PIPELINE ROUTES; RESTRICTION.**

187.5 Notwithstanding section 116D.04, subdivisions 2a and 6, and any other law or rule, no
187.6 environmental analysis of alternative routes for a pipeline seeking a routing permit may
187.7 include an alternative route that does not connect the pipeline's termini as proposed by the
187.8 applicant.

187.9 Sec. 36. Minnesota Statutes 2016, section 216H.03, subdivision 3, is amended to read:

187.10 Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless
187.11 preempted by federal law, until a comprehensive and enforceable state law or rule pertaining
187.12 to greenhouse gases that directly limits and substantially reduces, over time, statewide power
187.13 sector carbon dioxide emissions is enacted and in effect, and except as allowed in
187.14 subdivisions 4 to 7, on and after August 1, 2009, no person shall:

187.15 ~~(1) construct within the state a new large energy facility that would contribute to statewide~~
187.16 ~~power sector carbon dioxide emissions;~~

187.17 ~~(2) import or commit to import from outside the state power from a new large energy~~
187.18 ~~facility that would contribute to statewide power sector carbon dioxide emissions; or~~

187.19 ~~(3) enter into a new long-term power purchase agreement that would increase statewide~~
187.20 ~~power sector carbon dioxide emissions. For purposes of this section, a long-term power~~
187.21 ~~purchase agreement means an agreement to purchase 50 megawatts of capacity or more for~~
187.22 ~~a term exceeding five years.~~

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

187.24 Sec. 37. Minnesota Statutes 2016, section 216H.03, subdivision 4, is amended to read:

187.25 Subd. 4. **Exception for facilities that offset emissions.** (a) ~~The prohibitions in prohibition~~
187.26 under subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to the Public
187.27 Utilities Commission's satisfaction that it will offset the new contribution to statewide power
187.28 sector carbon dioxide emissions with a carbon dioxide reduction project identified in
187.29 paragraph (b) and in compliance with paragraph (c).

188.1 (b) A project proponent may offset in an amount equal to or greater than the proposed
188.2 new contribution to statewide power sector carbon dioxide emissions in either, or a
188.3 combination of both, of the following ways:

188.4 (1) by reducing an existing facility's contribution to statewide power sector carbon
188.5 dioxide emissions; or

188.6 (2) by purchasing carbon dioxide allowances from a state or group of states that has a
188.7 carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

188.8 (c) The Public Utilities Commission shall not find that a proposed carbon dioxide
188.9 reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide
188.10 power sector carbon dioxide emissions unless the proposed offsets are permanent,
188.11 quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section
188.12 does not exempt emissions that have been offset under this subdivision and emissions
188.13 exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

188.15 Sec. 38. Minnesota Statutes 2016, section 216H.03, subdivision 7, is amended to read:

188.16 Subd. 7. **Other exemptions.** The ~~prohibitions in~~ prohibition under subdivision 3 ~~do~~ does
188.17 not apply to:

188.18 (1) a new large energy facility under consideration by the Public Utilities Commission
188.19 pursuant to proposals or applications filed with the Public Utilities Commission before April
188.20 1, 2007, or to any power purchase agreement related to a facility described in this clause.
188.21 The exclusion of pending proposals and applications from the prohibitions in subdivision
188.22 3 does not limit the applicability of any other law and is not an expression of legislative
188.23 intent regarding whether any pending proposal or application should be approved or denied;

188.24 (2) a contract not subject to commission approval that was entered into prior to April 1,
188.25 2007, to purchase power from a new large energy facility that was approved by a comparable
188.26 authority in another state prior to that date, for which municipal or public power district
188.27 bonds have been issued, and on which construction has begun;

188.28 (3) a new large energy facility ~~or a power purchase agreement between a Minnesota~~
188.29 ~~utility and a new large energy facility~~ located ~~outside~~ within Minnesota that the Public
188.30 Utilities Commission has determined is essential to ensure the long-term reliability of
188.31 Minnesota's electric system, to allow electric service for increased industrial demand, or to
188.32 avoid placing a substantial financial burden on Minnesota ratepayers. An order of the
188.33 commission granting an exemption under this clause is stayed until the June 1 following

189.1 the next regular or annual session of the legislature that begins after the date of the
189.2 commission's final order; or

189.3 (4) a new large energy facility with a combined electric generating capacity of less than
189.4 100 megawatts, which did not require a Minnesota certificate of need, which received an
189.5 air pollution control permit to construct from an adjoining state before January 1, 2008, and
189.6 on which construction began before July 1, 2008, or to any power purchase agreement
189.7 related to a facility described in this clause.

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

189.9 Sec. 39. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK**
189.10 **FORCE PROGRAMS.**

189.11 **Subdivision 1. Establishment.** The Residential PACE Consumer Protection Legislation
189.12 Task Force shall develop recommendations for consumer protection legislation for any
189.13 energy improvements financing program implemented under Minnesota Statutes, sections
189.14 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section,
189.15 "residential PACE" or "PACE" means energy improvement financing programs for
189.16 single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435
189.17 to 216C.436.

189.18 **Subd. 2. Task force.** (a) The task force consists of 16 members as follows:

189.19 (1) one member appointed by the Minnesota Association of Realtors;

189.20 (2) one member appointed by the Center for Energy and Environment;

189.21 (3) one member appointed by the Minnesota Bankers Association;

189.22 (4) one member appointed by the Legal Services Advocacy Project;

189.23 (5) one member appointed by the Minnesota Credit Union Network;

189.24 (6) one member appointed by the Minnesota Solar Energy Industry Association;

189.25 (7) one member appointed by the St. Paul Port Authority;

189.26 (8) one member appointed by the League of Minnesota Cities;

189.27 (9) one member appointed by the Association of Minnesota Counties;

189.28 (10) one member appointed by AARP Minnesota;

189.29 (11) one member appointed by Fresh Energy;

189.30 (12) one member appointed by the Citizens Utility Board of Minnesota;

- 190.1 (13) one member appointed by Clean Energy Economy Minnesota;
- 190.2 (14) one member appointed by the Minnesota Land Title Association;
- 190.3 (15) one member appointed by an organization with experience implementing residential
- 190.4 PACE programs in other states; and
- 190.5 (16) the commissioner of commerce or a designee.
- 190.6 (b) Any public member can designate a substitute from the same organization to replace
- 190.7 that member at a meeting of the task force.
- 190.8 Subd. 3. **Duties.** The task force must develop recommendations to:
- 190.9 (1) address concerns regarding the possible constraints on free alienation of residential
- 190.10 property caused by existence and amount of the PACE liens;
- 190.11 (2) reduce and minimize any point-of-sale confusion in transactions involving
- 190.12 PACE-encumbered homes;
- 190.13 (3) ensure conspicuous and meaningful disclosure of, among other things:
- 190.14 (i) all costs and fees of a residential PACE loan; and
- 190.15 (ii) the risks, such as foreclosure and higher costs, that may be associated with residential
- 190.16 PACE loans relative to other financing mechanisms;
- 190.17 (4) ensure that the ability to repay standard uses commonly accepted underwriting
- 190.18 principles;
- 190.19 (5) ensure that consumer provisions required of and protections that apply to conventional
- 190.20 loans and other financing options, including but not limited to the Truth in Lending Act and
- 190.21 the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;
- 190.22 (6) address any unique protections necessary for elderly, low-income homeowners and
- 190.23 other financially vulnerable homeowners;
- 190.24 (7) establish criteria to ensure the cost-effectiveness of PACE-enabled clean energy
- 190.25 improvements; and
- 190.26 (8) address any other issues the task force identifies that are necessary to protect
- 190.27 consumers.
- 190.28 Subd. 4. **Administrative support.** The commissioner of commerce shall provide
- 190.29 administrative support and meeting space for the task force.

191.1 Subd. 5. **Compensation.** Members serve without compensation and shall not be
191.2 reimbursed for expenses.

191.3 Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall
191.4 serve as chair.

191.5 Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings
191.6 of the task force are subject to Minnesota Statutes, chapter 13D.

191.7 Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017.
191.8 The commissioner of commerce must convene the first meeting by July 15, 2017.

191.9 Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a
191.10 report detailing the task force's findings and recommendations to the chairs and ranking
191.11 minority members of the senate and house of representatives committees with jurisdiction
191.12 over energy and consumer protection policy and finance. The report must include any draft
191.13 legislation necessary to implement the recommendations of the task force.

191.14 Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing
191.15 consumer protections that address, but are not limited to, the concerns identified in
191.16 subdivision 3, no programs for the financing of energy improvements on a single-family
191.17 residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436,
191.18 may be operated after the effective date of this section.

191.19 Subd. 11. **Expiration.** The task force expires January 15, 2018, or after submitting the
191.20 report required in this section, whichever is earlier.

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

191.22 Sec. 40. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
191.23 **THERMAL REBATES.**

191.24 (a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner
191.25 of a solar thermal system whose application was approved by the commissioner of commerce
191.26 after the effective date of this section.

191.27 (b) Unspent money remaining in the account established under Minnesota Statutes 2014,
191.28 section 216C.416, as of July 2, 2017, must be transferred to the energy fund account
191.29 established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

192.1 Sec. 41. **BIOMASS MANDATE PROJECTS; CONTINUING ADMINISTRATION.**

192.2 Projects developed to meet the biomass mandate under Minnesota Statutes, section
192.3 216B.2424, prior to the effective date of this section continue to be governed by Minnesota
192.4 Statutes 2016, section 216B.2424, as amended by this article's amendments to that section,
192.5 applicable rules, applicable orders issued by the commission, and section 42.

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

192.7 Sec. 42. **ADJUSTMENT OF BIOMASS FUEL REQUIREMENT.**

192.8 (a) Notwithstanding any provision in this section, a public utility that operates a
192.9 nuclear-powered electric generating plant may file a petition with the commission for
192.10 approval of a new or amended power purchase agreement, or, with the agreement of all
192.11 parties, the early termination of a power purchase agreement, with a facility that was
192.12 previously approved to satisfy a portion of the biomass mandate in Minnesota Statutes 2016,
192.13 section 216B.2424.

192.14 (b) A new or amended power purchase agreement under this subdivision may be approved
192.15 by the commission regardless of the fuel requirements of this section if, by its terms:

192.16 (1) all parties to the power purchase agreement agree to the terms and conditions of the
192.17 new or amended power purchase agreement; and

192.18 (2) the new or amended power purchase agreement is in the best interest of the customers
192.19 of the public utility that operates a nuclear-powered electric generating plant, taking into
192.20 consideration any savings to customers resulting from the new or amended power purchase
192.21 agreement and any costs imposed on customers under paragraph (f).

192.22 (c) The termination of a power purchase agreement under this subdivision may be
192.23 approved by the commission if:

192.24 (1) all parties to the power purchase agreement agree to the early termination of the
192.25 agreement; and

192.26 (2) the termination of the power purchase agreement is in the best interest of the customers
192.27 of the public utility that operates a nuclear-powered electric generating plant, taking into
192.28 consideration any savings to customers resulting from the termination of the power purchase
192.29 agreement and any costs imposed on customers under paragraph (f).

192.30 (d) A new or amended power purchase agreement approved under paragraph (b) may
192.31 be for any term agreed to by the parties for any amount of energy agreed to by the parties.

193.1 (e) The approval of a new or amended power purchase agreement under paragraph (b),
193.2 or the approval of a termination of a power purchase agreement under paragraph (c), shall
193.3 not require the public utility that operates a nuclear-powered electric generation plant to
193.4 purchase replacement biomass energy under this section.

193.5 (f) A utility may petition the commission to approve a rate schedule that provides for
193.6 the automatic adjustment of charges to recover investments, expenses and costs, and earnings
193.7 on the investment associated with the new or amended power purchase agreement or the
193.8 termination of a power purchase agreement. The commission may approve the rate schedule
193.9 upon a showing that the recovery of investments, expenses and costs, and earnings on the
193.10 investment is less than the costs that would have been recovered from customers had the
193.11 utility continued to purchase energy under the power purchase agreement that was terminated.

193.12 (g) This section does not apply to a St. Paul district heating and cooling system
193.13 cogeneration facility, and nothing in this subdivision precludes a public utility that operates
193.14 a nuclear-power electric generating plant from filing a petition with the commission for
193.15 approval of a new or amended power purchase agreement with such a facility.

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

193.17 **Sec. 43. RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF**
193.18 **UNEXPENDED GRANT FUNDS.**

193.19 (a) No later than 30 days after the effective date of this section, the utility subject to
193.20 Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person
193.21 who received a grant funded from the renewable development account previously established
193.22 under that subdivision:

193.23 (1) after January 1, 2012; and

193.24 (2) before January 1, 2012, if the funded project remains incomplete as of the effective
193.25 date of this section.

193.26 The notice must contain the provisions of this section and instructions directing grant
193.27 recipients how unexpended funds can be transferred to the energy fund account.

193.28 (b) A recipient of a grant from the renewable development account previously established
193.29 under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after
193.30 receiving the notice required under paragraph (a), transfer any grant funds that remain
193.31 unexpended as of the effective date of this section to the energy fund account if, by that
193.32 effective date, all of the following conditions are met:

194.1 (1) the grant was awarded more than five years before the effective date of this section;

194.2 (2) the grant recipient has failed to obtain control of the site on which the project is to
194.3 be constructed;

194.4 (3) the grant recipient has failed to secure all necessary permits or approvals from any
194.5 unit of government with respect to the project; and

194.6 (4) construction of the project has not begun.

194.7 (c) A recipient of a grant from the renewable development account previously established
194.8 under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds
194.9 that remain unexpended five years after the grant funds are received by the grant recipient
194.10 if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant
194.11 recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary
194.12 of the receipt of the grant funds.

194.13 (d) A person who transfers funds to the energy fund account under this section is eligible
194.14 to apply for funding from the Legislative Renewable Energy Council under Minnesota
194.15 Statutes, section 116C.7793.

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

194.17 Sec. 44. **REPEALER.**

194.18 (a) Laws 2013, chapter 85, article 6, section 11, is repealed.

194.19 (b) Minnesota Statutes 2016, sections 216B.8109; 216B.811; 216B.812; 216B.813; and
194.20 216B.815, are repealed.

194.21 (c) Minnesota Statutes 2016, sections 3.8852; 116C.779, subdivision 3; 216B.2424; and
194.22 216C.29, are repealed.

194.23 (d) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413;
194.24 216C.414; 216C.415; and 216C.416, are repealed.

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

194.26 **ARTICLE 11**

194.27 **MISCELLANEOUS**

194.28 Section 1. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR**
194.29 **REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

195.1 Subdivision 1. **Definition.** As used in this section, "residential construction" means the
195.2 new construction or remodeling of any building subject to the Minnesota Residential Code.

195.3 Subd. 2. **Impact on housing cost; agency determination.** An agency must determine
195.4 if implementation of a proposed rule, or any portion of a proposed rule, will, on average,
195.5 increase the cost of residential construction or remodeling by \$1,000 or more per unit. The
195.6 agency must make this determination before the close of the hearing record, or before the
195.7 agency submits the record to the administrative law judge if there is no hearing. The
195.8 administrative law judge must review and approve or disapprove an agency's determination
195.9 under this subdivision.

195.10 Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that
195.11 the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision
195.12 2, or if the administrative law judge disapproves the agency's determination that the impact
195.13 does not meet or exceed that threshold, the agency must notify, in writing, the chairs and
195.14 ranking minority members of the policy committees of the house of representatives and the
195.15 senate with jurisdiction over the subject matter of the proposed rule within ten days of the
195.16 determination or disapproval.

195.17 (b) If a committee of either the house of representatives or senate with jurisdiction over
195.18 the subject matter of the proposed rule votes to advise an agency that the rule should not
195.19 be adopted as proposed, the agency may not adopt the rule unless the rule is approved by
195.20 a law enacted after the vote of the committee. Section 14.126, subdivision 2, applies to a
195.21 vote of a committee under this subdivision.

195.22 Subd. 4. **Severability.** If the agency or an administrative law judge determines that part
195.23 of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a
195.24 severable portion of the proposed rule does not meet or exceed that threshold, the agency
195.25 may proceed to adopt the severable portions of the proposed rule regardless of whether a
195.26 legislative committee vote is conducted under subdivision 3.

195.27 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to
195.28 administrative rules proposed on or after that date.

195.29 Sec. 2. Minnesota Statutes 2016, section 462.355, subdivision 4, is amended to read:

195.30 Subd. 4. **Interim ordinance.** (a) If a municipality is conducting studies or has authorized
195.31 a study to be conducted or has held or has scheduled a hearing for the purpose of considering
195.32 adoption or amendment of a comprehensive plan or official controls as defined in section
195.33 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted

196.1 is annexed to a municipality, the governing body of the municipality may adopt an interim
196.2 ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning
196.3 process and the health, safety and welfare of its citizens. The interim ordinance may regulate,
196.4 restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion
196.5 thereof for a period not to exceed one year from the date it is effective.

196.6 (b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities
196.7 relating to livestock production, a public hearing must be held following a ten-day notice
196.8 given by publication in a newspaper of general circulation in the municipality before the
196.9 interim ordinance takes effect.

196.10 (c)(1) A statutory or home rule charter city may adopt an interim ordinance that regulates,
196.11 restricts, or prohibits a housing proposal only if the ordinance is approved by at least
196.12 two-thirds of city council members present.

196.13 (2) Before adopting the interim ordinance, the city council must hold a public hearing
196.14 after providing written notice to any person who has submitted written information to the
196.15 city regarding a housing proposal that is potentially affected by the proposed interim
196.16 ordinance. The written notice must be provided at least three business days before the public
196.17 hearing. Notice also must be posted on the city's official Web site, if the city has an official
196.18 Web site.

196.19 (3) The date of the public hearing shall be the earlier of the next regularly scheduled
196.20 city council meeting after the notice period or within ten days of the notice.

196.21 (4) The activities proposed to be restricted by the proposed interim ordinance may not
196.22 be undertaken before the public hearing.

196.23 (5) For the purposes of this paragraph, "housing proposal" means a written request for
196.24 city approval of a project intended primarily to provide residential dwellings, either single
196.25 family or multi-family, and involves the subdivision or development of land or the
196.26 demolition, construction, reconstruction, alteration, repair, or occupancy of residential
196.27 dwellings.

196.28 ~~(e)~~(d) The period of an interim ordinance applicable to an area that is affected by a city's
196.29 master plan for a municipal airport may be extended for such additional periods as the
196.30 municipality may deem appropriate, not exceeding a total additional period of 18 months.
196.31 In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has
196.32 been given preliminary approval, nor may any interim ordinance extend the time deadline
196.33 for agency action set forth in section 15.99 with respect to any application filed prior to the
196.34 effective date of the interim ordinance. The governing body of the municipality may extend

197.1 the interim ordinance after a public hearing and written findings have been adopted based
197.2 upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be
197.3 held at least 15 days but not more than 30 days before the expiration of the interim ordinance,
197.4 and notice of the hearing must be published at least ten days before the hearing. The interim
197.5 ordinance may be extended for the following conditions and durations, but, except as
197.6 provided in clause (3), an interim ordinance may not be extended more than an additional
197.7 18 months:

197.8 (1) up to an additional 120 days following the receipt of the final approval or review by
197.9 a federal, state, or metropolitan agency when the approval is required by law and the review
197.10 or approval has not been completed and received by the municipality at least 30 days before
197.11 the expiration of the interim ordinance;

197.12 (2) up to an additional 120 days following the completion of any other process required
197.13 by a state statute, federal law, or court order, when the process is not completed at least 30
197.14 days before the expiration of the interim ordinance; or

197.15 (3) up to an additional one year if the municipality has not adopted a comprehensive
197.16 plan under this section at the time the interim ordinance is enacted.

197.17 **EFFECTIVE DATE.** This section is effective for interim ordinances proposed on or
197.18 after August 1, 2017.

197.19 Sec. 3. Minnesota Statutes 2016, section 462A.201, subdivision 2, is amended to read:

197.20 Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust
197.21 fund account to provide loans or grants for:

197.22 (1) projects for the development, construction, acquisition, preservation, and rehabilitation
197.23 of low-income rental and limited equity cooperative housing units, including temporary
197.24 and transitional housing;

197.25 (2) the costs of operating rental housing, as determined by the agency, that are unique
197.26 to the operation of low-income rental housing or supportive housing; ~~and~~

197.27 (3) rental assistance, either project-based or tenant-based; and

197.28 (4) rental assistance to secure stable housing for families with children, or unaccompanied
197.29 homeless youth, eligible for enrollment in a prekindergarten through grade 12 academic
197.30 program.

198.1 For purposes of this section, "transitional housing" has the meaning given by the United
198.2 States Department of Housing and Urban Development. Loans or grants for residential
198.3 housing for migrant farmworkers may be made under this section.

198.4 (b) The housing trust fund account must be used for the benefit of persons and families
198.5 whose income, at the time of initial occupancy, does not exceed 60 percent of median income
198.6 as determined by the United States Department of Housing and Urban Development for the
198.7 metropolitan area. At least 75 percent of the funds in the housing trust fund account must
198.8 be used for the benefit of persons and families whose income, at the time of initial occupancy,
198.9 does not exceed 30 percent of the median family income for the metropolitan area as defined
198.10 in section 473.121, subdivision 2. For purposes of this section, a household with a housing
198.11 assistance voucher under Section 8 of the United States Housing Act of 1937, as amended,
198.12 is deemed to meet the income requirements of this section.

198.13 The median family income may be adjusted for families of five or more.

198.14 (c) Rental assistance under this section must be provided by governmental units which
198.15 administer housing assistance supplements or by for-profit or nonprofit organizations
198.16 experienced in housing management. Rental assistance shall be limited to households whose
198.17 income at the time of initial receipt of rental assistance does not exceed 60 percent of median
198.18 income, as determined by the United States Department of Housing and Urban Development
198.19 for the metropolitan area. Priority among comparable applications for tenant-based rental
198.20 assistance will be given to proposals that will serve households whose income at the time
198.21 of initial application for rental assistance does not exceed 30 percent of median income, as
198.22 determined by the United States Department of Housing and Urban Development for the
198.23 metropolitan area. Rental assistance must be terminated when it is determined that 30 percent
198.24 of a household's monthly income for four consecutive months equals or exceeds the market
198.25 rent for the unit in which the household resides plus utilities for which the tenant is
198.26 responsible. Rental assistance may only be used for rental housing units that meet the housing
198.27 maintenance code of the local unit of government in which the unit is located, if such a code
198.28 has been adopted, or the housing quality standards adopted by the United States Department
198.29 of Housing and Urban Development, if no local housing maintenance code has been adopted.

198.30 (d) In making the loans or grants, the agency shall determine the terms and conditions
198.31 of repayment and the appropriate security, if any, should repayment be required. To promote
198.32 the geographic distribution of grants and loans, the agency may designate a portion of the
198.33 grant or loan awards to be set aside for projects located in specified congressional districts
198.34 or other geographical regions specified by the agency. The agency may adopt rules for
198.35 awarding grants and loans under this subdivision.

199.1 Sec. 4. Minnesota Statutes 2016, section 462A.204, subdivision 8, is amended to read:

199.2 Subd. 8. **School stability.** (a) The agency in consultation with the Interagency ~~Task~~
199.3 ~~Force~~ Council on Homelessness may establish a school stability project under the family
199.4 homeless prevention and assistance program. The purpose of the project is to secure stable
199.5 housing for families with school-age children who have moved frequently and for
199.6 unaccompanied youth. For purposes of this subdivision, "unaccompanied youth" are minors
199.7 who are leaving foster care or juvenile correctional facilities, or minors who meet the
199.8 definition of a child in need of services or protection under section 260C.007, subdivision
199.9 6, but for whom no court finding has been made pursuant to that statute.

199.10 (b) The agency shall make grants to family homeless prevention and assistance projects
199.11 in communities with a school or schools that have a significant degree of student mobility.

199.12 (c) Each project must be designed to reduce school absenteeism; stabilize children in
199.13 one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each
199.14 project must include plans for the following:

199.15 (1) ~~targeting of families with children under age 12 who, in the last 12 months have~~
199.16 ~~either: changed schools or homes at least once or been absent from school at least 15 percent~~
199.17 ~~of the school year and who have either been evicted from their housing;~~ who are eligible
199.18 for a prekindergarten through grade 12 academic program and are living in overcrowded
199.19 conditions in their current housing; or who are paying more than 50 percent of their income
199.20 for rent; or who lack a fixed, regular, and adequate nighttime residence;

199.21 (2) targeting of unaccompanied youth in need of an alternative residential setting;

199.22 (3) connecting families with the social services necessary to maintain the families'
199.23 stability in their home; and

199.24 (4) one or more of the following:

199.25 (i) provision of rental assistance for a specified period of time, which may exceed 24
199.26 months; or

199.27 (ii) ~~development of permanent supportive housing or transitional housing~~ provision of
199.28 support and case management services to improve housing stability, including but not limited
199.29 to housing navigation and family outreach.

199.30 (d) ~~Notwithstanding subdivision 2, grants under this section may be used to acquire,~~
199.31 ~~rehabilitate, or construct transitional or permanent housing~~ In selecting projects for funding
199.32 under this subdivision, preference shall be given to organizations granted funding under

200.1 section 462A.201, subdivision 2, paragraph (a), clause (4), and groups working in
200.2 collaboration with such organizations.

200.3 ~~(e) Each grantee under the project must include representatives of the local school district~~
200.4 ~~or targeted schools, or both, and of the local community correction agencies on its advisory~~
200.5 ~~committee~~ No grantee under this subdivision is required to have an advisory committee as
200.6 described in subdivision 6.

200.7 **Sec. 5. [462A.39] WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

200.8 Subdivision 1. Establishment. The commissioner of Minnesota housing finance shall
200.9 establish a workforce housing development program to award grants or deferred loans to
200.10 eligible project areas to be used for qualified expenditures.

200.11 Subd. 2. Definitions. (a) For purposes of this section, the following terms have the
200.12 meanings given.

200.13 (b) "Eligible project area" means a home rule charter or statutory city located outside
200.14 of the metropolitan area as defined in section 473.121, subdivision 2, with a population
200.15 exceeding 500; a community that has a combined population of 1,500 residents located
200.16 within 15 miles of a home rule charter or statutory city located outside the metropolitan
200.17 area as defined in section 473.121, subdivision 2; or an area served by a joint county-city
200.18 economic development authority.

200.19 (c) "Joint county-city economic development authority" means an economic development
200.20 authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between
200.21 a city and county and excluding those established by the county only.

200.22 (d) "Market rate residential rental properties" means properties that are rented at market
200.23 value, including new modular homes, new manufactured homes, and new manufactured
200.24 homes on leased land or in a manufactured home park, and excludes:

200.25 (1) properties constructed with financial assistance requiring the property to be occupied
200.26 by residents that meet income limits under federal or state law of initial occupancy; and

200.27 (2) properties constructed with federal, state, or local flood recovery assistance, regardless
200.28 of whether that assistance imposed income limits as a condition of receiving assistance.

200.29 (e) "Qualified expenditure" means expenditures for market rate residential rental
200.30 properties including acquisition of property; construction of improvements; and provisions
200.31 of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing
200.32 costs.

201.1 Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting
201.2 and reviewing application for grants or deferred loans under this section. At a minimum, a
201.3 city must include in its application a resolution of its governing body certifying that the
201.4 matching amount as required under this section is available and committed.

201.5 Subd. 4. **Program requirements.** (a) The commissioner must not award a grant or
201.6 deferred loans to an eligible project area under this section until the following determinations
201.7 are made:

201.8 (1) the average vacancy rate for rental housing located in the eligible project area, and
201.9 in any other city located within 15 miles or less of the boundaries of the area, has been five
201.10 percent or less for at least the prior two-year period;

201.11 (2) one or more businesses located in the eligible project area, or within 25 miles of the
201.12 area, that employs a minimum of 20 full-time equivalent employees in aggregate have
201.13 provided a written statement to the eligible project area indicating that the lack of available
201.14 rental housing has impeded their ability to recruit and hire employees; and

201.15 (3) the eligible project area has certified that the grants or deferred loans will be used
201.16 for qualified expenditures for the development of rental housing to serve employees of
201.17 businesses located in the eligible project area or surrounding area.

201.18 (b) Preference for grants or deferred loans awarded under this section shall be given to
201.19 eligible project areas with less than 18,000 people.

201.20 Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent
201.21 of the rental housing development project cost. The commissioner shall not award a grant
201.22 or deferred loans to a city without certification by the city that the amount of the grant or
201.23 deferred loans shall be matched by a local unit of government, business, or nonprofit
201.24 organization with \$1 for every \$2 provided in grant or deferred loans funds.

201.25 Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit
201.26 a report to the chairs and ranking minority members of the senate and house of representatives
201.27 committees having jurisdiction over taxes and workforce development specifying the projects
201.28 that received grants or deferred loans under this section and the specific purposes for which
201.29 the grant funds were used.

201.30 Sec. 6. **[462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING**
201.31 **DEVELOPMENT.**

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

202.1 (b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

202.2 (c) "Fund" means a local housing trust fund or a regional housing trust fund.

202.3 (d) "Local government" means any statutory or home rule charter city or a county.

202.4 (e) "Local housing trust fund" means a fund established by a local government with one
202.5 or more dedicated sources of public revenue for housing.

202.6 (f) "Regional housing trust fund" means a fund established and administered under a
202.7 joint powers agreement entered into by two or more local governments with one or more
202.8 dedicated sources of public revenue for housing.

202.9 Subd. 2. **Creation and administration.** (a) A local government may establish a local
202.10 housing trust fund by ordinance or participate in a joint powers agreement to establish a
202.11 regional housing trust fund.

202.12 (b) A local or regional housing trust fund may be, but is not required to be, administered
202.13 through a nonprofit organization. If administered through a nonprofit organization, that
202.14 organization shall encourage private charitable donations to the fund.

202.15 Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may
202.16 be used only to:

202.17 (1) pay for administrative expenses, but not more than ten percent of the balance of the
202.18 fund may be spent on administration;

202.19 (2) make grants, loans, and loan guarantees for the development, rehabilitation, or
202.20 financing of housing;

202.21 (3) match other funds from federal, state, or private resources for housing projects; or

202.22 (4) provide down payment assistance, rental assistance, and homebuyer counseling
202.23 services.

202.24 Subd. 4. **Funding.** (a) A local government may finance its local or regional housing
202.25 trust fund with any money available to the local government, unless expressly prohibited
202.26 by state law. Sources of these funds include, but are not limited to:

202.27 (1) donations;

202.28 (2) bond proceeds;

202.29 (3) grants and loans from a state, federal, or private source;

202.30 (4) appropriations by a local government to the fund;

203.1 (5) investment earnings of the fund; and

203.2 (6) housing and redevelopment authority levies.

203.3 (b) The local government may alter a source of funding for the local or regional housing
203.4 trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts
203.5 or expenditures authorized by the fund in its budget.

203.6 Subd. 5. **Reports.** A local or regional housing trust fund established under this section
203.7 must report annually to the local government that created the fund. The local government
203.8 or governments must post this report on its public Web site.

203.9 Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A
203.10 local or regional housing trust fund existing on the effective date of this section is not
203.11 required to alter the existing terms of its governing documents or take any additional
203.12 authorizing actions required by subdivision 2.

203.13 Sec. 7. Minnesota Statutes 2016, section 473.145, is amended to read:

203.14 **473.145 DEVELOPMENT GUIDE.**

203.15 The Metropolitan Council shall prepare and adopt, after appropriate study and such
203.16 public hearings as may be necessary, a comprehensive development guide for the
203.17 metropolitan area. It shall consist of a compilation of policy statements, goals, standards,
203.18 programs, and maps prescribing guides for the orderly and economical development, public
203.19 and private, of the metropolitan area. The comprehensive development guide shall recognize
203.20 and encompass physical, social, or economic needs of the metropolitan area and those future
203.21 developments which will have an impact on the entire area including but not limited to such
203.22 matters as land use, parks and open space land needs, the necessity for and location of
203.23 airports, highways, transit facilities, public hospitals, libraries, schools, and other public
203.24 buildings. Notwithstanding any council action to adopt it, a plan or plan element relating
203.25 to housing does not take effect until a law is enacted approving the plan.

203.26 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
203.27 final enactment and applies to plans adopted before, on, or after that date. This section
203.28 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

203.29 Sec. 8. Minnesota Statutes 2016, section 473.254, subdivision 2, is amended to read:

203.30 Subd. 2. **Affordable, life-cycle goals.** The council shall negotiate with each municipality
203.31 to establish affordable and life-cycle housing goals for that municipality that are consistent
203.32 with and promote the policies of the Metropolitan Council as provided in the adopted

204.1 Metropolitan Development Guide. The council shall adopt, by resolution after a public
204.2 hearing, the negotiated affordable and life-cycle housing goals for each municipality by
204.3 January 15, 1996, and by January 15 in each succeeding year for each municipality newly
204.4 electing to participate in the program or for each municipality with which new housing
204.5 goals have been negotiated. By June 30, 1996, and by June 30 in each succeeding year for
204.6 each municipality newly electing to participate in the program or for each municipality with
204.7 which new housing goals have been negotiated, each municipality shall identify to the
204.8 council the actions it plans to take to meet the established housing goals.

204.9 Beginning in 2018, the negotiated affordable and life-cycle housing goals for each
204.10 municipality must be submitted by January 15 each year to the chairs and ranking minority
204.11 members of the legislative committees with jurisdiction over the Metropolitan Council and
204.12 housing policy and finance, and may be adopted by the council only after a law is enacted
204.13 approving them or the legislature has adjourned its regular session for that calendar year
204.14 without taking any action on the matter.

204.15 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
204.16 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,
204.17 Scott, and Washington.

204.18 Sec. 9. Minnesota Statutes 2016, section 473.254, subdivision 3a, is amended to read:

204.19 Subd. 3a. **Affordable, life-cycle housing opportunities amount.** (a) Each municipality's
204.20 "affordable and life-cycle housing opportunities amount" for that year must be determined
204.21 annually by the council using the method in this subdivision. The affordable and life-cycle
204.22 housing opportunities amount must be determined for each calendar year for all municipalities
204.23 in the metropolitan area.

204.24 (b) The council must allocate to each municipality its portion of the \$1,000,000 of the
204.25 revenue generated by the levy authorized in section 473.249 which is credited to the local
204.26 housing incentives account pursuant to subdivision 5, paragraph (b). The allocation must
204.27 be made by determining the amount levied for and payable in each municipality in the
204.28 previous calendar year pursuant to the council levy in section 473.249 divided by the total
204.29 amount levied for and payable in the metropolitan area in the previous calendar year pursuant
204.30 to such levy and multiplying that result by \$1,000,000.

204.31 (c) The council must also determine the amount levied for and payable in each
204.32 municipality in the previous calendar year pursuant to the council levy in section 473.253,
204.33 subdivision 1.

205.1 (d) A municipality's affordable and life-cycle housing opportunities amount for the
205.2 calendar year is the sum of the amounts determined under paragraphs (b) and (c).

205.3 (e) The council must report to the chairs and ranking minority members of the legislative
205.4 committees with jurisdiction over the Metropolitan Council and housing policy and finance
205.5 by March 15 each year the council's estimated amount under paragraph (d). The legislature
205.6 may approve, modify, or reject the amounts the council will use in paragraph (f). If no law
205.7 is enacted to approve, modify, or reject the amounts during the regular legislative session
205.8 for that calendar year, the council may proceed with its proposed amounts.

205.9 ~~(e)~~ (f) By August 1 of each year, the council must notify each municipality of its
205.10 affordable and life-cycle housing opportunities amount for the following calendar year
205.11 determined by the method in this subdivision.

205.12 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
205.13 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,
205.14 Scott, and Washington.

205.15 Sec. 10. **[474A.22] WORKFORCE HOUSING, TAX-EXEMPT BONDING**
205.16 **ALLOCATION.**

205.17 Subdivision 1. Definitions. In addition to the definitions in section 474A.02, for the
205.18 purposes of this section, the following terms have the meanings given them:

205.19 (1) "aggregate bond limitation" means 55 percent of the reasonably expected aggregate
205.20 basis of the project and the land on which the project is located;

205.21 (2) "AMI" means the area median income as published by the Department of Housing
205.22 and Urban Development, adjusted for household size; and

205.23 (3) "workforce housing" means a multifamily housing project in which, for a period of
205.24 at least 15 years following completion, at least 80 percent of rental units are occupied or
205.25 held for occupancy by persons or families whose adjusted income does not exceed 60 percent
205.26 of AMI and at least 80 percent of rental units in the project are rent restricted in an amount
205.27 of 30 percent to 60 percent of AMI.

205.28 Subd. 2. No single-family set aside for two years. Notwithstanding section 474A.03,
205.29 subdivision 1, clause (2), the commissioner of management and budget shall not set aside
205.30 any of the housing pool for single-family housing programs prior to December 31, 2019.

206.1 Subd. 3. **Additional application requirements.** In addition to any other application
206.2 requirements for an allocation under sections 474A.061, subdivision 1, and 474A.091,
206.3 subdivision 2, for a residential rental project, an applicant must provide a statement as to:

206.4 (1) whether the project owner intends to apply for and receive low-income housing tax
206.5 credits for the project under section 42 of the Internal Revenue Code of 1986, as amended,
206.6 from the applicable allocating agency;

206.7 (2) whether the proposed residential rental project meets the definition of workforce
206.8 housing; and

206.9 (3) whether the aggregate of the amount of tax-exempt bonds previously allocated to a
206.10 project under section 474A.061 or 474A.091, if any, and the amount of bonds requested in
206.11 the application for that same project exceeds the aggregate bond limitation.

206.12 Subd. 4. **Re-prioritized housing pool allocations.** Notwithstanding section 474A.061,
206.13 subdivision 2a, paragraph (a), commencing on the second Tuesday in January and continuing
206.14 on each Monday through July 15, the commissioner shall allocate available bonding authority
206.15 from the housing pool to applications received on or before the Monday of the preceding
206.16 week for residential rental projects that meet the eligibility criteria under section 474A.047,
206.17 and after the second Tuesday in January through July 15, for single-family housing programs.
206.18 Allocations of available bonding authority from the housing pool for eligible uses shall be
206.19 awarded in the following order of priority:

206.20 (1) residential rental projects that preserve existing federally subsidized housing and the
206.21 aggregate amount of bonds requested in the application and any previous allocation of bonds
206.22 do not exceed the aggregate bond limitation;

206.23 (2) residential rental projects that:

206.24 (i) intend to apply for and receive low-income housing tax credits under section 42 of
206.25 the Internal Revenue Code and meet the definition of workforce housing; and

206.26 (ii) the aggregate amount of bonds requested in the application and any previous allocation
206.27 of bonds to the project do not exceed the aggregate bond limitation;

206.28 (3) other residential rental projects that intend to apply for and receive low-income
206.29 housing tax credits under section 42 of the Internal Revenue Code;

206.30 (4) single-family housing programs described in section 474A.061, subdivision 2a,
206.31 paragraph (b); and

206.32 (5) other residential rental projects.

207.1 If there are two or more applications for residential rental projects from the housing pool
207.2 with equal priority and there is insufficient bonding authority to provide allocations for all
207.3 residential rental projects in any one allocation period, the available bonding authority shall
207.4 be awarded by lot including a partial allocation until all remaining bonding authority is
207.5 allocated unless otherwise agreed to by the respective issuers. If a residential rental project
207.6 receives some, but less than the requested amount of allocation contained in its application,
207.7 and the project applies in the future to the housing pool for additional allocation of bonds,
207.8 the project shall be fully funded up to its original application request for bonding authority
207.9 before any new project, applying in the same allocation period, that has an equal priority
207.10 shall receive bonding authority. If an issuer that receives an allocation under this paragraph
207.11 does not issue obligations equal to all or a portion of the allocation received within 120 days
207.12 of the allocation or returns the allocation to the commissioner, the amount of the allocation
207.13 is canceled and returned for reallocation through the housing pool or to the unified pool
207.14 after July 15.

207.15 (b) Subject to paragraph (a), the commissioner shall otherwise follow the provisions of
207.16 section 474A.061.

207.17 Subd. 5. **Re-prioritized unified pool allocation.** (a) Notwithstanding section 474A.091,
207.18 subdivision 3, paragraph (f), if there are two or more applications for residential rental
207.19 projects from the unified pool and there is insufficient bonding authority to provide
207.20 allocations for all residential rental projects in any one allocation period, the available
207.21 bonding authority shall be awarded in the following order of priority:

207.22 (1) residential rental projects that preserve existing federally subsidized housing and the
207.23 aggregate amount of bonds requested in the application and any previous allocation of bonds
207.24 do not exceed the aggregate bond limitation;

207.25 (2) residential rental projects that:

207.26 (i) intend to apply for and receive low-income housing tax credits under section 42 of
207.27 the Internal Revenue Code and meet the definition of workforce housing; and

207.28 (ii) the aggregate amount of bonds requested in the application and any previous allocation
207.29 of bonds to that same project do not exceed the aggregate bond limitation;

207.30 (3) other residential rental projects that intend to apply for and receive low-income
207.31 housing tax credits under section 42 of the Internal Revenue Code; and

207.32 (4) other residential rental projects.

208.1 If there are two or more applications for residential rental projects from the unified pool
208.2 with equal priority and there is insufficient bonding authority to provide allocations for all
208.3 residential rental projects in any one allocation period, the available bonding authority shall
208.4 be awarded by lot including a partial allocation until all remaining bonding authority is
208.5 allocated unless otherwise agreed to by the respective issuers. If a residential rental project
208.6 receives some, but less than the requested amount of allocation contained in its application,
208.7 and the project applies in the future to the unified pool for additional allocation of bonds,
208.8 the project shall be fully funded up to its original application request for bonding authority
208.9 before any new residential project, applying in the same allocation period, that has an equal
208.10 priority shall receive bonding authority.

208.11 (b) Notwithstanding section 474A.091, subdivision 3, paragraph (g), the reservation
208.12 within the unified pool for small issue bonds is from the first Monday in August through
208.13 the last Monday in October.

208.14 Subd. 6. **Mortgage bonds.** Notwithstanding section 474A.091, subdivision 3a, paragraph
208.15 (a), bonding authority remaining in the unified pool on October 1 is available for
208.16 single-family housing programs only for cities that applied in January and received an
208.17 allocation under section 474A.061, subdivision 2a, in the same calendar year. The Minnesota
208.18 Housing Finance Agency shall receive an allocation for mortgage bonds pursuant to this
208.19 section, minus any amounts for a city or consortium that intends to issue bonds on its own
208.20 behalf under paragraph (c).

208.21 Subd. 7. **Unified pool allocation plan.** (a) By January 15 of each year, the commissioner
208.22 of the Minnesota Housing Finance Agency shall annually prepare a tax-exempt bond
208.23 allocation plan that identifies:

208.24 (1) the amount of tax-exempt bonds allocated to the Minnesota Housing Finance Agency
208.25 during the previous calendar year;

208.26 (2) whether or not the Minnesota Housing Finance Agency intends to carry forward
208.27 such bonds not otherwise allocated in the previous year as qualified residential rental bonds
208.28 or qualified mortgage bonds or mortgage credit certificates consistent with the requirements
208.29 of Internal Revenue Service Form 8328; and

208.30 (3) the carryforward balance of any tax-exempt bonds allocated to the Minnesota Housing
208.31 Finance Agency including those bonds carried forward as qualified residential rental bonds
208.32 and qualified mortgage bonds or mortgage credit certificates.

208.33 (b) Prior to January 15 of each year, the Minnesota Housing Finance Agency must post
208.34 on its official Web site the plan under paragraph (a) and invite public comment until February

209.1 1. The Minnesota Housing Finance Agency shall not file the Internal Revenue Service Form
209.2 8328 until the public comment period has closed on February 1 unless otherwise required
209.3 by federal law.

209.4 **EFFECTIVE DATE.** This section is effective July 1, 2017, and expires December 31,
209.5 2019.

209.6 Sec. 11. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special
209.7 Session chapter 1, article 7, section 1, and Laws 2016, chapter 189, article 7, section 42, is
209.8 amended to read:

209.9 Sec. 13. **EFFECTIVE DATE.**

209.10 Sections 1 to 3 and 6 to 11 are effective July 1, ~~2017~~ 2036. Sections 4, 5, and 12 are
209.11 effective July 1, 2014.

209.12 Sec. 12. **AGENCY ACTIVITY AND EXPENDITURE REPORTS.**

209.13 (a) The commissioners of employment and economic development, housing finance,
209.14 labor and industry, and commerce, as well as the Public Utilities Commission, must each
209.15 submit a report, as described in paragraph (b), to the chairs and ranking minority members
209.16 of the house of representatives and senate committees and divisions with jurisdiction over
209.17 their budget appropriations by October 15, 2018.

209.18 (b) The reports must include:

209.19 (1) the number of employees in each operational division and descriptions of the work
209.20 of each employee;

209.21 (2) a description of the responsibilities that fall under each operational division;

209.22 (3) a detailed list of the source of all revenue, including any fees, taxes, or other revenues
209.23 collected, as well as details of base budgets, including all prior appropriation riders;

209.24 (4) how much of each budgetary division appropriation passes through as grants, as well
209.25 as the costs related to each grant program;

209.26 (5) a detailed description of the costs related to each budgetary division, as well as the
209.27 statutory authority under which those costs are allocated; and

209.28 (6) the statutory authority for all expenditures.

210.1 Sec. 13. **HOUSING FINANCE AGENCY ADMINISTRATIVE COSTS.**

210.2 The cost of administering programs operated by the Housing Finance Agency that are
210.3 funded by the general fund or other resources, including bonds and federal funding, must
210.4 not be higher than the amount expended for direct or indirect administrative costs in fiscal
210.5 year 2017. The Housing Finance Agency must not have more full-time equivalent positions
210.6 than the number of full-time equivalent positions at the Housing Finance Agency on June
210.7 30, 2017.

210.8 **EFFECTIVE DATE.** This section is effective from July 1, 2017, to July 1, 2021.

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3.8852 PLANNING STRATEGY FOR SUSTAINABLE ENERGY FUTURE.

(a) The Legislative Energy Commission, in consultation with the commissioner of commerce and other state agencies, shall develop a framework for the state of Minnesota to transition to a renewable energy economy that ends Minnesota's contribution to greenhouse gases from burning fossil fuels within the next few decades. The framework and strategy should aim to make Minnesota the first state in the nation to use only renewable energy.

(b) In developing the framework for this transition, the commission must consult with stakeholders, including, but not limited to, representatives from cooperative, municipal, and investor-owned utilities, natural resources and environmental advocacy groups, labor and industry, and technical and scientific experts to examine the challenges and opportunities involved to develop a strategy and timeline to protect the environment and create jobs. The timeline must establish goals and strategies to reach the state's renewable energy standards and prepare for the steps beyond reaching those standards. The Department of Commerce, Division of Energy Resources shall provide technical support.

(c) The commission and its stakeholders must consider the following in creating the framework:

- (1) the economic and environmental costs of continued reliance on fossil fuels;
- (2) the creation of jobs and industry in the state that result from moving ahead of other states in transitioning to a sustainable energy economy;
- (3) the appropriate energy efficiency and renewable energy investments in Minnesota to reduce the economic losses to the Minnesota economy from importation of fossil fuels; and
- (4) the new technologies for energy efficiency, storage, transmission, and renewable generation needed to reliably meet the demand for energy.

(d) The framework shall be modified as needed to take advantage of new technological developments to facilitate ending fossil fuel use in power generation, heating and cooling, industry, and transportation.

(e) The commission shall report to the legislative committees and divisions with jurisdiction over energy policy by January 15, 2014, and annually thereafter, on progress toward achieving the framework goals.

116C.779 FUNDING FOR RENEWABLE DEVELOPMENT.

Subd. 3. **Initiative for Renewable Energy and the Environment.** (a) Beginning July 1, 2009, and each July 1 through 2011, \$5,000,000 must be allocated from the renewable development account to fund a grant to the Board of Regents of the University of Minnesota for the Initiative for Renewable Energy and the Environment for the purposes described in paragraph (b). The Initiative for Renewable Energy and the Environment must set aside at least 15 percent of the funds received annually under the grant for qualified projects conducted at a rural campus or experiment station. Any set-aside funds not awarded to a rural campus or experiment station at the end of the fiscal year revert back to the Initiative for Renewable Energy and the Environment for its exclusive use. This subdivision does not create an obligation to contribute funds to the account.

(b) Activities funded under this grant may include, but are not limited to:

- (1) environmentally sound production of energy from a renewable energy source, including biomass and agricultural crops;
- (2) environmentally sound production of hydrogen from biomass and any other renewable energy source for energy storage and energy utilization;
- (3) development of energy conservation and efficient energy utilization technologies;
- (4) energy storage technologies; and
- (5) analysis of policy options to facilitate adoption of technologies that use or produce low-carbon renewable energy.

(c) For the purposes of this subdivision:

- (1) "biomass" means plant and animal material, agricultural and forest residues, mixed municipal solid waste, and sludge from wastewater treatment; and
- (2) "renewable energy source" means hydro, wind, solar, biomass, and geothermal energy, and microorganisms used as an energy source.

(d) Beginning January 15 of 2010, and each year thereafter, the director of the Initiative for Renewable Energy and the Environment at the University of Minnesota shall submit a report to the chair and ranking minority members of the senate and house of representatives committees

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with primary jurisdiction over energy finance describing the activities conducted during the previous year funded under this subdivision.

116J.549 WORKFORCE HOUSING DEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a workforce housing development program to award grants to eligible project areas to be used for qualified expenditures.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible project area" means a home rule charter or statutory city located outside of the metropolitan area as defined in section 473.121, subdivision 2, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area as defined in section 473.121, subdivision 2; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and excludes:

(1) properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy; and

(2) properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

(e) "Qualified expenditure" means expenditures for market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing application for grants under this section. At a minimum, a city must include in its application a resolution of its governing body certifying that the matching amount as required under this section is available and committed.

Subd. 4. **Program requirements.** (a) The commissioner must not award a grant to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available rental housing has impeded their ability to recruit and hire employees; and

(3) the eligible project area has certified that the grants will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants awarded under this section shall be given to eligible project areas with less than 18,000 people.

Subd. 5. **Allocation.** The amount of a grant may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant to a city without certification by the city that the amount of the grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.

Subd. 6. **Report.** Beginning January 15, 2016, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes and workforce development specifying the projects that received grants under this section and the specific purposes for which the grant funds were used.

174.187 MADE IN MINNESOTA SOLAR INSTALLATIONS.

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

(b) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

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(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) via manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

(c) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

Subd. 2. Made in Minnesota solar energy system requirement. Notwithstanding any other law to the contrary, if the commissioner engages in any project for the construction, improvement, maintenance, or repair of any building, highway, road, bridge, or land owned or controlled by the department and the construction, improvement, maintenance, or repair involves installation of one or more solar photovoltaic modules, the commissioner must ensure that the solar photovoltaic modules purchased and installed are "Made in Minnesota" as defined in subdivision 1, paragraph (b).

Subd. 3. Application. Subdivision 2 does not apply if:

(1) as a condition of the receipt of federal financial assistance for a specific project, the commissioner is required to use a procurement method that might result in the award of a contract to a manufacturer that does not meet the "Made in Minnesota" criteria established in subdivision 1, paragraph (b); or

(2) no solar photovoltaic modules are available that meet the "Made in Minnesota" criteria and fulfill the function required by the project.

216B.2424 BIOMASS POWER MANDATE.

Subdivision 1. Farm-grown closed-loop biomass. (a) For the purposes of this section, "farm-grown closed-loop biomass" means herbaceous crops, trees, agricultural waste, and aquatic plant matter that is used to generate electricity, but does not include mixed municipal solid waste, as defined in section 115A.03, and that:

(1) is intentionally cultivated, harvested, and prepared for use, in whole or in part, as a fuel for the generation of electricity;

(2) when combusted, releases an amount of carbon dioxide that is less than or approximately equal to the carbon dioxide absorbed by the biomass fuel during its growing cycle; and

(3) is fired in a new or substantially retrofitted electric generating facility that is:

(i) located within 400 miles of the site of the biomass production; and

(ii) designed to use biomass to meet at least 75 percent of its fuel requirements.

(b) The legislature finds that the negative environmental impacts within 400 miles of the facility resulting from transporting and combusting the biomass are offset in that region by the environmental benefits to air, soil, and water of the biomass production.

(c) Among the biomass fuel sources that meet the requirements of paragraph (a), clauses (1) and (2), are poplar, aspen, willow, switch grass, sorghum, alfalfa, cultivated prairie grass, and sustainably managed woody biomass.

(d) For the purpose of this section, "sustainably managed woody biomass" means:

(1) brush, trees, and other biomass harvested from within designated utility, railroad, and road rights-of-way;

(2) upland and lowland brush harvested from lands incorporated into brushland habitat management activities of the Minnesota Department of Natural Resources;

(3) upland and lowland brush harvested from lands managed in accordance with Minnesota Department of Natural Resources "Best Management Practices for Managing Brushlands";

(4) logging slash or waste wood that is created by harvest, by precommercial timber stand improvement to meet silvicultural objectives, or by fire, disease, or insect control treatments, and that is managed in compliance with the Minnesota Forest Resources Council's "Sustaining Minnesota Forest Resources: Voluntary Site-Level Forest Management Guidelines for Landowners, Loggers and Resource Managers" as modified by the requirement of this subdivision; and

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(5) trees or parts of trees that do not meet the utilization standards for pulpwood, posts, bolts, or sawtimber as described in the Minnesota Department of Natural Resources Division of Forestry Timber Sales Manual, 1998, as amended as of May 1, 2005, and the Minnesota Department of Natural Resources Timber Scaling Manual, 1981, as amended as of May 1, 2005, except as provided in paragraph (a), clause (1), and this paragraph, clauses (1) to (3).

Subd. 1a. **Municipal waste-to-energy project.** (a) This subdivision applies only to a biomass project owned or controlled, directly or indirectly, by two municipal utilities as described in subdivision 5a, paragraph (b).

(b) Woody biomass from state-owned land must be harvested in compliance with an adopted management plan and a program of ecologically based third-party certification.

(c) The project must prepare a fuel plan on an annual basis after commercial operation of the project as described in the power contract between the project and the public utility, and must also prepare annually certificates reflecting the types of fuel used in the preceding year by the project, as described in the power contract. The fuel plans and certificates shall also be filed with the Minnesota Department of Natural Resources and the Minnesota Department of Commerce within 30 days after being provided to the public utility, as provided by the power contract. Any person who believes the fuel plans, as amended, and certificates show that the project does not or will not comply with the fuel requirements of this subdivision may file a petition with the commission seeking such a determination.

(d) The wood procurement process must utilize third-party audit certification systems to verify that applicable best management practices were utilized in the procurement of the sustainably managed biomass. If there is a failure to so verify in any two consecutive years during the original contract term, the farm-grown closed-loop biomass requirements of subdivision 2 must be increased to 50 percent for the remaining contract term period; however, if in two consecutive subsequent years after the increase has been implemented, it is verified that the conditions in this subdivision have been met, then for the remaining original contract term the closed-loop biomass mandate reverts to 25 percent. If there is a subsequent failure to verify in a year after the first failure and implementation of the 50 percent requirement, then the closed-loop percentage shall remain at 50 percent for each remaining year of the contract term.

(e) In the closed-loop plantation, no transgenic plants may be used.

(f) No wood may be harvested from any lands identified by the final or preliminary Minnesota County Biological Survey as having statewide significance as native plant communities, large populations or concentrations of rare species, or critical animal habitat.

(g) A wood procurement plan must be prepared every five years and public meetings must be held and written comments taken on the plan and documentation must be provided on why or why not the public inputs were used.

(h) Guidelines or best management practices for sustainably managed woody biomass must be adopted by:

(1) the Minnesota Department of Natural Resources for managing and maintaining brushland and open land habitat on public and private lands, including, but not limited to, provisions of sections 84.941, 84.942, and 97A.125; and

(2) the Minnesota Forest Resources Council for logging slash, using the most recent available scientific information regarding the removal of woody biomass from forest lands, to sustain the management of forest resources as defined by section 89.001, subdivisions 8 and 9, with particular attention to soil productivity, biological diversity as defined by section 89A.01, subdivision 3, and wildlife habitat.

These guidelines must be completed by July 1, 2007, and the process of developing them must incorporate public notification and comment.

(i) The University of Minnesota Initiative for Renewable Energy and the Environment is encouraged to solicit and fund high-quality research projects to develop and consolidate scientific information regarding the removal of woody biomass from forest and brush lands, with particular attention to the environmental impacts on soil productivity, biological diversity, and sequestration of carbon. The results of this research shall be made available to the public.

(j) The two utilities owning or controlling, directly or indirectly, the biomass project described in subdivision 5a, paragraph (b), shall fund or obtain funding from nonstate sources of up to \$150,000 by April 1, 2006, to complete the guidelines or best management practices described in paragraph (h). The expenditures to be funded under this paragraph do not include any of the expenditures to be funded under paragraph (i).

Subd. 2. **Interim exemption.** (a) A biomass project proposing to use, as its primary fuel over the life of the project, short-rotation woody crops, may use as an interim fuel agricultural waste and other biomass which is not farm-grown closed-loop biomass for up to six years after the project's electric generating facility becomes operational; provided, the project developer

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demonstrates the project will use the designated short-rotation woody crops as its primary fuel after the interim period and provided the location of the interim fuel production meets the requirements of subdivision 1, paragraph (a), clause (3).

(b) A biomass project proposing to use, as its primary fuel over the life of the project, short-rotation woody crops, may use as an interim fuel agricultural waste and other biomass which is not farm-grown closed-loop biomass for up to three years after the project's electric generating facility becomes operational; provided, the project developer demonstrates the project will use the designated short-rotation woody crops as its primary fuel after the interim period.

(c) A biomass project that uses an interim fuel under the terms of paragraph (b) may, in addition, use an interim fuel under the terms of paragraph (a) for six years less the number of years that an interim fuel was used under paragraph (b).

(d) A project developer proposing to use an exempt interim fuel under paragraphs (a) and (b) must demonstrate to the public utility that the project will have an adequate supply of short-rotation woody crops which meet the requirements of subdivision 1 to fuel the project after the interim period.

(e) If a biomass project using an interim fuel under this subdivision is or becomes owned or controlled, directly or indirectly, by two municipal utilities as described in subdivision 5a, paragraph (b), the project is deemed to comply with the requirement under this subdivision to use as its primary fuel farm-grown closed-loop biomass if farm-grown closed-loop biomass comprises no less than 25 percent of the fuel used over the life of the project. For purposes of this subdivision, "life of the project" means 20 years from the date the project becomes operational or the term of the applicable power purchase agreement between the project owner and the public utility, whichever is longer.

Subd. 3. Fuel exemption. Over the duration of the contract of a biomass power facility selected to satisfy the mandate in subdivision 5, fuel sources that are not biomass may be used to satisfy up to 25 percent of the fuel requirements of a biomass power facility selected to satisfy the biomass power mandate in subdivision 5, except that agricultural crop wastes, such as oat hulls, may be used to satisfy more than 25 percent of the fuel requirements of a power facility selected to satisfy the biomass power mandate in subdivision 5 if the wastes are co-fired with the fuel authorized for the facility. A biomass power facility selected to satisfy the mandate in subdivision 5 also may use fuel sources that are not biomass during any period when biomass fuel sources are not reasonably available to the facility due to any circumstances constituting an act of God. Fuel sources that are not biomass used during such a period of biomass fuel source unavailability shall not be counted toward the 25 percent exemption provided in this subdivision. For purposes of this subdivision, "act of God" means any natural disaster or other natural phenomenon of an exceptional, inevitable, or irresistible character, including, but not limited to, flood, fire, drought, earthquake, and crop failure resulting from climatic conditions, infestation, or disease.

Subd. 4. Financial viability. A biomass project developer must demonstrate to the public utility evidence of sufficient financial viability necessary for the construction and operation of the biomass project.

Subd. 5. Mandate. (a) A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate (1) by December 31, 1998, 50 megawatts of electric energy installed capacity generated by farm-grown closed-loop biomass scheduled to be operational by December 31, 2001; and (2) by December 31, 1998, an additional 75 megawatts of installed capacity so generated scheduled to be operational by December 31, 2002.

(b) Of the 125 megawatts of biomass electricity installed capacity required under this subdivision, no more than 55 megawatts of this capacity may be provided by a facility that uses poultry litter as its primary fuel source and any such facility:

(1) need not use biomass that complies with the definition in subdivision 1;

(2) must enter into a contract with the public utility for such capacity, that has an average purchase price per megawatt hour over the life of the contract that is equal to or less than the average purchase price per megawatt hour over the life of the contract in contracts approved by the Public Utilities Commission before April 1, 2000, to satisfy the mandate of this section, and file that contract with the Public Utilities Commission prior to September 1, 2000; and

(3) must schedule such capacity to be operational by December 31, 2002.

(c) Of the total 125 megawatts of biomass electric energy installed capacity required under this section, no more than 75 megawatts may be provided by a single project.

(d) Of the 75 megawatts of biomass electric energy installed capacity required under paragraph (a), clause (2), no more than 33 megawatts of this capacity may be provided by a St. Paul district heating and cooling system cogeneration facility utilizing waste wood as a primary

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fuel source. The St. Paul district heating and cooling system cogeneration facility need not use biomass that complies with the definition in subdivision 1.

(e) The public utility must accept and consider on an equal basis with other biomass proposals:

(1) a proposal to satisfy the requirements of this section that includes a project that exceeds the megawatt capacity requirements of either paragraph (a), clause (1) or (2), and that proposes to sell the excess capacity to the public utility or to other purchasers; and

(2) a proposal for a new facility to satisfy more than ten but not more than 20 megawatts of the electrical generation requirements by a small business-sponsored independent power producer facility to be located within the northern quarter of the state, which means the area located north of Constitutional Route No. 8 as described in section 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped wood, or brush to generate electricity. A facility described in this clause is not required to utilize biomass complying with the definition in subdivision 1, but must be under construction by December 31, 2005.

(f) If a public utility files a contract with the commission for electric energy installed capacity that uses poultry litter as its primary fuel source, the commission must do a preliminary review of the contract to determine if it meets the purchase price criteria provided in paragraph (b), clause (2). The commission shall perform its review and advise the parties of its determination within 30 days of filing of such a contract by a public utility. A public utility may submit by September 1, 2000, a revised contract to address the commission's preliminary determination.

(g) The commission shall finally approve, modify, or disapprove no later than July 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the mandate set forth in this subdivision.

(h) If a public utility subject to this section exercises an option to increase the generating capacity of a project in a contract approved by the commission prior to April 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the commission by September 1, 2000, that it has exercised the option and include in the notice the amount of additional megawatts to be generated under the option exercised. Any review by the commission of the project after exercise of such an option shall be based on the same criteria used to review the existing contract.

(i) A facility specified in this subdivision qualifies for exemption from property taxation under section 272.02, subdivision 45.

Subd. 5a. **Reduction of biomass mandate.** (a) Notwithstanding subdivision 5, the biomass electric energy mandate must be reduced from 125 megawatts to 110 megawatts.

(b) The Public Utilities Commission shall approve a request pending before the commission as of May 15, 2003, for amendments to and assignment of a power purchase agreement with the owner of a facility that uses short-rotation, woody crops as its primary fuel previously approved to satisfy a portion of the biomass mandate if the owner of the project agrees to reduce the size of its project from 50 megawatts to 35 megawatts, while maintaining an average price for energy in nominal dollars measured over the term of the power purchase agreement at or below \$104 per megawatt-hour, exclusive of any price adjustments that may take effect subsequent to commission approval of the power purchase agreement, as amended. The commission shall also approve, as necessary, any subsequent assignment or sale of the power purchase agreement or ownership of the project to an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, as described in section 161.114, which currently own electric and steam generation facilities using coal as a fuel and which propose to retrofit their existing municipal electrical generating facilities to utilize biomass fuels in order to perform the power purchase agreement.

(c) If the power purchase agreement described in paragraph (b) is assigned to an entity that is, or becomes, owned or controlled, directly or indirectly, by two municipal entities as described in paragraph (b), and the power purchase agreement meets the price requirements of paragraph (b), the commission shall approve any amendments to the power purchase agreement necessary to reflect the changes in project location and ownership and any other amendments made necessary by those changes. The commission shall also specifically find that:

(1) the power purchase agreement complies with and fully satisfies the provisions of this section to the full extent of its 35-megawatt capacity;

(2) all costs incurred by the public utility and all amounts to be paid by the public utility to the project owner under the terms of the power purchase agreement are fully recoverable pursuant to section 216B.1645;

(3) subject to prudence review by the commission, the public utility may recover from its Minnesota retail customers the amounts that may be incurred and paid by the public utility during the full term of the power purchase agreement; and

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(4) if the purchase power agreement meets the requirements of this subdivision, it is reasonable and in the public interest.

(d) The commission shall specifically approve recovery by the public utility of any and all Minnesota jurisdictional costs incurred by the public utility to improve, construct, install, or upgrade transmission, distribution, or other electrical facilities owned by the public utility or other persons in order to permit interconnection of the retrofitted biomass-fueled generating facilities or to obtain transmission service for the energy provided by the facilities to the public utility pursuant to section 216B.1645, and shall disapprove any provision in the power purchase agreement that requires the developer or owner of the project to pay the jurisdictional costs or that permit the public utility to terminate the power purchase agreement as a result of the existence of those costs or the public utility's obligation to pay any or all of those costs.

(e) Upon request by the project owner, the public utility shall agree to amend the power purchase agreement described in paragraph (b) and approved by the commission as required by paragraph (c). The amendment must be negotiated and executed within 45 days of May 14, 2013, and must apply to prices paid after January 1, 2014. The average price for energy in nominal dollars measured over the term of the power purchase agreement must not exceed \$109.20 per megawatt hour. The public utility shall request approval of the amendment by the commission within 30 days of execution of the amended power purchase agreement. The amendment is not effective until approval by the commission. The commission shall act on the amendment within 90 days of submission of the request by the public utility. Upon approval of the amended power purchase agreement, the commission shall allow the public utility to recover the costs of the amended power purchase agreement, as provided in section 216B.1645.

(f) With respect to the power purchase agreement described in paragraph (b), and amended and approved by the commission pursuant to paragraphs (c) and (e), upon request by the project owner, the public utility shall agree to amend the power purchase agreement to include a fuel cost adjustment clause which requires the public utility to reimburse the project owner monthly for all costs incurred by the project owner during the applicable month to procure and transport all fuel used to produce energy for delivery to the public utility pursuant to the power purchase agreement to the extent such costs exceeded \$3.40 per million metric British thermal unit (MMBTU), in addition to the price to be paid for the energy produced and delivered by the project owner. Reimbursable costs include but are not limited to: (1) all costs incurred to load fuel at its source; (2) costs to transport fuel (i) to the biomass-fueled generating facilities or to an intermediate woodyard, storage facility, or handling facility, or (ii) from a facility to the biomass-fueled generating facilities; (3) depreciation of any depreciable loading, woodyard, storage, handling, or transportation equipment whether the vehicle or equipment is located at the fuel source, a woodyard, storage facility, handling facility, or at the generating facilities; and (4) costs to unload fuel at the generating facilities. Beginning with 2014, at the end of each calendar year of the term of the power purchase agreement, the project owner shall calculate the amount by which actual fuel costs for the year exceeded \$3.40 per MMBTU, and prior monthly payment for such fuel costs shall be reconciled against actual fuel costs for the applicable calendar year. If such prior monthly fuel payments for the year in the aggregate exceed the amount due based on the annual calculation, the project owner shall credit the public utility for the excess paid. If the annual calculation of fuel costs due exceeds the prior monthly fuel payments for the year in the aggregate, the project owner shall be entitled to be paid for the deficiency with the next invoice to the public utility. The amendment shall be negotiated and executed within 45 days of May 13, 2013, and shall be effective for fuel costs incurred and prices after January 1, 2014. The public utility shall request approval of the amendment by the commission, and the commission shall approve the amendment as reasonable and in the public interest and allow the public utility to recover from its Minnesota retail customers the amounts paid by the public utility to the project owner pursuant to the power purchase agreement during the full term of the power purchase agreement, including the reimbursement of fuel costs pursuant to the power purchase agreement amendment, reimbursable costs as provided in this paragraph, pursuant to section 216B.1645, or otherwise.

(g) With respect to the power purchase agreement described in paragraph (b) and approved by the commission pursuant to paragraphs (c) and (e), the public utility is prohibited from recovering from the project owner any costs which were not actually and reasonably incurred by the utility, notwithstanding any provision in the power purchase agreement to the contrary. In addition, beginning with 2012, the public utility shall pay for all energy delivered by the project owner pursuant to the power purchase agreement at the full price for such energy in the power purchase agreement approved and amended pursuant to paragraph (e), provided that the project owner does not deliver more than 110 percent of the amount scheduled for delivery in any year of the power purchase agreement, and does not deliver, on average over any five consecutive years

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of the power purchase agreement, an amount greater than 105 percent of the amount scheduled for delivery over the five-year period.

Subd. 6. **Remaining megawatt compliance process.** (a) If there remain megawatts of biomass power generating capacity to fulfill the mandate in subdivision 5 after the commission has taken final action on all contracts filed by September 1, 2000, by a public utility, as amended and assigned, this subdivision governs final compliance with the biomass energy mandate in subdivision 5 subject to the requirements of subdivisions 7 and 8.

(b) To the extent not inconsistent with this subdivision, the provisions of subdivisions 2, 3, 4, and 5 apply to proposals subject to this subdivision.

(c) A public utility must submit proposals to the commission to complete the biomass mandate. The commission shall require a public utility subject to this section to issue a request for competitive proposals for projects for electric generation utilizing biomass as defined in paragraph (f) of this subdivision to provide the remaining megawatts of the mandate. The commission shall set an expedited schedule for submission of proposals to the utility, selection by the utility of proposals or projects, negotiation of contracts, and review by the commission of the contracts or projects submitted by the utility to the commission.

(d) Notwithstanding the provisions of subdivisions 1 to 5 but subject to the provisions of subdivisions 7 and 8, a new or existing facility proposed under this subdivision that is fueled either by biomass or by co-firing biomass with nonbiomass may satisfy the mandate in this section. Such a facility need not use biomass that complies with the definition in subdivision 1 if it uses biomass as defined in paragraph (f) of this subdivision. Generating capacity produced by co-firing of biomass that is operational as of April 25, 2000, does not meet the requirements of the mandate, except that additional co-firing capacity added at an existing facility after April 25, 2000, may be used to satisfy this mandate. Only the number of megawatts of capacity at a facility which co-fires biomass that are directly attributable to the biomass and that become operational after April 25, 2000, count toward meeting the biomass mandate in this section.

(e) Nothing in this subdivision precludes a facility proposed and approved under this subdivision from using fuel sources that are not biomass in compliance with subdivision 3.

(f) Notwithstanding the provisions of subdivision 1, for proposals subject to this subdivision, "biomass" includes farm-grown closed-loop biomass; agricultural wastes, including animal, poultry, and plant wastes; and waste wood, including chipped wood, bark, brush, residue wood, and sawdust.

(g) Nothing in this subdivision affects in any way contracts entered into as of April 25, 2000, to satisfy the mandate in subdivision 5.

(h) Nothing in this subdivision requires a public utility to retrofit its own power plants for the purpose of co-firing biomass fuel, nor is a utility prohibited from retrofitting its own power plants for the purpose of co-firing biomass fuel to meet the requirements of this subdivision.

Subd. 7. **Effect on existing projects.** The commission may not approve a project proposed after April 25, 2000, which would have an adverse impact on the ability of a project approved before April 25, 2000, to obtain an adequate supply of the fuel source designated for the project.

Subd. 8. **Agricultural biomass requirement.** Of the 125 megawatts mandated in subdivision 5, or 110 megawatts mandated in subdivision 5a, at least 75 megawatts of the generating capacity must be generated by facilities that use agricultural biomass as the principal fuel source. For purposes of this subdivision, agricultural biomass includes only farm-grown closed-loop biomass and agricultural waste, including animal, poultry, and plant wastes. For purposes of this subdivision, "principal fuel source" means a fuel source that satisfies at least 75 percent of the fuel requirements of an electric power generating facility. Nothing in this subdivision is intended to expand the fuel source requirements of subdivision 5.

216B.8109 HYDROGEN ENERGY ECONOMY GOAL.

It is a goal of this state that Minnesota move to hydrogen as an increasing source of energy for its electrical power, heating, and transportation needs.

216B.811 DEFINITIONS.

Subdivision 1. **Scope.** For purposes of sections 216B.811 to 216B.815, the terms defined in this section have the meanings given them.

Subd. 2. **Fuel cell.** "Fuel cell" means an electrochemical device that produces useful electricity, heat, and water vapor, and operates as long as it is provided fuel.

Subd. 3. **Hydrogen.** "Hydrogen" means hydrogen produced using renewable energy sources.

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Subd. 4. **Related technologies.** "Related technologies" means balance of plant components necessary to make hydrogen and fuel cell systems function; turbines, reciprocating, and other combustion engines capable of operating on hydrogen; and electrolyzers, reformers, and other equipment and processes necessary to produce, purify, store, distribute, and use hydrogen for energy.

216B.812 FOSTERING USE OF HYDROGEN ENERGY.

Subdivision 1. **State purchase and use of renewable hydrogen technologies.** (a) The Department of Commerce, in coordination with the Department of Administration and the Pollution Control Agency, shall identify opportunities for deploying renewable hydrogen, fuel cells, and related technologies within state-owned facilities, vehicle fleets, and operations in ways that demonstrate their commercial performance and economics.

(b) The Department of Commerce shall recommend to the Department of Administration the purchase and deployment of hydrogen, fuel cells, and related technologies, when feasible, in ways that strategically contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109, and which contribute to the following nonexclusive list of objectives:

- (1) provide needed performance data to the marketplace;
- (2) identify code and regulatory issues to be resolved;
- (3) foster economic development and job creation in the state;
- (4) raise public awareness of renewable hydrogen, fuel cells, and related technologies; or
- (5) reduce emissions of carbon dioxide and other pollutants.

(c) The Department of Commerce and the Pollution Control Agency shall also recommend to the Department of Administration changes to the state's procurement guidelines and contracts in order to facilitate the purchase and deployment of cost-effective renewable hydrogen, fuel cells, and related technologies by all levels of government.

Subd. 2. **Pilot projects.** (a) In consultation with appropriate representatives from state agencies, local governments, universities, businesses, and other interested parties, the Department of Commerce shall report back to the legislature by November 1, 2005, and every two years thereafter, with a slate of proposed pilot projects that contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109. The Department of Commerce must consider the following nonexclusive list of priorities in developing the proposed slate of pilot projects:

- (1) deploy "bridge" technologies such as hybrid-electric, off-road, and fleet vehicles running on hydrogen or fuels blended with hydrogen;
- (2) lead to cost-competitive, on-site renewable hydrogen production technologies;
- (3) demonstrate nonvehicle applications for hydrogen;
- (4) improve the cost and efficiency of hydrogen from renewable energy sources; and
- (5) improve the cost and efficiency of hydrogen production using direct solar energy without electricity generation as an intermediate step.

(b) For deployment projects that do not involve a demonstration component, individual system components of the technology should, if feasible, meet commercial performance standards and systems modeling must be completed to predict commercial performance, risk, and synergies. In addition, the proposed pilots should meet as many of the following criteria as possible:

- (1) advance energy security;
- (2) capitalize on the state's native resources;
- (3) result in economically competitive infrastructure being put in place;
- (4) be located where it will link well with existing and related projects and be accessible to the public, now or in the future;
- (5) demonstrate multiple, integrated aspects of renewable hydrogen infrastructure;
- (6) include an explicit public education and awareness component;
- (7) be scalable to respond to changing circumstances and market demands;
- (8) draw on firms and expertise within the state where possible;
- (9) include an assessment of its economic, environmental, and social impact; and
- (10) serve other needs beyond hydrogen development.

Subd. 3. **Establishing multifuel hydrogen fueling stations.** The commissioner of commerce may accept federal funds, expend funds, and participate in projects to design, site, and construct multifuel hydrogen fueling stations that eventually link urban centers along key trade corridors across the jurisdictions of Manitoba, the Dakotas, Minnesota, Iowa, and Wisconsin.

These energy stations must serve the priorities listed in subdivision 2 and, as transition infrastructure, should accommodate a wide variety of vehicle technologies and fueling platforms, including hybrid, flexible-fuel, and fuel cell vehicles. They may offer, but not be limited to, gasoline, diesel, ethanol (E-85), biodiesel, and hydrogen, and may simultaneously test

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the integration of on-site combined heat and power technologies with the existing energy infrastructure.

The hydrogen portion of the stations may initially serve local, dedicated on- or off-road vehicles, but should eventually support long-haul transport.

216B.813 MINNESOTA RENEWABLE HYDROGEN INITIATIVE.

Subdivision 1. **Road map.** The Department of Commerce shall coordinate and administer directly or by contract the Minnesota renewable hydrogen initiative. If the department decides to contract for its duties under this section, it must contract with a nonpartisan, nonprofit organization within the state to develop the road map. The initiative may be run as a public-private partnership representing business, academic, governmental, and nongovernmental organizations. The initiative must oversee the development and implementation of a renewable hydrogen road map, including appropriate technology deployments, that achieve the hydrogen goal of section 216B.8109. The road map should be compatible with the United States Department of Energy's National Hydrogen Energy Roadmap and be based on an assessment of marketplace economics and the state's opportunities in hydrogen, fuel cells, and related technologies, so as to capitalize on strengths. The road map should establish a vision, goals, general timeline, strategies for working with industry, and measurable milestones for achieving the state's renewable hydrogen goal. The road map should describe how renewable hydrogen and fuel cells fit in Minnesota's overall energy system, and should help foster a consistent, predictable, and prudent investment environment. The department must report to the legislature on the progress in implementing the road map by November 1 of each odd-numbered year.

Subd. 2. **Grants.** (a) The commissioner of commerce shall operate a competitive grant program for projects to assist the state in attaining its renewable hydrogen energy goals.

(b) The commissioner shall give preference to project concepts included in the department's most recent biennial report: Strategic Demonstration Projects to Accelerate the Commercialization of Renewable Hydrogen and Related Technologies in Minnesota. Projects eligible for funding must combine one or more of the hydrogen production options listed in the department's report with an end use that has significant commercial potential, preferably high visibility, and relies on fuel cells or related technologies. Each funded technology deployment must include an explicit education and awareness-raising component, be compatible with the renewable hydrogen deployment criteria defined in section 216B.812, and receive 50 percent of its total cost from nonstate sources. The 50 percent requirement does not apply for recipients that are public institutions.

216B.815 REGIONAL ENERGY RESEARCH AND EDUCATION PARTNERSHIP.

(a) The state's public research and higher education institutions should work with one another and with similar institutions in the region to establish Minnesota and the Upper Midwest as a center of research, education, outreach, and technology transfer for the production of renewable energy and products, including hydrogen, fuel cells, and related technologies. The partnership should be designed to create a critical mass of research and education capability that can compete effectively for federal and private investment in these areas.

(b) Initiatives undertaken by the partnership may include:

(1) collaborative and interdisciplinary research, demonstration projects, and commercialization of market-ready technologies;

(2) creation of undergraduate and graduate course offerings and eventually degreed and vocational programs with reciprocity;

(3) establishment of fellows programs at the region's institutes of higher learning that provide financial incentives for relevant study, research, and exchange; and

(4) development and field-testing of relevant curricula, teacher kits for all educational levels, and widespread teacher training, in collaboration with state energy offices, teachers, nonprofits, businesses, the United States Department of Energy, and other interested parties.

216C.29 SUBPOENA POWER.

The commissioner shall have the power, for the purposes of sections 216C.05 to 216C.30, to issue subpoenas for production of books, records, correspondence and other information and to require attendance of witnesses. The subpoenas may be served anywhere in the state by any person authorized to serve processes of courts of record. If a person does not comply with a subpoena, the commissioner may apply to the District Court of Ramsey County and the court

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shall compel obedience to the subpoena by a proper order. A person failing to obey the order is punishable by the court as for contempt.

216C.411 DEFINITIONS.

For the purposes of sections 216C.411 to 216C.415, the following terms have the meanings given.

(a) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) by manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

A solar photovoltaic module that is manufactured by attaching microinverters, direct current optimizers, or other power electronics to a laminate or solar photovoltaic module that has received UL 1703 certification marks outside Minnesota from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency is not "Made in Minnesota" under this paragraph.

(b) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

216C.412 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE ACCOUNT.

Subdivision 1. **Account established; account management.** A "Made in Minnesota" solar energy production incentive account is established as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds remaining in the account at the end of a fiscal year do not cancel to the general fund but remain in the account. There is annually appropriated from the account to the commissioner of commerce money sufficient to make the incentive payments under section 216C.415, the transfers under section 216C.416, and to administer sections 216C.412 to 216C.415.

Subd. 2. **Payments from public utilities.** (a) Beginning January 1, 2014, and each January 1 thereafter, through 2023, for a total of ten years, each electric public utility subject to section 216B.241 must annually pay to the commissioner of commerce five percent of the minimum amount it is required to spend on energy conservation improvements under section 216B.241, subdivision 1a. Payments under this subdivision must be included in the calculation of whether a utility's other spending on generation exceeds the limits authorized for spending on generation under section 216B.2411, subdivision 1, for investments proposed for commissioner of commerce approval after July 1, 2013. The limits on spending in section 216B.2411 do not limit or apply to payments required by this subdivision. Payments made under this paragraph count toward satisfying expenditure obligations of a public utility under section 216B.241, subdivision 1a. The commissioner shall, upon receipt of the funds, deposit them in the account established in subdivision 1. A public utility subject to this paragraph must be credited energy savings for the purpose of satisfying its energy savings requirement under section 216B.241, subdivision 1c, based on its payment to the commissioner.

(b) Notwithstanding section 116C.779, subdivision 1, paragraph (g), beginning January 1, 2014, and continuing through January 1, 2023, for a total of ten years, the public utility that manages the account under section 116C.779 must annually pay from that account to the commissioner an amount that, when added to the total amount paid to the commissioner of commerce under paragraph (a), totals \$15,000,000 annually. The commissioner shall, upon receipt of the payment, deposit it in the account established in subdivision 1.

216C.413 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; QUALIFICATION.

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Subdivision 1. **Application.** A manufacturer of solar photovoltaic modules seeking to qualify those modules as eligible to receive the "Made in Minnesota" solar energy production incentive must submit an application to the commissioner of commerce on a form prescribed by the commissioner. The application must contain:

(1) a technical description of the solar photovoltaic module and the processes used to manufacture it, excluding proprietary details;

(2) documentation that the solar photovoltaic module meets all the required applicable parts of the "Made in Minnesota" definition in section 216C.411, including evidence of the UL 1703 right to mark for all solar photovoltaic modules seeking to qualify as "Made in Minnesota";

(3) any additional nonproprietary information requested by the commissioner of commerce; and

(4) certification signed by the chief executive officer of the manufacturing company attesting to the truthfulness of the contents of the application and supporting materials under penalty of perjury.

Subd. 2. **Certification.** If the commissioner determines that a manufacturer's solar photovoltaic module meets the definition of "Made in Minnesota" in section 216C.411, the commissioner shall issue the manufacturer a "Made in Minnesota" certificate containing the name and model numbers of the certified solar photovoltaic modules and the date of certification. The commissioner must issue or deny the issuance of a certificate within 90 days of receipt of a completed application. A copy of the certificate must be provided to each purchaser of the solar photovoltaic module.

Subd. 3. **Revocation of certification.** The commissioner may revoke a certification of a module as "Made in Minnesota" if the commissioner finds that the module no longer meets the requirements to be certified. The revocation does not affect incentive payments awarded prior to the revocation.

216C.414 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE.

Subdivision 1. **Setting incentive.** Within 90 days of a module being certified as "Made in Minnesota" the commissioner of commerce shall set a solar energy production incentive amount for that solar photovoltaic module for the purpose of the incentive payment under section 216C.415. The incentive is a performance-based financial incentive expressed as a per kilowatt-hour amount. The amount shall be used for incentive applications approved in the year to which the incentive amount is applicable for the ten-year duration of the incentive payments. An incentive amount must be calculated for each module for each calendar year through 2023.

Subd. 2. **Criteria for determining incentive amount.** (a) The commissioner shall set the incentive payment amount by determining the average amount of incentive payment required to allow an average owner of installed solar photovoltaic modules a reasonable return on their investment. In setting the incentive amount the commissioner shall consider:

(1) an estimate of the installed cost per kilowatt-direct current, based on the cost data supplied by the manufacturer in the application submitted under section 216C.413, and an estimate of the average installation cost based on a representative sample of Minnesota solar photovoltaic installed projects;

(2) the average insolation rate in Minnesota;

(3) an estimate of the decline in the generation efficiency of the solar photovoltaic modules over time;

(4) the rate paid by public utilities to owners of solar photovoltaic modules under section 216B.164 or other law;

(5) applicable federal tax incentives for installing solar photovoltaic modules; and

(6) the estimated levelized cost per kilowatt-hour generated.

(b) The commissioner shall annually, for incentive applications received in a year, revise each incentive amount based on the factors in paragraph (a), clauses (1) to (6), general market conditions, and the availability of other incentives. In no case shall the "Made in Minnesota" incentive amount result in the "Made in Minnesota" incentives paid exceeding 40 percent, net of average applicable taxes on the ten-year incentive payments, of the average historic installation cost per kilowatt. The commissioner may exceed the 40 percent cap if the commissioner determines it is necessary to fully expend funds available for incentive payments in a particular year.

Subd. 3. **Metering of production.** A public utility must, at the expense of a customer, provide a meter to measure the production of a solar photovoltaic module system that is approved to receive incentive payments. The public utility must furnish the commissioner with information

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sufficient for the commissioner to determine the incentive payment. The information must be provided on a calendar year basis by no later than March 1. The commissioner shall provide a public utility with forms to use to provide the production information. A customer must attest to the accuracy of the production information.

Subd. 4. **Payment due date.** Payments must be made no later than July 1 following the year of production.

Subd. 5. **Renewable energy credits.** Renewable energy credits associated with energy provided to a public utility for which an incentive payment is made belong to the utility.

216C.415 "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVE; PAYMENT.

Subdivision 1. **Incentive payment.** Incentive payments may be made under this section only to an owner of grid-connected solar photovoltaic modules with a total nameplate capacity below 40 kilowatts direct current who:

(1) has submitted to the commissioner, on a form established by the commissioner, an application to receive the incentive that has been approved by the commissioner;

(2) has received a "Made in Minnesota" certificate under section 216C.413 for the module; and

(3) has installed on residential or commercial property solar photovoltaic modules that are generating electricity and has received a "Made in Minnesota" certificate under section 216C.413.

Subd. 2. **Application process.** Applications for an incentive payment must be received by the commissioner between January 1 and February 28. The commissioner shall by a random method approve the number of applications the commissioner reasonably determines will exhaust the funds available for payment for the ten-year period of incentive payments. Applications for residential and commercial installations shall be separately randomly approved.

Subd. 3. **Commissioner approval of incentive application.** The commissioner must approve an application for an incentive for an owner to be eligible for incentive payments. The commissioner must not approve an application in a calendar year if the commissioner determines there will not be sufficient funding available to pay an incentive to the applicant for any portion of the ten-year duration of payment. The commissioner shall annually establish a cap on the cumulative capacity for a program year based on funds available and historic average installation costs. Receipt of an incentive is not an entitlement and payment need only be made from available funds in the "Made in Minnesota" solar production incentive account.

Subd. 4. **Eligibility window; payment duration.** (a) Payments may be made under this section only for electricity generated from new solar photovoltaic module installations that are commissioned between January 1, 2014, and December 31, 2023.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar system is commissioned.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after December 31, 2033.

(e) An owner of solar photovoltaic modules may not first begin to receive payments under this section after December 31, 2024.

Subd. 5. **Allocation of payments.** (a) If there are sufficient applications, approximately 50 percent of the incentive payment shall be for owners of eligible solar photovoltaic modules installed on residential property, and approximately 50 percent shall be for owners of eligible solar photovoltaic modules installed on commercial property.

(b) The commissioner shall endeavor to distribute incentives paid under this section to owners of solar photovoltaic modules installed in a manner so that the amount of payments received in an area of the state reasonably approximates the amount of payments made by a utility serving that area.

(c) For purposes of this subdivision:

(1) "residential property" means residential real estate that is occupied and used as a homestead by its owner or by a renter and includes "multifamily housing development" as defined in section 462C.02, subdivision 5, except that residential property on which solar photovoltaic modules (i) whose capacity exceeds 10 kilowatts is installed; or (ii) connected to a utility's distribution system and whose electricity is purchased by several residents, each of whom own a share of the electricity generated, shall be deemed commercial property; and

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(2) "commercial property" means real property on which is located a business, government, or nonprofit establishment.

Subd. 6. **Limitation.** An owner receiving an incentive payment under this section may not receive a rebate under section 116C.7791 for the same solar photovoltaic modules.

216C.416 SOLAR THERMAL REBATES.

Subdivision 1. **Rebate program created.** The commissioner of commerce shall operate a program to provide rebates for the installation of "Made in Minnesota" solar thermal systems in the state. "Solar thermal system" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water. A solar thermal system is "Made in Minnesota" if components of the system are manufactured in Minnesota and the solar thermal system is certified by the Solar Rating and Certification Corporation. The solar thermal system may be installed in residential and commercial facilities for, among other purposes, hot water, space heating, or pool heating purposes.

Subd. 2. **Account; funding.** (a) The solar thermal system rebate account is created as a separate account in the special revenue fund in the state treasury. Earnings, such as interest, dividends, and any other earnings arising from account assets, must be credited to the account. Funds in the account are appropriated to the commissioner of commerce for the purpose of making the rebate payments under this section and administering this section.

(b) Beginning January 1, 2014, and each January 1 thereafter to January 1, 2023, the commissioner of commerce shall annually transfer \$250,000 from the account created in section 216C.412 for deposit in the account created in this subdivision.

(c) To the extent there are sufficient applications, the commissioner shall annually spend for rebates under this section from 2014 to 2023, for a total of ten years, approximately \$250,000 per year. If sufficient applications are not received to spend the money available for rebates in a year under this section, the unspent money must be returned to the account from which it was transferred, provided that funds available for 2014 applications shall remain available for 2015 applications.

Subd. 3. **Individual incentives.** The maximum rebate for a single family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$2,500. The maximum rebate for a multiple family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or \$5,000. The maximum rebate for a commercial installation is the lesser of 25 percent of the installation cost of the complete system or \$25,000. The system must be installed by a factory authorized installer. The commissioner shall allocate approximately 50 percent of the rebates in each year to solar thermal hot water and 50 percent to solar thermal air projects if sufficient applications are made for each.

Subd. 4. **Application process.** Applications for incentives must be made to the commissioner of commerce on forms provided by the commissioner. The commissioner shall use a random process for the selection of recipients of incentives except to the extent necessary to allocate rebates as required by this section.

298.22 IRON RANGE RESOURCES AND REHABILITATION.

Subd. 8. **Spending priority.** In making or approving any expenditures on programs or projects, the commissioner and the board shall give the highest priority to programs and projects that target relief to those areas of the taconite assistance area as defined in section 273.1341, that have the largest percentages of job losses and population losses directly attributable to the economic downturn in the taconite industry since the 1980s. The commissioner and the board shall compare the 1980 population and employment figures with the 2000 population and employment figures, and shall specifically consider the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company, in making or approving expenditures consistent with this subdivision, as well as the areas of residence of persons who suffered job loss for which relief is to be targeted under this subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the terms determined by the commissioner and approved by the board, surface and mineral interests owned or acquired by the state of Minnesota acting by and through the office of the commissioner of Iron Range resources and rehabilitation within those portions of the taconite assistance area affected by the closure of the LTV Steel Mining Company facility near Hoyt Lakes. The payments and royalties from these leases must be deposited into the fund established in section 298.292. This subdivision supersedes any other conflicting provisions

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of law and does not preclude the commissioner and the board from making expenditures for programs and projects in other areas.

298.2213 NORTHEAST MINNESOTA ECONOMIC DEVELOPMENT FUND.

Subdivision 1. **Appropriation.** \$4,000,000 is appropriated from the general fund to the commissioner of Iron Range resources and rehabilitation. \$300,000 of this appropriation must be used in the same manner as money appropriated under section 298.17.

Subd. 2. **Purpose of expenditures.** The money appropriated in this section may be used for projects and programs for which technological and economic feasibility have been demonstrated and that have the following purposes:

(1) creating and maintaining productive, permanent, skilled employment, including employment in technologically innovative businesses; and

(2) encouraging diversification of the economy and promoting the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism.

Subd. 3. **Use of money.** The money appropriated under this section may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan must be no less than the lesser of eight percent or the rate of interest that is three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved.

Money appropriated in this section must be expended only in or for the benefit of the taconite assistance area defined in section 273.1341, and as otherwise provided in this section.

Subd. 4. **Project approval.** The board and commissioner shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

Each project must be approved by the board and the commissioner of Iron Range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

Subd. 5. **Advisory committees.** Before submission to the board of a proposal for a project for expenditure of money appropriated under this section, the commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of at least seven persons who are knowledgeable in areas related to the objectives of the proposal. If the project involves investment in a scientific research proposal, at least four of the committee members must be knowledgeable in the specific scientific research area relating to the project. Members of the committees must be compensated as provided in section 15.059, subdivision 3. The board shall not act on a proposal until it has received the evaluation and recommendations of the technical advisory committee.

Subd. 6. **Use of repayments and earnings.** Principal and interest received in repayment of loans made under this section must be deposited in the state treasury and are appropriated to the board for the purposes of this section.

298.298 LONG-RANGE PLAN.

Consistent with the policy established in sections 298.291 to 298.298, the Iron Range Resources and Rehabilitation Board shall prepare and present to the governor and the legislature by December 31, 2006, a long-range plan for the use of the Douglas J. Johnson economic protection trust fund for the economic development and diversification of the taconite assistance area defined in section 273.1341. No project shall be approved by the Iron Range Resources

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and Rehabilitation Board which is not consistent with the goals and objectives established in the long-range plan.

326B.89 CONTRACTOR RECOVERY FUND.

Subd. 14. **Accelerated compensation.** (a) Payments made from the fund to compensate owners and lessees that do not exceed the jurisdiction limits for conciliation court matters as specified in section 491A.01 may be paid on an accelerated basis if all of the following requirements in paragraphs (b) and (c) have been satisfied.

(b) The owner or the lessee has served upon the commissioner a verified application for compensation that complies with the requirements set out in subdivision 6 and the commissioner determines based on review of the application that compensation should be paid from the fund. The commissioner shall calculate the actual and direct out-of-pocket loss in the transaction, minus attorney fees, litigation costs or fees, interest on the loss and on the judgment obtained as a result of the loss, and any satisfaction of the judgment, and make payment to the owner or the lessee up to the conciliation court jurisdiction limits within 45 days after the owner or lessee serves the verified application.

(c) The commissioner may pay compensation to owners or lessees that totals not more than \$50,000 per licensee per fiscal year under this accelerated process. The commissioner may prorate the amount of compensation paid to owners or lessees under this subdivision if applications submitted by owners and lessees seek compensation in excess of \$50,000 against a licensee. Any unpaid portion of a verified application that has been prorated under this subdivision shall be satisfied in the manner set forth in subdivision 9.

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Laws 2005, chapter 112, article 1, section 14

Sec. 14. **MANDATORY FEDERAL IMPLEMENTATION REQUIREMENT.**

The commissioner must implement systems and processes to detect, investigate, and enforce section 268.051, subdivisions 4 and 4a.

Laws 2013, chapter 85, article 6, section 11

Sec. 11. **SOLAR PHOTOVOLTAIC MODULES.**

No solar photovoltaic module may be installed that is financed directly or indirectly, wholly or in part, with money appropriated in this act, unless the solar photovoltaic module is made in Minnesota as defined in Minnesota Statutes, section 16B.323, subdivision 1, paragraph (b).