A bill for an act
relating to the operation of state government; appropriating money for the
legislature, governor’s office, state auditor, attorney general, secretary of state,
certain agencies, boards, councils, retirement funds, military affairs and veterans
affairs, and senate building; cancellation of certain appropriations; transferring
money to the budget reserve; allowing prepay for certain software and information
technology hosting services; limiting a fee or fine increase to ten percent in a
biennium; providing reimbursement for reasonable accommodation; modifying
grant agreement provisions; making changes to guaranteed energy-savings
program, small business requirements, and targeted group businesses; changing
certain requirements for the practice of cosmetology; assessing certain costs
for Office of Administrative Hearings; changing a rehabilitation or renovation
grant from the Minnesota Amateur Sports Commission; changing or establishing
certain fees; limiting fire sprinkler requirement in certain dwellings; modifying
certain filing requirements for corporations; modifying provisions for
accountants; requiring a licensee of the residential trades to give an option to
install fire sprinklers; modifying debt service provision for the legislative parking
garage; requiring the same room numbers on signage in the Capitol to identify
legacy rooms; providing in-lieu of rent evaluation; prohibiting state funds, tax
expenditures, or state indebtedness to fund a major league soccer stadium; making
changes to provisions for military and veterans affairs; changing provisions
covering pari-mutuel horse racing; modifying provisions for cigarette and tobacco
license; providing civil penalties; requiring reports; amending Minnesota Statutes
2014, sections 3.8843, subdivision 5; 16A.065; 16A.1283; 16B.97, subdivision
1; 16B.98, subdivisions 1, 11; 16C.144; 16C.16, subdivision 2, by adding a
subdivision; 16C.19; 155A.21; 155A.23, subdivision 8, by adding subdivisions;
155A.24, subdivision 2; 155A.25, subdivisions 1a, 5, by adding subdivisions;
155A.27, subdivisions 1, 2, 5a; 155A.271; 155A.29, subdivisions 1, 2, by adding
a subdivision; 155A.30, subdivisions 5, 10; 161.1419, subdivision 8; 190.16, by
adding a subdivision; 190.19, subdivisions 2a, 3; 192.26, by adding a subdivision;
192.38, subdivision 1; 192.501, by adding a subdivision; 197.133; 198.03,
subdivisions 2, 3; 211B.37; 240.01, subdivision 22, by adding subdivisions;
240.011; 240.03; 240.08, subdivisions 2, 4, 5; 240.10; 240.13, subdivisions 5,
6; 240.135; 240.15, subdivisions 1, 6; 240.16, subdivision 1; 240.22; 240.23;
240A.09; 270C.722, subdivision 1; 270C.728, by adding a subdivision; 272.484;
297F.01, subdivision 14; 297F.03, subdivisions 5, 6; 297F.04, subdivision 1;
297F.13, subdivision 4; 297F.19, by adding a subdivision; 297F.20, by adding
subdivisions; 297F.21, subdivision 1; 299F.011, by adding a subdivision; 303.19;
304A.301, subdivisions 1, 5, 6, by adding a subdivision; 326A.01, subdivisions

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION
S.F. No. 888

(SENATE AUTHORS: SAXHAUG and Carlson)

DATE  D-PG  OFFICIAL STATUS

02/16/2015  311  Introduction and first reading;
  Referred to State and Local Government

03/11/2015  659a  Comm report: To pass as amended and re-refer to Finance

04/16/2015  1749a  Comm report: To pass as amended

1815  Second reading

04/20/2015  1908a  Special Order: Amended

2070  Third reading Passed

04/27/2015  2905  Returned from House with amendment

2906  Senate not concur, conference committee of 5 requested

2919  Senate conferees Saxhaug; Pappas; Carlson; Wiklund; Metzen

05/01/2015  3214  House conferees Anderson, S.; Albright; O'Driscol; Loonan; Laine

05/18/2015  4496c  Conference committee report, delete everything
  Senate adopted CC report and repassed bill

4574  Third reading
  House adopted SCC report and repassed bill
  Presentment date 05/20/15
  (Non-revisor companion) HF495
  Governor's action Approval 05/23/15
  Secretary of State Chapter 77 05/23/15

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2.1 2, 12, 13a, 15, 16; 326A.02, subdivisions 3, 5; 326A.05, subdivisions 1, 3;
2.2 326A.08, subdivision 7; 326A.10; 326B.809; 336A.09, subdivision 1; 364.09;
2.3 461.12, subdivision 8; Laws 2013, chapter 142, article 1, section 10; Laws 2014,
2.4 chapter 287, section 25; proposing coding for new law in Minnesota Statutes,
2.5 chapters 3; 16B; 297F; repealing Minnesota Statutes 2014, sections 155A.23,
2.6 subdivision 6; 197.131; 197.132; 240.01, subdivisions 12, 23; 297F.185.
2.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

STATE GOVERNMENT APPROPRIATIONS

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the
agencies and for the purposes specified in this article. The appropriations are from the
general fund, or another named fund, and are available for the fiscal years indicated
for each purpose. The figures "2016" and "2017" used in this article mean that the
appropriations listed under them are available for the fiscal year ending June 30, 2016, or
June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal

<table>
<thead>
<tr>
<th>APPROPRIATIONS</th>
<th>Available for the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ending June 30</td>
</tr>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>2017</td>
</tr>
</tbody>
</table>

| Subdivision 1. Total Appropriation | $ 70,913,000 | $ 71,811,000 |
|-----------------------------------|--------------|
| Appropriations by Fund            |              |
| General                           | 70,785,000   |
| Health Care Access                | 128,000      |
|                                   | 71,683,000   |
|                                   | 128,000      |

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

<table>
<thead>
<tr>
<th>Subd. 2. Senate</th>
<th>23,372,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23,976,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subd. 3. House of Representatives</th>
<th>30,524,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30,524,000</td>
</tr>
</tbody>
</table>

To avoid cost overruns, on June 1, 2015,
the commissioner of administration
shall determine whether the house of
representatives has vacated the house
chamber as of June 1, 2015, and whether the chief clerk of the house of representatives has provided written assurance that the house chamber will remain vacant until the completion of the Capitol renovation project funded under Laws 2013, chapter 136, section 3, including the 2016 regular legislative session. The commissioner of administration shall provide notice of this determination to the commissioner of management and budget. If the commissioner of management and budget has been notified that the house has not vacated the house chamber and provided written assurance as required in this paragraph, the commissioner shall cancel $500,000 of this appropriation in the first year to the general fund, and $500,000 is appropriated from the general fund in the first year to the commissioner of administration for the purposes specified in Laws 2013, chapter 136, section 3, subdivision 2.

During the biennium ending June 30, 2017, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

**Subd. 4. Legislative Coordinating Commission**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$16,889,000</td>
<td>$17,183,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>$128,000</td>
<td>$128,000</td>
</tr>
</tbody>
</table>

$6,678,000 the first year and $6,793,000 the second year are for the Office of the Legislative Auditor.

$297,000 in fiscal year 2016 and $297,000 in fiscal year 2017 are for the Office of...
the Revisor of Statutes to maintain and
improve information technology services.

The approved complement of the revisor of
statutes is increased by five positions. This
appropriation shall be added to the revisor's
budget base.

$35,000 in fiscal year 2016 and $35,000 in
fiscal year 2017 are to provide support to the
Legislative Commission on Data Practices
established under Minnesota Statutes, section
3.8843. This is a onetime appropriation.

From its funds, $10,000 each year is for
purposes of the legislators' forum, through
which Minnesota legislators meet with
counterparts from South Dakota, North
Dakota, and Manitoba to discuss issues of
mutual concern.

Sec. 3. GOVERNOR AND LIEUTENANT
GOVERNOR $ 3,615,000 $ 3,616,000

(a) This appropriation is to fund the Office of
the Governor and Lieutenant Governor.
(b) Up to $19,000 the first year and up to
$19,000 the second year are for necessary
expenses in the normal performance of
the Governor's and Lieutenant Governor's
duties for which no other reimbursement is
provided.
(c) By September 1 of each year, the
commissioner of management and budget
shall report to the chairs and ranking minority
members of the senate State Departments
and Veterans Affairs Budget Division and the
house of representatives State Government
Finance Committee any personnel costs
incurred by the Offices of the Governor and
Lieutenant Governor that were supported 
by appropriations to other agencies during 
the previous fiscal year. The Office of the 
Governor shall inform the chairs and ranking 
minority members of the committees before 
initiating any interagency agreements.

Sec. 4. STATE AUDITOR $ 2,322,000 $ 2,333,000

$35,000 from the general fund is for an 
infrastructure stress study. This is a onetime 
appropriation and may be used in either year 
of the biennium.

Sec. 5. ATTORNEY GENERAL $ 24,343,000 $ 24,343,000

Appropriations by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>22,125,000</td>
<td>22,125,000</td>
</tr>
<tr>
<td>State Government</td>
<td>1,823,000</td>
<td>1,823,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>145,000</td>
<td>145,000</td>
</tr>
<tr>
<td>Remediation</td>
<td>250,000</td>
<td>250,000</td>
</tr>
</tbody>
</table>

Of this appropriation, $65,000 in the first 
year and $65,000 in the second year are 
from the general fund for transfer to the 
commissioner of public safety for a grant to 
the Minnesota County Attorneys Association 
for prosecutor and law enforcement training.

Sec. 6. SECRETARY OF STATE $ 6,631,000 $ 6,631,000

Any funds available in the account 
established in Minnesota Statutes, section 
5.30, pursuant to the Help America Vote Act, 
are appropriated for the purposes and uses 
authorized by federal law.

Sec. 7. CAMPAIGN FINANCE AND PUBLIC 
DISCLOSURE BOARD $ 1,164,000 $ 1,028,000
6.1 Campaign Finance and Public Disclosure

6.2 Board Web Site Redevelopment Project.

6.3 $150,000 in fiscal year 2016 is appropriated to the Campaign Finance and Public Disclosure Board to complete redevelopment of its Web site. This appropriation is available until June 30, 2017. By January 15, 2016, the director of the Campaign Finance and Public Disclosure Board shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee on the status of the Web site redevelopment project. The report shall include a budget detailing total dollars to be spent, completion date of the project, and dollars expended to date.

6.19 Sec. 8. INVESTMENT BOARD $ 139,000 $ 139,000

6.20 Sec. 9. ADMINISTRATIVE HEARINGS $ 7,630,000 $ 7,633,000

6.21 Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>380,000</td>
<td>383,000</td>
</tr>
<tr>
<td>Workers' Comp.</td>
<td>7,250,000</td>
<td>7,250,000</td>
</tr>
</tbody>
</table>

6.26 Campaign Violations Hearings. $115,000

6.27 in fiscal year 2016 and $115,000 in fiscal year 2017 are appropriated from the general fund for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. These amounts may be used in either year of the biennium.

6.33 $6,000 in fiscal year 2016 and $6,000 in fiscal year 2017 are appropriated from the general fund to the Office of Administrative Article 1 Sec. 9.
Hearings for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085. These amounts may be used in either year of the biennium.

Sec. 10. **MN.IT SERVICES** $ 2,526,000 $ 2,622,000

The commissioner of management and budget is authorized to provide cash flow assistance of up to $110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of MN.IT Services for the purpose of managing revenue and expenditure differences during the initial phases of IT consolidation. These funds shall be repaid with interest by the end of the fiscal year 2017 closing period.

During the biennium ending June 30, 2017, MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than $400,000 for the biennium, the office may charge for access fees in excess of these amounts.

Sec. 11. **ADMINISTRATION**

Subdivision 1. **Total Appropriation** $ 25,141,000 $ 22,890,000

The amounts that may be spent for each purpose are specified in the following subdivisions.
8.1 Subd. 2. Government and Citizen Services

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$10,009,000</td>
<td>$9,144,000</td>
</tr>
</tbody>
</table>

8.2 $74,000 the first year and $74,000 the second year are for the Council on Developmental Disabilities.
8.3 $735,000 the first year and $65,000 the second year are to conduct a disparity study required under Minnesota Statutes, section 16C.16, subdivision 5. This is a onetime appropriation.
8.4
8.5 $500,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are credited to the accommodation account established in Minnesota Statutes, section 16B.4805.
8.6 In fiscal year 2016, the commissioner of administration may use five percent of the appropriation for fiscal year 2016 for developing policies and procedures to implement the reimbursement program established in Minnesota Statutes, section 16B.4805, and for educating qualifying agencies about the availability of and process for receiving reimbursement for accommodation expenses.
8.7
8.8 $100,000 in fiscal year 2016 and $100,000 in fiscal year 2017 are for the Information Policy Analysis Division to provide training and technical assistance to local units of government on compliance with Minnesota Statutes, chapter 13, the Minnesota Data Practices Act. This is a onetime appropriation and is available until June 30, 2019.
8.9
8.10 Subd. 3. Strategic Management Services

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,975,000</td>
<td>2,009,000</td>
</tr>
</tbody>
</table>

8.11
8.12 Subd. 4. Fiscal Agent

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13,157,000</td>
<td>11,737,000</td>
</tr>
</tbody>
</table>
The appropriations under this section are to the commissioner of administration for the purposes specified.

**In-Lieu of Rent.** $8,158,000 the first year and $7,158,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space. In-lieu of rent may be used for rent loss and relocation expenses related to the Capitol restoration in the fiscal year 2014-2015 biennium and fiscal year 2016-2017 biennium.

**Relocation Expenses.** $1,380,000 the first year and $960,000 the second year are for rent loss and relocation expenses related to the Capitol renovation project. This is a onetime appropriation.

**Public Broadcasting.** (a) $1,550,000 the first year and $1,550,000 the second year are for matching grants for public television.

(b) $550,000 the first year and $550,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13. The base for fiscal year 2018 is $250,000, and for fiscal year 2019 is $250,000.

(c) The commissioner of administration must consider the recommendations of the Minnesota Public Television Association before allocating the amount appropriated in paragraphs (a) and (b) for equipment or matching grants.

(d) $592,000 the first year and $592,000 the second year are for community service grants to public educational radio stations. This
appropriation may be used to disseminate emergency information in foreign languages.

The base for fiscal year 2018 is $392,000 and for fiscal year 2019 is $392,000.

e) $367,000 the first year and $367,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under $500. The base for fiscal year 2018 is $117,000 and for fiscal year 2019 is $117,000.

(f) $560,000 the first year and $560,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota’s Emergency Alert and AMBER Alert Systems. The base for fiscal year 2018 is $310,000 and for fiscal year 2019 is $310,000.

(g) The appropriations in paragraphs (d), (e), and (f), may not be used for indirect costs claimed by an institution or governing body. The commissioner of administration must consider the recommendations of the Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (d), (e), and (f).

(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

$340,000 $345,000
Sec. 13. **MINNESOTA MANAGEMENT AND BUDGET**

$22,277,000 $23,569,000

1. $1,000,000 in fiscal year 2016 and
2. $2,000,000 in fiscal year 2017 are to maintain and upgrade statewide business systems, including, but not limited to, the statewide accounting system, the human resource and payroll system, the employment application system, the enterprise learning management system, the budget planning and analysis system, the fiscal note tracking system, and capital budget system.

Sec. 14. **REVENUE**

Subdivision 1. **Total Appropriation** $146,587,000 $147,067,000

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>142,352,000</td>
<td>142,832,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>1,749,000</td>
<td>1,749,000</td>
</tr>
<tr>
<td>Highway User Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>2,183,000</td>
<td>2,183,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>303,000</td>
<td>303,000</td>
</tr>
</tbody>
</table>

Subd. 2. **Tax System Management** 117,971,000 118,451,000

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>113,736,000</td>
<td>114,216,000</td>
</tr>
<tr>
<td>Health Care Access</td>
<td>1,749,000</td>
<td>1,749,000</td>
</tr>
<tr>
<td>Highway User Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>2,183,000</td>
<td>2,183,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>303,000</td>
<td>303,000</td>
</tr>
</tbody>
</table>

**Appropriation: Taxpayer Assistance.** (a)

$400,000 in fiscal year 2016 and $400,000 in fiscal year 2017 from the general fund are for grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance.
services. The unencumbered balance in the
first year does not cancel but is available for
the second year.

(b) For purposes of this appropriation,
"taxpayer assistance services" means
accounting and tax preparation services
provided by volunteers to low-income,
elderly, and disadvantaged Minnesota
residents to help them file federal and state
income tax returns, Minnesota property
tax refund claims, and to provide personal
representation before the Department of
Revenue and Internal Revenue Service.

(c) $1,149,000 in fiscal year 2016 and
$955,000 in fiscal year 2017 are for
establishing a statewide license for retailers
of tobacco and for ongoing costs for
expanding the commissioner of revenue's
tobacco enforcement team.

Subd. 3. Debt Collection Management

Sec. 15. GAMBLING CONTROL $ 3,260,000 $ 3,324,000

Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>483,000</td>
<td>779,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>2,777,000</td>
<td>2,545,000</td>
</tr>
</tbody>
</table>

The special revenue fund appropriations are
from the lawful gambling regulation account
in the special revenue fund.

Sec. 16. RACING COMMISSION $ 1,168,000 $ 1,153,000

Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>269,000</td>
<td>72,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>899,000</td>
<td>1,081,000</td>
</tr>
</tbody>
</table>
13.1 The general fund appropriation is for fiscal years 2016 and 2017 only.
13.2 The special revenue fund appropriations are from the racing and card playing regulation accounts. The base for the special revenue fund appropriation is $972,000 in fiscal year 2018 and $971,000 in fiscal year 2019.
13.3 The Racing Commission is directed to work in consultation with the racing industry to propose permanent dedicated funding changes to fully support the operations of the commission to ensure that racing is conducted in the public interest. These changes shall be reported to the Office of the Governor and to the majority and minority leaders of the relevant finance and policy legislative committees by November 1, 2015.

Sec. 17. STATE LOTTERY

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed $31,000,000 in fiscal year 2016 and $31,000,000 in fiscal year 2017.

Sec. 18. AMATEUR SPORTS COMMISSION

Mighty Ducks. $4,000,000 in fiscal year 2016 is for the purposes of Minnesota Statutes, section 240A.09, paragraph (b).

Sec. 19. COUNCIL ON BLACK MINNESOTANS

Sec. 20. COUNCIL ON ASIAN-PACIFIC MINNESOTANS

Sec. 21. COUNCIL ON AFFAIRES OF CHICANO/LATINO PEOPLE
Sec. 22. **INDIAN AFFAIRS COUNCIL**  
$569,000  $576,000

Sec. 23. **MINNESOTA HISTORICAL SOCIETY**

Subdivision 1. **Total Appropriation**  
$23,086,000  $23,326,000

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

Subd. 2. **Operations and Programs**  
22,515,000  22,955,000

The base is $22,322,000 per year for the fiscal years 2018-2019 biennium. Increased funding in fiscal years 2016 and 2017 is for the following purposes:

1. $430,000 the first year and $870,000 the second year to provide capacity to continue to deliver history programs and services across Minnesota. The base is $487,000 per year for the fiscal years 2018-2019 biennium;

2. $500,000 the first year and $500,000 the second year for digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history; and

3. $250,000 the first year and $250,000 the second year for activities to enhance educational achievement through history education to be delivered statewide, in conjunction with historic sites. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at...
the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. Fiscal Agent

(a) Minnesota International Center 39,000 39,000
(b) Minnesota Air National Guard Museum 17,000 17,000
(c) Minnesota Military Museum 100,000 100,000

$50,000 in fiscal year 2016 and $50,000 in fiscal year 2017 are for an archivist position.
This is a onetime appropriation and available until June 30, 2017.
(d) Farmamerica 315,000 115,000

$200,000 in fiscal year 2016 is for a grant to Farmamerica, the Minnesota agriculture interpretive center, for capital improvements.
(e) Hockey Hall of Fame 100,000 100,000

Balances Forward. Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 24. BOARD OF THE ARTS

Subdivision 1. Total Appropriation $ 7,522,000 $ 7,530,000
The amounts that may be spent for each purpose are specified in the following subdivisions.
Subd. 2. Operations and Services 583,000 591,000
Subd. 3. Grants Program 4,800,000 4,800,000
Subd. 4. Regional Arts Councils 2,139,000 2,139,000

Unencumbered Balance Available. Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.
Projects located in Minnesota; travel restriction. Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than ten percent of the total grant for costs related to travel outside the state of Minnesota.

Sec. 25. MINNESOTA HUMANITIES CENTER $350,000 $350,000

Sec. 26. BOARD OF ACCOUNTANCY $639,000 $641,000

Sec. 27. BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN $784,000 $794,000

Sec. 28. BOARD OF COSMETOLOGIST EXAMINERS $2,565,000 $2,584,000

Sec. 29. BOARD OF BARBER EXAMINERS $321,000 $325,000

Sec. 30. GENERAL CONTINGENT ACCOUNTS $1,000,000 $500,000

Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>General</td>
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<td>-0-</td>
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<tr>
<td>State Government</td>
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<td>Special Revenue</td>
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</tr>
<tr>
<td>Workers' Compensation</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.
(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 31. **TORT CLAIMS**

These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 32. **MINNESOTA STATE RETIREMENT SYSTEM**

Subdivision 1. **Total Appropriation**

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

Subd. 2. **Combined Legislators and Constitutional Officers Retirement Plan**

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 33. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

General employees retirement plan of the Public Employees Retirement Association relating to the merged former MERF division.
These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 34. TEACHERS RETIREMENT ASSOCIATION

$ 29,831,000 $ 29,831,000

The amounts estimated to be needed are as follows:

Special Direct State Aid. $27,331,000 the first year and $27,331,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354.436.

Special Direct State Matching Aid.

$2,500,000 the first year and $2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

Sec. 35. ST. PAUL TEACHERS RETIREMENT FUND

$ 9,827,000 $ 9,827,000

The amounts estimated to be needed for special direct state aid to the first class city teachers retirement fund association authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 36. MILITARY AFFAIRS

Subdivision 1. Total Appropriation

$ 20,868,000 $ 20,868,000

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

Subd. 2. Maintenance of Training Facilities

9,661,000 9,661,000

Subd. 3. General Support

4,319,000 4,319,000

$1,500,000 in fiscal year 2016 and $1,500,000 in fiscal year 2017 are for
reimbursement grants under Minnesota Statutes, section 190.16, subdivision 6b.

Subd. 4. Enlistment Incentives 6,888,000 6,888,000

Appropriation Availability. If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Transfer Authority. Of the funds carried forward from fiscal year 2015 to fiscal year 2016, in the enlistment incentives appropriation, $10,000,000 in fiscal year 2016 may be transferred to the maintenance of training facilities appropriation to address significant maintenance backlog to the department's military training and community centers. This is a onetime transfer and is available until June 30, 2019.

Sec. 37. VETERANS AFFAIRS

Subdivision 1. Total Appropriation $65,495,000 $67,691,000

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

Subd. 2. Veterans Programs and Services 16,393,000 16,461,000

$44,000 for a transfer to the Department of Education to implement the expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This appropriation is available until June 30, 2017.

Veterans Service Organizations. $353,000 each year is for grants to the following congressionally chartered veterans service
organizations, as designated by the
commissioner: Disabled American Veterans,
Military Order of the Purple Heart, the
American Legion, Veterans of Foreign Wars,
Vietnam Veterans of America, AMVETS,
and Paralyzed Veterans of America. This
funding must be allocated in direct proportion
to the funding currently being provided by
the commissioner to these organizations.

Minnesota Assistance Council for
Veterans. $750,000 each year is for a grant
to the Minnesota Assistance Council for
Veterans to provide assistance throughout
Minnesota to veterans and their families who
are homeless or in danger of homelessness,
including assistance with the following:
(1) utilities;
(2) employment; and
(3) legal issues.
The assistance authorized under this
paragraph must be made only to veterans who
have resided in Minnesota for 30 days prior
to application for assistance and according
to other guidelines established by the
commissioner. In order to avoid duplication
of services, the commissioner must ensure
that this assistance is coordinated with all
other available programs for veterans.

Honor Guards. $200,000 each year is
for compensation for honor guards at
the funerals of veterans under Minnesota
Statutes, section 197.231. This amount is
added to the program's base funding.
Minnesota GI Bill. $200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791. Of this amount, $100,000 is for transfer to the Office of Higher Education.

**Gold Star Program.** $100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans. This amount is added to the program's base funding.

**County Veterans Service Office.** $1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

**Subd. 3. Veterans Homes**

| 49,102,000 | 51,230,000 |

The base is $51,234,000 for fiscal year 2018 and $51,238,000 for fiscal year 2019.

**Veterans Homes Special Revenue Account.** The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

**Repair and Betterment.** $500,000 in the first year and $500,000 in the second year are for repair and betterment of Minnesota veterans homes.
Maximize Federal Reimbursements.

The department will seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and will provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received.

Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

Sec. 38. APPROPRIATION CANCELLATIONS

All unspent funds, estimated to be $44,000, to implement the expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552, under Laws 2014, chapter 312, article 4, section 2, subdivision 8, are canceled to the general fund on June 30, 2015.

All unspent funds, estimated to be $150,000, from the Web site redevelopment project appropriation under Laws 2013, chapter 142, article 1, section 7, are canceled to the general fund on June 30, 2015.

Sec. 39. BUDGET RESERVE INCREASE.

On July 1, 2015, the commissioner of management and budget shall transfer $250,000,000 to the budget reserve under Minnesota Statutes, section 16A.152, subdivision 1a, in the general fund.

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2014, section 3.8843, subdivision 5, is amended to read:
Subd. 5. Staff. Legislative staff must provide administrative and research assistance
to the commission. The Legislative Coordinating Commission may, if funding is available,
appoint staff to provide research assistance.

Sec. 2. [3.9799] SENATE BUILDING APPROPRIATIONS.

Subdivision 1. Debt service. The amount necessary to pay the principal and interest
components of the rental payment required under the August 1, 2014, lease-purchase
agreement between the Department of Administration and the Department of Management
and Budget for the Senate Building authorized under Laws 2013, chapter 143, article 12,
section 21, is annually appropriated from the general fund to the senate. This subdivision
is effective for the term of the lease-purchase agreement.

Subd. 2. Operations and maintenance. (a) $1,088,000 in fiscal year 2016,
$2,224,000 in fiscal year 2017, $2,280,000 in fiscal year 2018, and $2,337,000 in fiscal year
2019 and later, are appropriated from the general fund to the senate to pay for operations
and maintenance costs associated with the Senate Building authorized under Laws 2013,
chapter 143, article 12, section 21. Notwithstanding sections 16B.04 and 16B.24, and in the
event that the commissioner of administration breaches any obligations under agreements
with the senate relating to the Senate Building, the senate may contract with other entities
for the provision of operations and maintenance services for the Senate Building.

(b) By July 1 of each year beginning in 2015, the commissioner of administration
shall report to the chairs and ranking minority members of the legislative committees with
jurisdiction over the Department of Administration regarding the planned and actual uses
of the appropriations in paragraph (a) in the previous fiscal year and for the next biennium.
The report shall include information regarding the number of full-time equivalent positions
supported by the appropriation, including each position and the salary and benefits for that
position. The report must also provide a detailed accounting regarding utilities, materials,
supplies, and other purchases made with this appropriation, including a list of contracts for
any services or goods for the operation and maintenance of the Senate Building.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 3. Minnesota Statutes 2014, section 16A.065, is amended to read:

16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES

DOCUMENTS.

Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an
agency to make advance deposits or payments for software or software maintenance
services for state-owned or leased electronic data processing equipment, for information technology hosting services, for sole source maintenance agreements where it is not cost-effective to pay in arrears, for exhibit booth space or boat slip rental when required by the renter to guarantee the availability of space, for registration fees where advance payment is required or advance payment discount is provided, and for newspaper, magazine, and other subscription fees customarily paid for in advance. The commissioner may also allow advance deposits by any department with the Library of Congress and federal Supervisor of Documents for items to be purchased from those federal agencies.

Sec. 4. Minnesota Statutes 2014, section 16A.1283, is amended to read:

16A.1283 LEGISLATIVE APPROVAL REQUIRED FOR FEES.

(a) Notwithstanding any law to the contrary, an executive branch state agency may not impose a new fee or increase an existing fee unless the new fee or increase is approved by law. An agency must not propose a fee or fine increase of more than ten percent in a biennium over the same fee or fine in law at the start of the same biennium. For purposes of this section, a fee is any charge for goods, services, regulation, or licensure, and, notwithstanding paragraph (b), clause (3), includes charges for admission to or for use of public facilities owned by the state.

(b) This section does not apply to:

(1) charges billed within or between state agencies, or billed to federal agencies;

(2) the Minnesota State Colleges and Universities system;

(3) charges for goods and services provided for the direct and primary use of a private individual, business, or other entity;

(4) charges that authorize use of state-owned lands and minerals administered by the commissioner of natural resources by the issuance of leases, easements, cooperative farming agreements, and land and water crossing licenses and charges for sales of state-owned lands administered by the commissioner of natural resources; or

(5) state park fees and charges established by commissioner's order.

(c) An executive branch agency may reduce a fee that was set by rule before July 1, 2001, without legislative approval. Chapter 14 does not apply to fee reductions under this paragraph.

EFFECTIVE DATE. This section is effective August 1, 2016.

Sec. 5. [16B.4805] ACCOMMODATION REIMBURSEMENT.
Subdivision 1. **Definitions.** "Reasonable accommodation" as used in this section has the meaning given in section 363A.08. "State agency" as used in this section has the meaning given in section 16A.011, subdivision 12. "Reasonable accommodations eligible for reimbursement" means:

1. reasonable accommodations provided to applicants for employment;
2. reasonable accommodations for employees for services that will need to be provided on a periodic or ongoing basis; or
3. reasonable accommodations that involve onetime expenses that total more than $1,000 for an employee in a fiscal year.

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

Subd. 3. **Accommodation account established.** The accommodation account is created as an account in the special revenue fund for reimbursing state agencies for expenses incurred in providing reasonable accommodation eligible for reimbursement for agency employees and applicants for agency employment.

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

Subd. 5. **Notification.** By August 1, 2015, or within 30 days of final enactment, whichever is later, and each year thereafter by June 30, the commissioner of administration must notify state agencies that reimbursement for expenses incurred to make reasonable accommodation eligible for reimbursement for agency employees and applicants for agency employment is available under this section.

Subd. 6. **Report.** By January 31 of each year, the commissioner of administration must report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over state government finance on the use of the central accommodation account during the prior calendar year. The report must include:

1. the number and type of accommodations requested;
2. the cost of accommodations requested;
3. the state agencies from which the requests were made;
4. the number of requests made for employees and the number of requests for applicants for employment;
5. the number and type of accommodations that were not provided;
6. any remaining balance left in the account;
(7) if the account was depleted, the date on which funds were exhausted and the
number, type, and cost of accommodations that were not reimbursed to state agencies; and

(8) a description of how the account was promoted to state agencies.

EFFECTIVE DATE. This section is effective July 1, 2015. Reimbursement is
available for accommodation expenses incurred after June 30, 2015.

Sec. 6. Minnesota Statutes 2014, section 16B.97, subdivision 1, is amended to read:

Subdivision 1. Grant agreement. (a) A grant agreement is a written instrument or
electronic document defining a legal relationship between a granting agency and a grantee
when the principal purpose of the relationship is to transfer cash or something of value
to the recipient to support a public purpose authorized by law instead of acquiring by
professional or technical contract, purchase, lease, or barter property or services for the
direct benefit or use of the granting agency.

(b) This section does not apply to general obligation grants as defined by section
16A.695 and capital project grants to political subdivisions as defined by section 16A.86.

Sec. 7. Minnesota Statutes 2014, section 16B.98, subdivision 1, is amended to read:

Subdivision 1. Limitation. (a) As a condition of receiving a grant from
an appropriation of state funds, the recipient of the grant must agree to minimize
administrative costs. The granting agency is responsible for negotiating appropriate limits
to these costs so that the state derives the optimum benefit for grant funding.

(b) This section does not apply to general obligation grants as defined by section
16A.695 and also capital project grants to political subdivisions as defined by section
16A.86.

Sec. 8. Minnesota Statutes 2014, section 16B.98, subdivision 11, is amended to read:

Subd. 11. Encumbrance exception. Notwithstanding subdivision 5, paragraph (a),
clause (2), or section 16C.05, subdivision 2, paragraph (a), clause (3), agencies may
permit a specifically named, legislatively appropriated, noncompetitive grant recipient to
incur eligible expenses based on an agreed upon work plan and budget for up to 60 days
prior to an encumbrance being established in the accounting system. For a grant funded
in whole or in part with state general obligation bond proceeds, an agency may permit
incurring of expenses under this subdivision only with prior approval of the commissioner
of management and budget.
Sec. 9. Minnesota Statutes 2014, section 16C.144, is amended to read:

16C.144 GUARANTEED ENERGY-SAVINGS PROGRAM.

Subdivision 1. Definitions. The following definitions apply to this section.

(a) "Utility" means electricity, natural gas, or other energy resource, water, and wastewater.

(b) "Utility cost savings" means the difference between the utility costs after installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline utility costs after baseline adjustments have been made.

(c) "Baseline" means the preagreement utilities, operations, and maintenance costs.

(d) "Utility cost-savings measure" means a measure that produces utility cost savings or operation and maintenance cost savings.

(e) "Operation and maintenance cost savings" means a measurable difference between operation and maintenance costs after the installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline operation and maintenance costs after inflation adjustments have been made. Operation and maintenance costs savings shall not include savings from in-house staff labor.

(f) "Guaranteed energy-savings agreement" means an agreement for the installation of one or more utility cost-savings measures that includes the qualified provider's guarantee as required under subdivision 2.

(g) "Baseline adjustments" means adjusting the utility cost-savings baselines annually for changes in the following variables:

(1) utility rates;
(2) number of days in the utility billing cycle;
(3) square footage of the facility;
(4) operational schedule of the facility;
(5) facility temperature set points;
(6) weather; and
(7) amount of equipment or lighting utilized in the facility.

(h) "Inflation adjustment" means adjusting the operation and maintenance cost-savings baseline annually for inflation.

(i) "Lease purchase agreement Project financing" means an agreement any type of financing including but not limited to lease, lease purchase, installment agreements, or bonds issued by an entity, other than the state, with authority to issue bonds, obligating the state to make regular lease payments to satisfy the lease costs of the utility cost-savings measures until the final payment, after which time the utility cost-savings measures become the sole property of the state of Minnesota.
(j) "Qualified provider" means a person or business experienced in the design, implementation, and installation of utility cost-savings measures.

(k) "Engineering report" means a report prepared by a professional engineer licensed by the state of Minnesota summarizing estimates of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, and estimates of the amounts by which utility and operation and maintenance costs will be reduced.

(l) "Capital cost avoidance" means money expended by a state agency to pay for utility cost-savings measures with a guaranteed savings agreement so long as the measures that are being implemented to achieve the utility, operation, and maintenance cost savings are a significant portion of an overall project as determined by the commissioner.

(m) "Guaranteed energy-savings program guidelines" means policies, procedures, and requirements of guaranteed savings agreements established by the Department of Administration.

Subd. 2. Guaranteed energy-savings agreement. The commissioner may enter into a guaranteed energy-savings agreement with a qualified provider if:

(1) the qualified provider is selected through a competitive process in accordance with the guaranteed energy-savings program guidelines within the Department of Administration;

(2) the qualified provider agrees to submit an engineering report prior to the execution of the guaranteed energy-savings agreement. The cost of the engineering report may be considered as part of the implementation costs if the commissioner enters into a guaranteed energy-savings agreement with the provider;

(3) the term of the guaranteed energy-savings agreement shall not exceed 25 years from the date of final installation;

(4) the commissioner finds that the amount the state would spend, less the amount contributed for capital cost avoidance, on the utility cost-savings measures recommended in the engineering report will not exceed the amount to be saved in utility operation and maintenance costs over 25 years from the date of implementation of utility cost-savings measures;

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under the project financing. The qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and
(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

Subd. 3. **Lease-purchase agreement Project financing.** The commissioner may enter into a lease-purchase agreement project financing with any party for the implementation of utility cost-savings measures in accordance with the guaranteed energy-savings agreement. The implementation costs of the utility cost-savings measures recommended in the engineering report shall not exceed the amount to be saved in utility and operation and maintenance costs over the term of the lease-purchase agreement. The term of the lease-purchase agreement project financing shall not exceed 25 years from the date of final installation. The lease project financing is assignable in accordance with terms approved by the commissioner of management and budget.

Subd. 4. **Use of capital cost avoidance.** The affected state agency may contribute funds for capital cost avoidance for guaranteed energy-savings agreements. Use of capital cost avoidance is subject to the guaranteed energy-savings program guidelines within the Department of Administration.

Subd. 5. **Independent report.** For each guaranteed energy-savings agreement entered into, the commissioner of administration shall contract with an independent third party to evaluate the cost-effectiveness of each utility cost-savings measure implemented to ensure that such measures were the least-cost measures available. For the purposes of this section, "independent third party" means an entity not affiliated with the qualified provider, that is not involved in creating or providing conservation project services to that provider, and that has expertise (or access to expertise) in energy-savings practices.

Sec. 10. Minnesota Statutes 2014, section 16C.16, subdivision 2, is amended to read:

Subd. 2. **Small business.** The commissioner shall adopt rules defining the size standards for "small business" found in Code of Federal Relations, title 49, section 26.65, for purposes of sections 16C.16 to 16C.21, 137.31, 137.35, 161.321, and 473.142-.

The definition must include only businesses with their principal place of business in Minnesota. The definition must establish different size standards for various types of businesses. In establishing these standards, the commissioner must consider the differences among industries caused by the size of the market for goods or services and the relative size and market share of the competitors operating in those markets.
Sec. 11. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

Subd. 13. State-funded projects. (a) Notwithstanding section 16C.001, this subdivision applies to contracts for state-funded capital improvement projects in excess of $100,000 that are issued by organizations not subject to the small business requirements of this section, including municipalities as defined in section 466.01, subdivision 1.

(b) Organizations administering contracts described in paragraph (a) shall promote the use of targeted group businesses designated under this section and take steps to remove barriers to equitable participation of targeted group businesses.

(c) Organizations shall cooperate with the commissioner's efforts to monitor and measure compliance with this subdivision in the performance of state-funded contracts.

Sec. 12. Minnesota Statutes 2014, section 16C.19, is amended to read:

16C.19 ELIGIBILITY; RULES.

(a) A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that small targeted group businesses, small businesses located in economically disadvantaged areas, and veteran-owned small businesses are eligible to participate under the requirements of sections 16C.16 to 16C.21. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.16 to 16C.21.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.16 to 16C.21.

(d) Notwithstanding paragraph (e) (a), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service-disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74.

(e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may be read to include veteran-owned small businesses. In addition to the documentation required in Minnesota Rules, part 1230.1700, the veteran owner must have been
Sec. 13. Minnesota Statutes 2014, section 155A.21, is amended to read:

155A.21 POLICY.

The legislature finds that the health and safety of the people of the state are served by the licensing of the practice of cosmetology because of infection control and the use of chemicals, implements, apparatus, and other appliances requiring special skills and education.

To this end, the public will best be served by vesting these responsibilities in the Board of Cosmetologist Examiners.

Subd. 8. Manager. A "manager" is any person who conducts, operates, or manages a cosmetology school or salon and who also instructs in or is a cosmetologist, esthetician, advanced practice esthetician, or nail technician practitioner, and who has a manager license and provides any services under that license, as defined in subdivision 3. A school manager must maintain an active salon manager's license.

Subd. 8a. Mobile salon. A "mobile salon" is a salon that is operated in a mobile vehicle or mobile structure for exclusive use to offer personal services, as defined in subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2017.
32.1 Subd. 14. **Advanced practice esthetician.** An "advanced practice esthetician" is a person who for compensation performs personal services for the cosmetic care of the skin, including the use of mechanical or electrical skin care apparatuses or appliances that are used on the epidermal layer of the skin.

32.2 **EFFECTIVE DATE.** This section is effective August 1, 2015, except that a license for an advanced practice esthetician must not be issued prior to January 1, 2018.

32.7 Sec. 17. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

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

32.12 Sec. 18. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

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

32.17 Sec. 19. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 17. **Designated school manager.** A "designated school manager" is a school manager who is designated by the school owner and registered with the board, who is responsible with the school owner for school and instructor compliance.

32.22 Sec. 20. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 18. **Practitioner.** A "practitioner" is any person licensed in the practice of cosmetology, esthiology, or nail technology services.

32.26 Sec. 21. Minnesota Statutes 2014, section 155A.24, subdivision 2, is amended to read:

Subd. 2. **Hiring and assignment of employees.** The board has the authority to hire qualified personnel in the classified service to assist in administering the law, including those for the testing and licensing of applicants and the continuing inspections required. All staff must receive periodic training to improve and maintain customer service skills, conducting inspections, and complaint investigations.
Sec. 22. Minnesota Statutes 2014, section 155A.25, subdivision 1a, is amended to read:

Subd. 1a. Schedule. (a) The fee schedule for licensees fees and penalties is as follows: provided in this subdivision.

(b) (1) cosmetologist, nail technician, or esthetician $195 initial practitioner, manager, or instructor license, divided as follows:

(i) $90 $155 for each initial license and a $40 nonrefundable initial license application fee, for a total of $130; and

(ii) $60 for each renewal and a $15 nonrefundable renewal application fee, for a total of $75 $40 for each initial license application fee;

(2) instructor or manager $115 renewal of practitioner license, divided as follows:

(i) $420 $100 for each initial renewal license and a $40 nonrefundable initial license application fee, for a total of $160; and

(ii) $90 $15 for each renewal and a $15 nonrefundable renewal application fee; for a total of $105;

(3) $145 renewal of manager or instructor license, divided as follows:

(i) $130 for each renewal license; and

(ii) $15 for each renewal application fee;

(4) $350 initial salon license, divided as follows:

(i) $130 $250 for each initial license and a $100 nonrefundable initial license application fee, for a total of $220; and

(ii) $100 for each renewal and a $50 nonrefundable renewal initial license application fee, for a total of $150; and

(5) $225 renewal of salon license, divided as follows:

(i) $1,500 $175 for each initial license and a $1,000 nonrefundable initial license application fee, for a total of $2,500 renewal; and

(ii) $1,500 $50 for each renewal and a $500 nonrefundable renewal application fee, for a total of $2,000;

(6) $4,000 initial school license, divided as follows:

(i) $3,000 for each initial license; and

(ii) $1,000 for each initial license application fee; and

(7) $2,500 renewal of school license, divided as follows:

(i) $2,000 for each renewal; and

(ii) $500 for each renewal application fee.

(b) (c) Penalties may be assessed in amounts up to the following:

(1) reinspection fee, variable $150;
(2) manager and owner with lapsed practitioner found on inspection, $150 each;
(3) lapsed practitioner or instructor found on inspection, $200;
(4) lapsed salon found on inspection, $500;
(5) lapsed school found on inspection, $1,000;
(6) failure to display current license, $100;
(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, $500;
(8) use of prohibited razor-type callus shavers, rasps, or graters under section 34.2
(9) performing nail or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in a nail salon, $500;
(10) owner and manager allowing an operator to work as an independent contractor, $200;
(11) operator working as an independent contractor, $100;
(12) refusal or failure to cooperate with an inspection, $500;
(13) expired cosmetologist, nail technician, esthetician, manager, school manager, and instructor license practitioner late renewal fee, $45; and
(14) expired salon or school license late renewal fee, $50.
(d) Administrative fees are as follows:
(1) certificate of identification, $20; homebound service permit, $50 three-year fee;
(2) name change, $20;
(3) letter of license verification certification of licensure, $30 each;
(4) duplicate license, $20;
(5) processing fee, $10;
(6) special event permit, $75 per year; and
(7) registration of hair braiders, $20 per year;
(8) expedited initial individual license, $150;
(9) expedited initial salon license, $300;
(10) instructor continuing education provider approval, $150 each year; and
(11) practitioner continuing education provider approval, $150 each year.

Sec. 23. Minnesota Statutes 2014, section 155A.25, subdivision 5, is amended to read:
Subd. 5. Board must approve or deny application; timeline. Within 15 working days of receiving a complete application and the required fees for an initial or renewal
to apply for or renew an individual or salon license that is not an expedited license or a military license, the board must (1) either grant or deny the application issue the license, (2) issue deny the license or and notify the applicant of the denial, or (3) issue a temporary license to an applicant for whom no record exists regarding: (i) a complaint filed with the board against the applicant, or (ii) a negative action by the board against the applicant if the conditions in subdivision 6 are met, notify the applicant that the board must conduct additional review.

Sec. 24. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 6. Additional review for certain licenses. If an application contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will comply with the time limits prescribed in section 15.992 to process the application.

Sec. 25. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 7. Temporary military license or expedited license. Within five business days of receiving a completed application and the required fees for an individual or salon license that meets requirements for an expedited license or a temporary military license, the board must (1) issue the license, (2) deny the license and notify the applicant of the denial, or (3) notify the applicant that the board must conduct additional review if the application meets the conditions in subdivision 8.

EFFECTIVE DATE. This section is effective August 1, 2015, except that an expedited license must not be issued prior to January 1, 2016.

Sec. 26. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 8. Additional review for certain temporary military license or expedited license. If an application under subdivision 7 contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will process the application according to the time limits in section 15.992.

Sec. 27. Minnesota Statutes 2014, section 155A.27, subdivision 1, is amended to read:
Subdivision 1. **Licensing.** Individual licensing shall be required for persons seeking
A person must hold an individual license to practice in the state as a cosmetologist,
esthetician, nail technician, advanced practice esthetician, manager, or instructor.

Sec. 28. Minnesota Statutes 2014, section 155A.27, subdivision 2, is amended to read:
Subd. 2. **Qualifications.** Qualifications for licensing in each classification shall
be determined by the board and established by rule, and shall include educational
and experiential prerequisites. The rules shall require a demonstrated knowledge of
procedures necessary to protect the health and safety of the practitioner and the consumer
of cosmetology services, including but not limited to chemical applications, infection
control, use of implements, apparatuses and other appliances, and the use of chemicals.

Sec. 29. Minnesota Statutes 2014, section 155A.27, subdivision 5a, is amended to read:
Subd. 5a. **Temporary military license.** The board shall establish temporary
licenses for a cosmetologist, nail technician, and esthetician in accordance with section
197.4552. The fee for a temporary license under this subdivision for a cosmetologist, nail
technician, or esthetician is $100.

Sec. 30. Minnesota Statutes 2014, section 155A.271, is amended to read:

**155A.271 CONTINUING EDUCATION REQUIREMENTS.**

Subdivision 1. **Continuing education requirements.** (a) Effective August 1, 2014,
to qualify for license renewal under this chapter as an individual cosmetologist, nail
technician, esthetician, advanced practice esthetician, or salon manager, the applicant
must attest to the completion of four hours of continuing education credits from an
accredited school or a professional association of cosmetology during the three years
prior to the applicant's renewal date. One credit hour of the requirement must include
instruction pertaining to state laws and rules governing the practice of cosmetology. Three
credit hours must include instruction pertaining to health, safety, and sanitation matters
consistent with the United States Department of Labor's Occupational Safety and Health
Administration standards applicable to the practice of cosmetology, or other applicable
federal health, sanitation, and safety standards, and must be regularly updated so as to
to incorporate newly developed standards and accepted professional best practices. Credit
hours earned are valid for three years and may be applied simultaneously to all individual
licenses held by a licensee under this chapter. This subdivision does not apply to
instructors or inactive licenses.
(b) Effective August 1, 2017, in addition to the hours of continuing education credits required under paragraph (a), to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must also attest to the completion of one four-hour continuing education course from a continuing education provider based on any or all of the following:

1. product chemistry and chemistry interaction;
2. proper use of machines and instruments;
3. business management and human relations; or
4. techniques relevant to the type of license held.

Credits must be completed during the three years prior to the applicant's renewal date and may be applied simultaneously to other individual licenses held as applicable, except that credits completed under this paragraph must not duplicate credits completed under paragraph (a).

(c) Paragraphs (a) and (b) do not apply to an instructor license, a school manager license, or an inactive license.

Subd. 1a. **Product sales or marketing prohibited.** The marketing or sale of any product is prohibited during a continuing education class receiving credit under subdivision 1.

Subd. 2. **Schools and professional associations Continuing education providers.**

(a) Only a board-licensed school of cosmetology, a postsecondary institution as defined in section 136A.103, paragraph (a), or a board-recognized professional association organized under chapter 317A may offer continuing education curriculum for credit under this section. subdivision 1, paragraph (a). Continuing education curriculum under subdivision 1, paragraph (b), may be offered by a:

1. board-licensed school of cosmetology;
2. board-recognized professional association organized under chapter 317A; or
3. board-licensed salon.

The school and professional association may offer online and independent study options to achieve maximum involvement of licensees and is. Continuing education providers are encouraged to offer classes available in foreign language formats.

(b) Board recognition authorization of a professional association continuing education provider under paragraph (a) is valid for three years one calendar year and is contingent upon submission and preapproval of the general curriculum lesson plan or plans with learning objectives for the class to be offered and the payment of the application fee in section 155A.25, subdivision 1a, paragraph (d), clause (11). The board may revoke recognition authorization of a continuing education provider at any time for just cause and
the board may demand return of documents required under subdivision 3. The professional association offering continuing education must be organized under chapter 317A.

Subd. 3. Proof of credits. The school or professional association continuing education provider shall provide to licensees who attend a class a receipt to prove completion of the class. Licensees shall retain proof of their continuing education credits for one year beyond the credit's expiration. The school or professional association continuing education provider shall retain documentation of all licensees successfully completing a class and the licensee's credit hours for five years.

Subd. 4. Audit. The board shall conduct random audits of active licensees periodically to ensure compliance with continuing education requirements. To initiate an audit, the board shall notify an active licensee of the audit and request proof of credits earned during a specified period. The licensee must provide the requested proof to the board within 30 days of an audit notice. The board may request that a school or professional association verify a licensee's credits. The school or professional association continuing education provider must furnish verification, or a written statement that the credits are not verified, within 15 days of the board's request for verification. If the board determines that a licensee has failed to provide proof of necessary credits earned during the specified time, the board may revoke the individual's license and may deem the individual a lapsed practitioner subject to penalty under section 155A.25 or 155A.36.

**EFFECTIVE DATE.** Subdivision 1 is effective August 1, 2017. Subdivision 1a is effective the day following final enactment. Subdivisions 2 to 4 are effective July 1, 2015.

Sec. 31. Minnesota Statutes 2014, section 155A.29, subdivision 1, is amended to read:

Subdivision 1. Licensing. Any person who offers services for compensation in this state shall be (1) licensed as a salon if not employed by another licensed salon or (2) employed as an esthetician or cosmetologist in connection with medical care in relation to esthiology in the office of a licensed physician unless the services are provided by a licensee in a licensed salon or as otherwise provided in this section. Each salon must be licensed as a cosmetology salon, a nail salon, esthetician salon, or advanced practice esthetician salon. A salon may hold more than one type of salon license.

Sec. 32. Minnesota Statutes 2014, section 155A.29, subdivision 2, is amended to read:

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

(1) compliance with all local and state laws, particularly relating to matters of sanitation, health, and safety;

(2) the employment of a manager, as defined in section 155A.23, subdivision 8;

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

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

(b) A licensed esthetician or nail technician who complies with the health, safety, sanitation, inspection, and insurance rules promulgated by the board to operate a salon solely for the performance of those personal services defined in section 155A.23, subdivision 5, in the case of an esthetician, or subdivision 7, in the case of a nail technician.

Sec. 33. Minnesota Statutes 2014, section 155A.29, is amended by adding a subdivision to read:

Subd. 2a. Requirements for mobile salon. In addition to complying with the requirements for a salon in subdivision 2, the holder of a salon license for a mobile salon must:

(1) maintain a permanent business address; and

(2) notify the board of the locations and schedule of operation of a mobile salon.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 34. Minnesota Statutes 2014, section 155A.30, subdivision 5, is amended to read:

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

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

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

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

(4) the applicant must have the financial ability to cover the total costs of each student's education;

(5) the applicant must have an adequate insurance policy for the school;-

(6) the applicant must have, and maintain, a separate account for each class of students with the financial resources necessary to cover the total costs associated with each class of students;-

(7) the applicant must have the facilities, equipment, and other resources necessary to provide the type of program approved by the board;-

(8) the applicant must provide the board with a satisfactory financial statement; and-

(9) the applicant must have all licenses required by the law or rule of the board.
(4) the premises and conditions under which the students work and study must be sanitary, healthful, and safe according to modern standards;

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

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

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

(8) the applicant, except the state and its political subdivisions as described in section 471.617, subdivision 1, shall file with the board a continuous corporate surety bond in the amount of $10,000, conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed $10,000. The surety of the bond may cancel it upon giving 60 days' notice in writing to the board and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation; and

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

Sec. 35. Minnesota Statutes 2014, section 155A.30, subdivision 10, is amended to read:

Subd. 10. **Discrimination prohibited.** No school, duly approved under sections 155A.21 to 155A.36, shall refuse to teach any student, otherwise qualified, on account of race, sex, creed, color, citizenship, national origin, or sexual preference must comply with the Minnesota Human Rights Act under chapter 363A.

Sec. 36. Minnesota Statutes 2014, section 161.1419, subdivision 8, is amended to read:


Sec. 37. Minnesota Statutes 2014, section 211B.37, is amended to read:

**211B.37 COSTS ASSESSED.**

Except as otherwise provided in section 211B.36, subdivision 3, the chief administrative law judge shall assess the cost of considering complaints filed under section
211B.32 as provided in this section. Costs of complaints relating to a statewide ballot question or an election for a statewide or legislative office must be assessed against the appropriation from the general fund to the general account of the state elections campaign account in section 10A.31, subdivision 4, paid from appropriations to the Office of Administrative Hearings for this purpose. Costs of complaints relating to any other ballot question or elective office must be paid from appropriations to the office for this purpose.

Sec. 38. Minnesota Statutes 2014, section 240A.09, is amended to read:

240A.09 PLAN DEVELOPMENT; CRITERIA.

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

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

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

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

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

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

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

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

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

(4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.
(d) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(e) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(f) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(g) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(h) The commission may also use the money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(i) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(j) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time and on projects described in paragraph (b).

(k) A grant for new facilities may not exceed $250,000.

(l) The commission may make grants for rehabilitation and renovation. A rehabilitation or renovation grant for air quality may not exceed $200,000 and a rehabilitation or renovation grant for R-22 elimination may not exceed $50,000 for indirect cooling systems and may not exceed $400,000 for direct cooling systems. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment, and for projects that eliminate R-22.

(m) Grant money may be used for ice centers designed for sports other than hockey.

(n) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 326B.112.

EFFECTIVE DATE. This section is effective July 1, 2015.
Sec. 39. Minnesota Statutes 2014, section 272.484, is amended to read:

272.484 FEES.

The fee for filing and indexing each notice of lien or certificate or notice affecting
the lien is:

(1) for a lien, certificate of discharge or subordination, and for all other notices,
including a certificate of release or nonattachment filed with the secretary of state, the fee
provided by section 336.9-525, except that the filing fee charged to the district directors
of internal revenue for filing a federal tax lien is $15 for up to two debtor names and
$15 for each additional name, and

(2) for a lien, certificate of discharge or subordination, and for all other notices,
including a certificate of release or nonattachment filed with the county recorder, the fee
for filing a real estate mortgage in the county where filed.

The officer shall bill the district directors of internal revenue or other appropriate
federal officials on a monthly basis for fees for documents filed by them.

Sec. 40. Minnesota Statutes 2014, section 299F.011, is amended by adding a
subdivision to read:

Subd. 4d. Single-family dwelling; fire sprinklers. (a) The State Building Code, the
State Fire Code, or a political subdivision of the state by code, by ordinance, or in any
other way, must not require the installation of fire sprinklers, any fire sprinkler system
components, or automatic fire-extinguishing equipment or devices in any new or existing
single-family detached dwelling unit.

(b) Nothing in this subdivision shall be construed to affect or limit a requirement
for smoke or fire detectors, alarms, or their components.

Sec. 41. Minnesota Statutes 2014, section 303.19, is amended to read:

303.19 REINSTATEMENT.

Subdivision 1. Application Required filing. Any foreign corporation whose
certificate of authority to do business in this state shall have been revoked or canceled may
file reinstate that authority by filing an annual renewal and the fee required by subdivision
2 with the secretary of state an application for reinstatement. Such application shall be
on forms prescribed by the secretary of state, shall contain all the matters required to be
set forth in an original application for a certificate of authority, and each other pertinent
information as may be required by the secretary of state. If any of the information in the
original application for authority has changed, the foreign corporation must also file an
amended certificate setting forth the currently accurate information, with the fee required
by section 303.21, subdivision 3.

Subd. 2. Fee. If the certificate of authority was revoked by the secretary of state
pursuant to section 303.17, the corporation shall pay to the commissioner of management
and budget $250 before it may be reinstated.

If the certificate of authority was canceled or by a judgment pursuant to section
303.18, the corporation shall pay to the commissioner of management and budget $500
before it may be reinstated.

Subd. 3. Certificate of reinstatement. Upon the filing of the application and upon
payment of all penalties, fees and charges required by law, not including an initial license
fee or additional license fees to the extent that they have previously been paid by the
corporation the fees imposed by this section, the secretary of state shall reinstate the
license of the corporation.

Sec. 42. Minnesota Statutes 2014, section 304A.301, subdivision 1, is amended to read:

Subdivision 1. Report required. No later than 90 days after the conclusion of
each calendar year. Before each April 1, a public benefit corporation must deliver to the
secretary of state for filing an annual benefit report covering the 12-month period ending
on December 31 of the previous year and pay a fee of $35 to the secretary of state.
The annual benefit report must state the name of the public benefit corporation, be signed
by the public benefit corporation's chief executive officer not more than 30 days before the
report is delivered to the secretary of state for filing, and must be current when signed.

Sec. 43. Minnesota Statutes 2014, section 304A.301, subdivision 5, is amended to read:

Subd. 5. Failure to file an annual benefit report. If a public benefit corporation
fails to file an, before April 1 of any calendar year, the annual benefit report in accordance
with this section within 90 days of the date on which an annual benefit report is due
required by this section, the secretary of state shall revoke the corporation's status as a
public benefit corporation under this chapter and must notify the public benefit corporation
of the revocation using the information provided by the corporation pursuant to section
5.002 or 5.34 or provided in the articles.

Sec. 44. Minnesota Statutes 2014, section 304A.301, subdivision 6, is amended to read:

Subd. 6. Effects of revocation; reinstatement. (a) A public benefit corporation
that has lost its public benefit corporation status for failure to timely file an annual benefit
report or by terminating that status pursuant to section 304A.103 is not entitled to the
benefits afforded to a public benefit corporation under this chapter as of the date of
revoke or termination and must amend the articles of incorporation to reflect a name
compliant with section 302A.115, but which does not include the corporate designation
provided for in section 304A.101, subdivision 2.

(b) Within 30 days of issuance of revocation of public benefit corporation status by
the secretary of state, filing a renewal complying with this section and a $500 fee with
the secretary of state will reinstate the corporation as a public benefit corporation under
this chapter as of the date of revocation.

Sec. 45. Minnesota Statutes 2014, section 304A.301, is amended by adding a
subdivision to read:

Subd. 8. Failure to change corporate name. The duration of a corporation that has
had public benefit status terminated or revoked and which fails to change the corporate
name as provided in subdivision 6 expires automatically 30 days after termination or
revocation of the public benefit corporation status.

Sec. 46. Minnesota Statutes 2014, section 326A.01, subdivision 2, is amended to read:

Subd. 2. Attest. "Attest" means to provide providing any of the following financial
statement services:

(1) an audit or other engagement performed in accordance with the Statements on
Auditing Standards (SAS);

(2) a review of a financial statement performed in accordance with the Statements on
Standards for Accounting and Review Services (SSARS);

(3) an examination of prospective financial information performed in accordance
with the Statements on Standards for Attestation Engagements (SSAE); and

(4) an engagement performed in accordance with auditing and related the
standards of the Public Company Accounting Oversight Board (PCAOB); and

(5) an examination, review, or agreed-upon procedures engagement performed in
accordance with SSAE, other than an examination described in clause (3).

Sec. 47. Minnesota Statutes 2014, section 326A.01, subdivision 12, is amended to read:

Subd. 12. Peer review. "Peer review" means an independent a study, appraisal, or
review of one or more aspects of the professional work of a licensee or CPA firm that
issues attest or compilation reports, or the professional work of a person registered under
section 326A.06, paragraph (b), by persons who are not affiliated with the licensee or
CPA firm being reviewed.
Sec. 48. Minnesota Statutes 2014, section 326A.01, subdivision 13a, is amended to read:

Subd. 13a. **Principal place of business.** "Principal place of business" means the office location designated by the licensee for purposes of substantial equivalency and reciprocity in this state and in other states.

Sec. 49. Minnesota Statutes 2014, section 326A.01, subdivision 15, is amended to read:

Subd. 15. **Report.** "Report," when used with reference to financial statements an attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of any the attested information or compiled financial statements and that also includes or is accompanied by a statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language that disclaims an opinion when the form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to or special competence on the part of the person or firm issuing the language. It includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence.

Sec. 50. Minnesota Statutes 2014, section 326A.01, subdivision 16, is amended to read:

Subd. 16. **State.** "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Guam; except that "this state" means the state of Minnesota.

Sec. 51. Minnesota Statutes 2014, section 326A.02, subdivision 3, is amended to read:

Subd. 3. **Officers; proceedings.** The board shall elect one of its number members as chair, another as vice-chair, and another as secretary and treasurer. The officers shall hold their respective offices for a term of one year and until their successors are elected. The affirmative vote of a majority of the qualified members of the board, or a majority of a quorum of the board at any meeting duly called, is considered the action of the board. The board shall meet at such times and places as may be fixed by the board. Meetings of the board are subject to chapter 13D. A majority of the board members then in office constitutes a quorum at any meeting duly called. The board shall retain or arrange for the retention of all applications and all documents under oath that are filed with the board and also records of its proceedings, and it shall maintain a registry of the names and addresses
of all licensees and registrants under this chapter. In any proceeding in court, civil or
criminal, arising out of or founded upon any provision of this chapter, copies of records of
the proceeding certified as true copies by the board chair or executive director shall be
admissible in evidence as tending to prove the contents of the records.

Sec. 52. Minnesota Statutes 2014, section 326A.02, subdivision 5, is amended to read:

Subd. 5. Rules. The board may adopt rules governing its administration and
enforcement of this chapter and the conduct of licensees and persons registered under
section 326A.06, paragraph (b), including:
(1) rules governing the board's meetings and the conduct of its business;
(2) rules of procedure governing the conduct of investigations and hearings and
discipline by the board;
(3) rules specifying the educational and experience qualifications required for the
issuance of certificates and the continuing professional education required for renewal
of certificates;
(4) rules of professional conduct directed to controlling the quality and probity
of services by licensees, and dealing among other things with independence, integrity,
and objectivity; competence and technical standards; and responsibilities to the public
and to clients;
(5) rules governing the professional standards applicable to licensees including
adoption of the standards specified in section 326A.01, subdivision 2, and as developed
for general application by recognized national accountancy organizations such as the
American Institute of Certified Public Accountants or the Public Company Accounting
Oversight Board;
(6) rules that incorporate by reference the standards for attesting listed in section
326A.01, subdivision 2, that are consistent with the standards of general applicability
recognized by national accountancy organizations, including the American Institute of
Certified Public Accountants and the Public Company Accounting Oversight Board;
(7) rules governing the manner and circumstances of use of the titles "certified
public accountant," "CPA," "registered accounting practitioner," and "RAP";
(8) rules regarding peer review that may be required to be performed under
provisions of this chapter;
(9) rules on substantial equivalence to implement section 326A.14;
(10) rules regarding the conduct of the certified public accountant examination;
(11) rules regarding the issuance and renewals of certificates, permits, and
registrations;
(12) rules regarding transition provisions to implement this chapter;
(13) rules specifying the educational and experience qualifications for
registration, rules of professional conduct, rules regarding peer review, rules governing
standards for providing services, and rules regarding the conduct and content of
examination for those persons registered under section 326A.06, paragraph (b);
(14) rules regarding fees for examinations, certificate issuance and renewal,
firm permits, registrations under section 326A.06, paragraph (b), notifications made under
section 326A.14, and late processing fees; and
(15) upon any change to this chapter, if the board determines a change in
Minnesota Rules is required, the board may initiate the expedited process under section
14.389 up to one year after the effective date of the change to this chapter.

Sec. 53. Minnesota Statutes 2014, section 326A.05, subdivision 1, is amended to read:
Subdivision 1. General. The board shall grant or renew permits to practice as
a CPA firm to entities that make application and demonstrate their qualifications in
accordance with this section.
(a) The following must hold a permit issued under this section:
(1) any firm with an office in this state performing attest services as defined in
section 326A.01, subdivision 2;
(2) to the extent required by section 326A.10, paragraph (k), any firm with an office
in this state performing compilation services as defined in section 326A.01, subdivision 6;
(3) any firm with an office in this state that uses the title "CPA" or "CPA firm"; or
(4) any firm that does not have an office in this state but performs attest services
as described in section 326A.01, subdivision 2, paragraph (1), (3), or (4), for a client
having its headquarters in this state.
(b) A firm possessing a valid permit from another state which does not have an office
in this state may perform services described in section 326A.01, subdivision 2, clause (2)
or (5), or subdivision 6, for a client having its headquarters in this state and may use the
title "CPA" or "CPA firm" without a permit issued under this section only if:
(1) it has the qualifications described in subdivision 3, paragraph (b);
(2) as a condition to the renewal of the firm's permit issued by the other state, that
state requires a peer review which contains the requirements equivalent to subdivision 8,
paragraphs (a) and (e); and
(3) it performs the services through an individual who has been granted practice
privileges under section 326A.14.
(c) A firm possessing a valid permit from another state that does not have an office
in this state and which is not subject to the requirements of paragraph (a), clause (4), or
(b), may perform other professional services while using the title "CPA" or "CPA firm" in
this state without a permit issued under this section only if the firm:

(1) has the qualifications described in subdivision 3, paragraph (b);

(2) performs the services through an individual who has been granted practice
privileges under section 326A.14; and

(3) can lawfully perform the services in the state where the individuals with practice
privileges have their principal place of business.

Sec. 54. Minnesota Statutes 2014, section 326A.05, subdivision 3, is amended to read:

Subd. 3. Qualifications. (a) An applicant for initial issuance or renewal of a permit
to practice under this section shall comply with the requirements in this subdivision.

(b) Notwithstanding chapter 319B or any other provision of law, a simple majority
of the ownership of the firm, in terms of financial interests and voting rights of all partners,
officers, shareholders, members, or managers, must belong to holders of certificates who
are licensed in some state, and the partners, officers, shareholders, members, or managers,
whose principal place of business is in this state, and who perform professional services in
this state, must hold valid certificates issued under section 326A.04 or the corresponding
provision of prior law. Although firms may include nonlicensee owners, the firm and
its ownership must comply with rules adopted by the board. The firm shall register all
nonlicensee owners with the state board as set forth by rule. An individual who has been
granted practice privileges under section 326A.14 and who performs services for which
a firm permit is required under section 326A.14, subdivision 1, paragraph (d), is not
required to obtain a certificate from the board under section 326A.04.

(c) A CPA firm may include nonlicensee owners provided that:

(1) the firm designates a licensee of this state, or in the case of a firm that must
have a permit according to section 326A.14, subdivision 1, paragraph (d), a licensee of
another state who meets the requirements in section 326A.14, subdivision 1, paragraph
(a) or (b), who is responsible for the proper registration of the firm and identifies that
individual to the board;

(2) all nonlicensee owners are persons of good moral character and are active
individual participants in the CPA firm or affiliated entities; and

(3) the firm complies with other requirements imposed by the board in rule.

(d) An individual licensee and any individual granted practice privileges under
section 326A.14 who is responsible for supervising attest or compilation services and
signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the firm, shall meet the competency requirements set out in the professional standards for such services.

(e) An individual licensee and any individual granted practice privileges under section 326A.14 who signs or authorizes someone to sign the accountants' report on the financial statements on behalf of the firm shall meet the competency requirement of paragraph (d).

Sec. 55. Minnesota Statutes 2014, section 326A.08, subdivision 7, is amended to read:

Subd. 7. **Violation; penalties; costs of proceeding.** (a) The board may impose a civil penalty not to exceed $2,000 $5,000 per violation upon a person or a firm that violates an order, statute, or rule that the board has issued or is empowered to enforce.

(b) The board may, in addition, impose a fee to reimburse the board for all or part of the cost of the proceedings, including reasonable investigative costs, resulting in disciplinary or corrective action authorized by this section, the imposition of civil penalties, or the issuance of a cease and desist order. The fee may be imposed when the board shows that the position of the person or firm that violates a statute, rule, or order that the board has issued or is empowered to enforce is not substantially justified, unless special circumstances make an award unjust, notwithstanding the provisions of Minnesota Rules, part 1400.8401. The costs include, but are not limited to, the amount paid by the board for services from the office of administrative hearings, attorney and reasonable investigative fees, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and expense incurred by board members and staff.

Sec. 56. Minnesota Statutes 2014, section 326A.10, is amended to read:

**326A.10 UNLAWFUL ACTS.**

(a) Only a licensee and individuals who have been granted practice privileges under section 326A.14 may issue a report on financial statements of any person, firm, organization, or government unit that results from providing attest services, or offer to render or render any attest service. Only a certified public accountant, an individual who has been granted practice privileges under section 326A.14, a CPA firm, or, to the extent permitted by board rule, a person registered under section 326A.06, paragraph (b), may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing compilation services or offer to render or render any compilation service. These restrictions do not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by any nonlicensee of other services involving the use of accounting skills, including
the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them. Nonlicensees may prepare financial statements and issue nonattest transmittals or information on them which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). Nonlicensees registered under section 326A.06, paragraph (b), may, to the extent permitted by board rule, prepare financial statements and issue nonattest transmittals or information on them.

(b) Licensees and individuals who have been granted practice privileges under section 326A.14 performing attest or compilation services must provide those services in accordance with professional standards. To the extent permitted by board rule, registered accounting practitioners performing compilation services must provide those services in accordance with standards specified in board rule.

(c) A person who does not hold a valid certificate issued under section 326A.04 or a practice privilege granted under section 326A.14 shall not use or assume the title "certified public accountant," the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(d) A firm shall not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPA's," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is a CPA firm unless (1) the firm has complied with section 326A.05, and (2) ownership of the firm is in accordance with this chapter and rules adopted by the board.

(e) A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," "accounting practitioner," "public accountant," "licensed public accountant," or any other title or designation likely to be confused with the title "certified public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP," "LPA," or similar abbreviation likely to be confused with the abbreviation "CPA." The title "enrolled agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.
(g) Except to the extent permitted in paragraph (a), nonlicensees may not use language in any statement relating to the financial affairs of a person or entity that is conventionally used by licensees in reports on financial statements or on an attest service. In this regard, the board shall issue by rule safe harbor language that nonlicensees may use in connection with such financial information. A person or firm that does not hold a valid certificate or permit, or a registration issued under section 326A.04, 326A.05, or 326A.06, paragraph (b), or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "accountant" or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant. A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "auditor" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate or permit or has special competence as an auditor. However, this paragraph does not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds, nor prohibit any act of a public official or employee in the performance of the person's duties as such.

(h)(1) No person holding a certificate or registration or firm holding a permit under this chapter shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

(2) A common brand name or network name part, including common initials, used by a CPA firm in its name, is not misleading if the firm is a network firm as defined in the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct in effect July 1, 2011, and when offering or rendering services that require independence under AICPA standards, the firm must comply with the AICPA code's applicable standards on independence.

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:
(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

(2) the person or firm performs no attest or compilation services and issues no reports with respect to the financial statements information of any other persons, firms, or governmental units in this state; and

(3) the person or firm does not use in this state any title or designation other than the one under which the person practices in the foreign country, followed by a translation of the title or designation into English, if it is in a different language, and by the name of the country.

(j) No holder of a certificate issued under section 326A.04 may perform attest services through any business form that does not hold a valid permit issued under section 326A.05.

(k) No individual licensee may issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under section 326A.05, unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

(1) signs the compilation report identifying the individual as a certified public accountant;

(2) meets the competency requirement provided in applicable standards; and

(3) undergoes no less frequently than once every three years, a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements set out in professional standards for such services.

(l) No person registered under section 326A.06, paragraph (b), may issue a report in standard form upon a compilation of financial information unless the board by rule permits the report and the person:

(1) signs the compilation report identifying the individual as a registered accounting practitioner;

(2) meets the competency requirements in board rule; and

(3) undergoes no less frequently than once every three years a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements in board rule.

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.
(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

(1) contingent fees for professional services performed; and

(2) commissions or referral fees for recommending or referring to a client any product or service.

(o) Anything in this section to the contrary notwithstanding, it shall not be a violation of this section for a firm not holding a valid permit under section 326A.05 and not having an office in this state to provide its professional services in this state so long as it complies with the applicable requirements of section 326A.05, subdivision 1.

Sec. 57. Minnesota Statutes 2014, section 326B.809, is amended to read:

326B.809 WRITTEN CONTRACT REQUIRED.

(a) All agreements including proposals, estimates, bids, quotations, contracts, purchase orders, and change orders between a licensee and a customer for the performance of a licensee's services must be in writing and must contain the following:

(1) a detailed summary of the services to be performed;

(2) a description of the specific materials to be used or a list of standard features to be included; and

(3) the total contract price or a description of the basis on which the price will be calculated.

(b) Before entering into an agreement, the licensee shall provide a prospective customer with written performance guidelines for the services to be performed. Performance guidelines also must be included or incorporated by reference in the agreement. All agreements shall be signed and dated by the licensee and customer.

(c) Before entering into an agreement, the licensee shall offer a prospective customer the option to install fire sprinklers, any fire sprinkler system components, or automatic fire-extinguishing equipment or devices in any new single-family detached dwelling unit. The offer shall be included or incorporated by reference in the agreement. All agreements shall be signed and dated by the licensee and customer.

(d) The licensee shall provide to the customer, at no charge, a signed and dated document at the time that the licensee and customer sign and date the document. Documents include agreements, performance guidelines, fire sprinkler opt-in forms, and mechanic's lien waivers.

Sec. 58. Minnesota Statutes 2014, section 336A.09, subdivision 1, is amended to read:
Subdivision 1. **Procedure.** (a) Oral and written inquiries regarding information provided by the filing of effective financing statements or lien notices may be made at any filing office submitted to the secretary of state during regular business hours or, if submitted online, at any time.

(b) A filing office receiving an oral or written inquiry shall, upon request, The secretary of state must, upon receiving an inquiry, provide a prompt response to the inquiry.

(c) A filing office The secretary of state shall maintain a record of inquiries made under this section including:

1. the date of the inquiry;
2. the name of the debtor inquired about; and
3. identification of the person making the request for inquiry.

Sec. 59. Laws 2013, chapter 142, article 1, section 10, is amended to read:

Sec. 10. **OFFICE OF ENTERPRISE TECHNOLOGY MN.IT SERVICES** $ 2,431,000 $ 2,431,000

During the biennium ending June 30, 2015, the Office of Enterprise Technology MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than $400,000 for the biennium, the office may charge for access fees in excess of these amounts.

The commissioner of Minnesota management and budget is authorized to provide cash flow assistance of up to $110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of Enterprise Technology MN.IT Services for the purpose.
of managing revenue and expenditure
differences during the initial phases of IT
consolidation. These funds shall be repaid
with interest by June 30, 2015 the end of the
fiscal year 2015 closing period.

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

Sec. 60. Laws 2014, chapter 287, section 25, is amended to read:

Sec. 25. PARKING RAMP; REQUIRED USER FINANCING.

The amount equivalent to debt service on the design and construction costs allocated
to the parking garage to be located on the block bounded by Sherburne Avenue on the north,
Park Street on the west, University Avenue on the south, and North Capitol Boulevard on
the east must be user financed from must be transferred from parking fees collected and
deposited into the state parking account and credited to the debt service account for the
Legislative Office Facility, to the general fund to offset any direct appropriations made to
the senate for debt service payments for the legislative parking garage.

Sec. 61. CAPITOL ROOM NUMBERS.

After the Capitol renovation has been completed, the commissioner of administration
must use the same room numbers on signage to identify legacy rooms that were used to
identify the rooms before the Capitol renovation. For purposes of this section, "Capitol
renovation" means the construction project for which funds were appropriated in Laws
2013, chapter 136, section 3; "legacy rooms" means any room in the Capitol after Capitol
renovation that has dimensions and a location that are substantially similar to a room
within the Capitol that existed before renovation; and "signage" means any posting on any
surface in the Capitol building.

Sec. 62. IN-LIEU OF RENT EVALUATION.

(a) The commissioner of administration must evaluate and provide recommendations
regarding the base appropriation to the Department of Administration for an in-lieu of rent
payment for space costs of the legislature and veterans organizations, vending operators,
ceremonial space, and statutorily free space in the Capitol building and in other buildings
on the Capitol grounds under the custodial control of the Department of Administration.

(b) By January 15, 2017, the commissioner must report to the chairs and
ranking minority members of the committees and divisions in the senate and the
house of representatives with jurisdiction over the appropriation to the Department of Administration for the in-lieu of rent payment. The report must:

(1) identify the amount and quality of space that will be occupied by the senate, the house of representatives, and veterans organizations, ceremonial space, and statutorily free space, in fiscal years 2018 and 2019, including a comparison to the amount and quality of space occupied by the same tenants in fiscal year 2013;

(2) evaluate and justify the expense components included and assumptions made in determining lease rates and make comparisons to market rates; and

(3) evaluate whether the base funding for fiscal years 2018 and 2019 for the in-lieu of rent appropriation is justified, and if not, recommend an increase or decrease.

(c) In conducting the evaluation and preparing the report, the commissioner must consult with the secretary of the senate, the chief clerk of the house of representatives, the commissioner of employment and economic development on behalf of the services for the blind, and the commissioner of veterans affairs on behalf of veterans organizations that use space for which the Department of Administration receives an in-lieu of rent appropriation.

Sec. 63. RULEMAKING.

(a) The Board of Cosmetologist Examiners shall adopt rules governing the licensure, operation, and inspection of mobile salons, including facility requirements; safety and infection control requirements; a process for a salon licensee to notify the board of the mobile salon's location and times of operation; requirements for supplying and disposing of water and waste products; and the scope of personal services to be provided in mobile salons. The rules must prohibit mobile salons from violating reasonable municipal restrictions on time and place of operation of a mobile salon within its jurisdiction, and shall establish penalties, up to and including revocation of a license, for repeated violations of municipal laws.

(b) The Board of Cosmetologist Examiners shall adopt rules governing the advanced practice esthetician license, including the educational and training requirements, scope of practice, and the conditions and process of issuing and renewing the license.

EFFECTIVE DATE. Paragraph (a) of this section is effective the day following final enactment. Paragraph (b) of this section is effective January 1, 2016, and expires January 1, 2019.

Sec. 64. STATE AGENCY TECHNOLOGY PROJECTS.

Any appropriation in this chapter for information technology project services and support is subject to Minnesota Statutes, section 16E.0466. If an agency needs ongoing
information technology services as a result of the services and support paid for with an
appropriation in this chapter, the agency must enter into an agreement with the Office of
MN.IT Services to provide those services. The agreement must require the agency to pay
the Office of MN.IT Services under rates and mechanisms specified in the agreement.

Sec. 65. SOCCER STADIUM.
No state funds may be appropriated or tax expenditures used to fund the construction
of a new major league soccer stadium. The state may not incur debt of the state to fund
construction of a new major league soccer stadium.

Sec. 66. REVISOR'S INSTRUCTION.
The revisor of statutes shall change the word "sanitation" to "infection control" and
the word "lapsed" to "expired" wherever they appear in Minnesota Statutes, chapter 155A,
or Minnesota Rules, chapter 2105 or 2110.

Sec. 67. REPEALER.
Minnesota Statutes 2014, section 155A.23, subdivision 6, is repealed.

ARTICLE 3
MILITARY AND VETERANS AFFAIRS

Section 1. Minnesota Statutes 2014, section 190.16, is amended by adding a
subdivision to read:

Subd. 6b. Reimbursement grants. The adjutant general shall administer a
reimbursement grant program under section 192.26, subdivision 3, and pay grants to local
units of government to reimburse them for paying salary and benefits to public safety
employees on authorized leave under section 192.26, subdivision 1.

EFFECTIVE DATE. This section is effective the day following final enactment
for reimbursement of eligible costs incurred by local units of government in calendar
year 2016 and thereafter.

Sec. 2. Minnesota Statutes 2014, section 190.19, subdivision 2a, is amended to read:

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

(1) grants to veterans service organizations;
(2) outreach to underserved veterans;
(3) providing services and programs for veterans and their families; and

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

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

(6) grants to an eligible foundation.

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

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

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

Sec. 3. Minnesota Statutes 2014, section 190.19, subdivision 3, is amended to read:

Subd. 3. Annual report. The adjutant general and commissioner of veterans affairs must report by February 1, 2007, and each year thereafter, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over military and veterans' affairs on the number, amounts, and use of grants made by the adjutant general to organizations from the Minnesota "Support Our Troops" account in the previous year.

Sec. 4. Minnesota Statutes 2014, section 192.26, is amended by adding a subdivision to read:

Subd. 3. State reimbursement for costs of authorized leave. (a) For purposes of this subdivision, the terms in this paragraph have the meanings given them:

(1) "public safety employees" means peace officers, firefighters, and ambulance service personnel, as defined in section 144E.001, subdivision 3a, who are full-time employees of a local unit of government;

(2) "local unit of government" means a county or home rule charter or statutory city; and

(3) "salary and benefits" means the wages or salaries and benefits paid to employees of the local unit of government on authorized leave under this section.

(b) The adjutant general shall make grants to local units of government to reimburse them for salary and benefits paid to public safety employees on authorized leave under this section.
(c) To be eligible for state reimbursement of the amount of salary and benefits paid for the preceding calendar year as determined under this subdivision, the local unit of government shall apply to the adjutant general by March 15. By July 15, the adjutant general shall pay the reimbursement grants to the local units of government.

(d) The adjutant general shall prescribe the form and supporting information that must be supplied by the local unit of government as part of the application for state reimbursement.

(e) An appropriation by law from the general fund to the adjutant general must be used to pay the grants. If the appropriation is insufficient to pay the entire sum of all of the reimbursements for eligible costs for which local units of government have applied, the adjutant general shall reduce each grant proportionally so that the sum of the grants equals the available appropriation.

**EFFECTIVE DATE.** This section is effective the day following final enactment for reimbursement of eligible costs incurred by local units of government in calendar year 2016 and thereafter.

Sec. 5. Minnesota Statutes 2014, section 192.38, subdivision 1, is amended to read:

Subdivision 1. **Temporary emergency relief.** If any officer or enlisted member of the military forces is wounded or otherwise disabled, dies from disease contracted or injuries received, or is killed while in state active service as defined in section 190.05, subdivision 5a, the officer or member, or in the case of death the officer's or member's dependent spouse, child, or parent, may be provided with immediate temporary relief as necessary in cases of severe hardship, in an amount to be determined by the adjutant general and approved by the governor, a death gratuity payment equal to the amount allowed for service members in a federal active service status. All payments under this subdivision shall be made from appropriations for the maintenance of the state military forces emergency services. The adjutant general shall notify the Department of Management and Budget of any payments made pursuant to this subdivision and the amount of it shall be subtracted from any award made by the Department of Management and Budget.

Sec. 6. Minnesota Statutes 2014, section 192.501, is amended by adding a subdivision to read:

Subd. 1d. **Reclassification bonus program.** (a) The adjutant general must establish a program to provide a bonus to eligible members of the Minnesota National Guard who complete training that results in the award of a new military occupational specialty or...
61.1 Air Force specialty code in specialties that are identified by the adjutant general to be necessary for the enhanced readiness of the Minnesota National Guard.

61.2 (b) Eligibility for the bonus is limited to a member of the National Guard who:
61.3 (1) is serving satisfactorily as determined by the adjutant general;
61.4 (2) has 16 or fewer years of services creditable for retirement; and
61.5 (3) undergoes military training deemed by the adjutant general as sufficiently important to the readiness of the National Guard or a unit of the National Guard to warrant the payment of a bonus in an amount to generally encourage the member's participation in the training.
61.6 The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

61.7 (c) The bonus payments must be made on a schedule that is determined and published in department regulations by the adjutant general.

61.8 (d) If a member fails to complete a term of reenlistment or an obligated term of commissioned service for which a bonus was paid, the adjutant general may seek to recoup a prorated amount of the bonus as determined by the adjutant general.

61.9 Sec. 7. Minnesota Statutes 2014, section 197.133, is amended to read:

197.133 DISPOSAL OF PROPERTY AND EXPIRATION OF BOARD OF GOVERNORS.

61.10 (a) If a majority of the board determines that the disposal of the Big Island Veterans camp or a portion of the camp is in the best interests of Minnesota veterans, or if the camp is not used solely as a camp for and by disabled and other veterans and their families and operated and maintained in compliance with all state, federal, and local laws, the board may dispose of the property at market value as provided in this section. Before disposing of the property, the board shall give notice by certified mail to the commissioner of veterans affairs of its decision to dispose of the property. The commissioner shall publish the notice in the State Register. Interested governmental agencies have until the end of the next legislative session after the notice to appropriate money to purchase the property.

61.11 (b) Proceeds realized from the disposal of the property and any assets on hand at the time of the disposal of the property, must be placed in an irrevocable trust to be used for the initiation or maintenance of veterans programs in the state of Minnesota. Trustees must be appointed in the same manner as provided for under Minnesota Statutes 2014, section 197.131. The trustees shall consult with the commissioner of veterans affairs to determine the needs of Minnesota veterans and provide the commissioner with an annual
written report on the trust. The commissioner must approve all expenditures from the
trust. A certified audit of all assets, expenditures, and property must be conducted prior
to any disposition of any assets under the control of the board. Any board member who
would benefit directly or indirectly financially from the sale of this property must be
removed by the board and a successor appointed as provided by Minnesota Statutes 2014,
section 197.131. Upon final disposition of all assets to the trust, the board must disband.
Should the assets of the trust be exhausted, the trust must be terminated.
(c) The trustees appointed under paragraph (b) shall have the exclusive authority
to remove a trustee of the trust established under paragraph (b). A trustee may be
removed at any time without cause upon a majority vote of the trustees with consent
of the commissioner of veterans affairs.
(d) A vacancy in a trusteeship of the trust established under paragraph (b) must
be filled for the remainder of the unexpired term in the same manner as the original
appointment.

Sec. 8. Minnesota Statutes 2014, section 198.03, subdivision 2, is amended to read:

Subd. 2. Cost of care. (a) The commissioner shall set out in rules the method of
calculating the average cost of care for the domiciliary and nursing care residents. The cost
must be determined yearly based upon the average cost per resident taking into account,
but not limited to, administrative cost of the homes, the cost of service available to the
resident, and food and lodging costs. These average costs must be calculated separately for
domiciliary and nursing care residents. The amount charged each resident for maintenance,
if anything, must be based on the appropriate average cost of care calculation and the
assets and income of the resident but must not exceed the appropriate average cost of care.
(b) Using the authority granted in section 198.003, the commissioner shall set out
in rules the method of calculating each domiciliary resident's maintenance charge. This
maintenance charge shall establish a personal needs allowance based on each domiciliary
resident's monthly income. For the period of July 1, 2015, to June 30, 2016, the personal
needs allowance shall not be less than $122 per month. For the period of July 1, 2016,
to June 30, 2017, the personal needs allowance shall not be less than $130 per month.
Thereafter, the minimum personal needs allowance must be adjusted by multiplying
the allowance by one-half of the percentage change of the Consumer Price Index on
the first day of each fiscal year.

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

Sec. 9. Minnesota Statutes 2014, section 198.03, subdivision 3, is amended to read:
Subd. 3. **Arrearages.** Residents are liable for paying all of their overdue maintenance charges. Overdue maintenance charges incurred after May 1, 1990, may be charged interest according to section 334.01. A resident owing overdue maintenance to the state of Minnesota for charges incurred prior to May 1, 1990, may continue to stay in the home if the resident enters into an agreement, including a payment schedule, with the administrator for the payment of the arrearage and abides by the agreement. Residents who do not promptly pay maintenance or who do not abide by their agreements to pay overdue maintenance to the state of Minnesota may be discharged from the home. The payment schedule agreed to between the administrator and the resident must provide for the prompt payment of the overdue maintenance owed by the resident, but it must not reduce the resident's personal needs allowance below that which is provided for in the administrative rules of the facility, the amount specified in subdivision 2.

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2014, sections 197.131; and 197.132, are repealed.

**ARTICLE 4**

**PARI-MUTUEL HORSE RACING**

Section 1. Minnesota Statutes 2014, section 240.01, subdivision 22, is amended to read:

Subd. 22. **Racing season.** "Racing season" means that portion of the calendar year starting at the beginning of the day of the first live horse race conducted by the licensee and concluding at the end of the day of the last live horse race conducted by the licensee in any year.

For purposes of this chapter, the racing season begins before the first Saturday in May and continues for not less than 25 consecutive weeks.

**EFFECTIVE DATE.** This section is effective January 1, 2016.

Sec. 2. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 28. **Takeout.** "Takeout" means the total amount of money, excluding breakage, withheld from each pari-mutuel pool, as authorized by statute or rule.

Sec. 3. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:
Subd. 29. **Handle** "Handle" means the aggregate of all pari-mutuel pools, excluding refundable wagers or cancellations.

Sec. 4. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 30. **Mixed meet.** "Mixed meet" means a racing day or series of racing days on which the racing of more than one breed of horse occurs.

Sec. 5. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 31. **Banked.** "Banked" means any game of chance that is played with the house as a participant in the game, where the house takes on all players, collects from all losers, and pays all winners, and the house can win.

Sec. 6. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 32. **Steward.** A "steward" means an official described in section 240.16. The term steward includes the terms "judge," "chief steward," and "presiding judge," and applies to stewards and judges of the commission or a class B licensee, but not to other racing officials, such as paddock or placement judges, who are employees or agents of a class B licensee.

Sec. 7. Minnesota Statutes 2014, section 240.011, is amended to read:

**240.011 APPOINTMENT OF DIRECTOR.**

The governor shall appoint the director of the Minnesota Racing Commission, who serves in the unclassified service at the governor's pleasure. The director must be a person qualified by experience in the administration and regulation of pari-mutuel racing and training to possess the skills necessary to discharge the duties of the director. The governor must select a director from a list of one or more names submitted by the Minnesota Racing Commission.

Sec. 8. Minnesota Statutes 2014, section 240.03, is amended to read:

**240.03 COMMISSION POWERS AND DUTIES.**

The commission has the following powers and duties:

1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
(2) to issue licenses as provided in this chapter;
(3) to enforce all laws and rules governing horse racing;
(4) to collect and distribute all taxes provided for in this chapter;
(5) to conduct necessary investigations and inquiries and to issue subpoenas to compel the attendance of witnesses and the submission of information, documents, and records, and other evidence it deems necessary to carry out its duties;
(6) to supervise the conduct of pari-mutuel betting on horse racing;
(7) to employ and supervise personnel under this chapter;
(8) to determine the number of racing days to be held in the state and at each licensed racetrack;
(9) to take all necessary steps to ensure the integrity of racing in Minnesota; and
(10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

Sec. 9. Minnesota Statutes 2014, section 240.08, subdivision 2, is amended to read:

Subd. 2. Application. (a) An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:
(1) is not in default in the payment of an obligation or debt to the state under Laws 1983, chapter 214;
(2) does not have a felony conviction of record in a state or federal court and does not have a state or federal felony charge pending;
(3) is not and never has been connected with or engaged in an illegal business;
(4) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;
(5) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and
(6) has never been found to have knowingly violated a rule or an order of the commission or a law or rule of Minnesota or another jurisdiction relating to horse racing, pari-mutuel betting, or any other form of gambling.

(b) The application must also contain an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleading authorized by the laws of this state. If any summons, process, or pleading is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the Office of the Secretary of State and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission.

Sec. 10. Minnesota Statutes 2014, section 240.08, subdivision 4, is amended to read:

Subd. 4. License issuance and renewal. If the commission determines that the applicant is qualified for the occupation for which licensing is sought and will not adversely affect the public health, welfare, and safety or the integrity of racing in Minnesota, it may issue a class C license to the applicant. If it makes a similar finding for a renewal of a class C license it may renew the license. Class C licenses are effective for a minimum of one year for all class C licenses, and up to three years for certain classifications of class C licenses to be determined by the commission.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 11. Minnesota Statutes 2014, section 240.08, subdivision 5, is amended to read:

Subd. 5. Revocation and suspension. (a) The commission may revoke a class C license for a violation of law or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, the public health, welfare, or safety, or for an intentional false statement made in a license application.

The commission may suspend a class C license for up to one year for a violation of law, order or rule.

The commission may delegate to its designated agents the authority to impose suspensions of class C licenses, and the revocation or suspension of a class C license may be appealed to the commission according to its rules.

(b) A license revocation or suspension for more than 90 days is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act and is in addition to criminal penalties imposed for a violation of law or rule. The commission may summarily
suspend a license for more than 90 days prior to a contested case hearing where it is
necessary to ensure the integrity of racing or to protect the public health, welfare, or safety.
A contested case hearing must be held within 20 30 days of the summary suspension and
the administrative law judge's report must be issued within 20 30 days from the close of
the hearing record. In all cases involving summary suspension the commission must issue
its final decision within 30 days from receipt of the report of the administrative law judge
and subsequent exceptions and argument under section 14.61.

Sec. 12. Minnesota Statutes 2014, section 240.10, is amended to read:

240.10 LICENSE FEES.

The fee for a class A license is $253,000 per year and must be remitted on July 1.
The fee for a class B license is $500 for each assigned racing day and $100 for each day
on which simulcasting is authorized and must be remitted on July 1. Included herein are
all days assigned to be conducted after January 1, 2003. The fee for a class D license is
$50 for each assigned racing day on which racing is actually conducted. Fees imposed on
class D licenses must be paid to the commission at a time and in a manner as provided by
rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it
licenses under section 240.08 but no annual fee for a class C license may exceed $100.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 13. Minnesota Statutes 2014, section 240.13, subdivision 5, is amended to read:

Subd. 5. Purses. (a) From the amounts deducted from all pari-mutuel pools by a
licensee, an amount equal to not less than the following percentages of all money in all
pools must be set aside by the licensee and used for purses for races conducted by the
licensee, provided that a license may agree by contract with an organization representing
a majority of the horsepersons racing the breed involved to set aside amounts in addition
to the following percentages, if the contract is in writing and filed with the commission:

(1) for live races conducted at a class A facility, and for races that are part of full
racing card simulcasting that takes place within the time period of the live races, 8.4
percent of handle;

(2) for simulcasts conducted during the racing season other than as provided for in
clause (1), 50 percent of the takeout remaining after deduction for taxes on pari-mutuel
pools, payment to the breeders fund, and payment to the sending out of state racetrack for
receipt of the signal; and

Article 4 Sec. 13.
(2) for simulcasts conducted outside of the racing season, 25 any day a class A facility is licensed, not less than 37 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal and, before January 1, 2005, a further deduction of eight percent of all money in all pools. In the event that wagering on simulcasts outside of the racing season exceeds $125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between $125,000,000 and $150,000,000 wagered, 40 percent on amounts between $150,000,000 and $175,000,000 wagered, and 50 percent on amounts in excess of $175,000,000 wagered. In lieu of the eight percent deduction, A deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004.

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

In lieu of the amount the licensee must pay to the commission for deposit in the Minnesota breeders fund under section 240.15, subdivision 4, The licensee shall pay to the commission for deposit in the Minnesota breeders fund 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's facility on full racing card simulcasts of races not conducted in this state.

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation to its members, an amount as may be determined by agreement by the licensee and the horsepersons' organization sufficient to provide benevolent programs, benefits, and services for horsepersons and their on-track employees; an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted only from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization. With respect to racing meetings where more than one breed...
is racing, the licensee may contract independently with the horseperson's organization
representing each breed racing.

(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization
representing the majority of the horsepersons racing a breed at a meeting, and the members
thereof, may agree to withhold horses during a meeting.

(d) Money set aside for purses from wagering, during the racing season, on
simulcasts must be used for purses for live races conducted at the licensee's class A facility
during the same racing season, over and above the 8.4 percent purse requirement or any
higher requirement to which the parties agree, for races conducted in this state. Money
set aside for purses from wagering, outside of the racing season, on simulcasts must be
for purses for live races conducted at the licensee's class A facility during the next racing
season, over and above the 8.4 percent purse requirement or any higher requirement to
which the parties agree, for races conducted in this state.

(e) (d) Money set aside for purses from wagering on simulcasts must be used for
purses for live races involving the same breed involved in the simulcast except that money
set aside for purses and payments to the breeders fund from wagering on full racing card
simulcasts of races not conducted in this state, occurring during a live mixed meet, must
be allotted to the purses and breeders fund for each breed participating in the mixed meet
as agreed upon by the breed organizations participating in the live mixed meet. The
agreement shall be in writing and filed with the commission prior to the first day of the live
mixed meet. In the absence of a written agreement filed with the commission, the money
set aside for purses and payments to the breeders fund from wagering on simulcasts,
occuring during a live mixed meet, shall be allotted to each breed participating in the live
mixed meet in the same proportion that the number of live races run by each breed bears
to the total number of live races conducted during the period of the mixed meet.

(f) (e) The allocation of money set aside for purses to particular racing meets may be
adjusted, relative to overpayments and underpayments, by contract between the licensee
and the horsepersons' organization representing the majority of horsepersons racing the
breed involved at the licensee's facility.

(f) (f) Subject to the provisions of this chapter, money set aside from pari-mutuel
pools for purses must be for the breed involved in the race that generated the pool, except
that if the breed involved in the race generating the pari-mutuel pool is not racing in the
current racing meeting, or has not raced within the preceding 12 months at the licensee's
class A facility, money set aside for purses may be distributed proportionately to those
breeds that have run during the preceding 12 months or paid to the commission and
used for purses or to promote racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner prescribed by the commission.

(h) (g) This subdivision does not apply to a class D licensee.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 14. Minnesota Statutes 2014, section 240.13, subdivision 6, is amended to read:

Subd. 6. Simulcasting. (a) The commission may permit an authorized licensee to conduct simulcasting at the licensee's facility on any day authorized by the commission.

All simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007.

(b) The commission may not authorize any day for simulcasting at a class A facility during the racing season, and a licensee may not be allowed to transmit out-of-state telecasts of races the licensee conducts, unless the licensee has obtained the approval of the horsepersons' organization representing the majority of the horsepersons racing the breed involved at the licensed racetrack during the preceding 12 months. In the case of a class A facility licensed under section 240.06, subdivision 5a, the approval applicable to the first year of the racetrack's operation may be obtained from the horsepersons' organization that represents the majority of horsepersons who will race the breed involved at the licensed racetrack during the first year of the racetrack's operation.

(c) The licensee may pay fees and costs to an entity transmitting a telecast of a race to the licensee for purposes of conducting pari-mutuel wagering on the race. The licensee may deduct fees and costs related to the receipt of televised transmissions from a pari-mutuel pool on the televised race, provided that one-half of any amount recouped in this manner must be added to the amounts required to be set aside for purses.

(d) With the approval of the commission and subject to the provisions of this subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes, to locations outside the state, and the commission may allow this to be done on a commingled pool basis.

(e) Except as otherwise provided in this section, simulcasting may be conducted on a separate commingled pool basis or, with the approval of the commission, on a commingled separate pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting except as otherwise provided in this subdivision or in the commission's rules. If pools are commingled, wagering at the licensed facility must be on equipment electronically linked with the equipment at the licensee's class A facility or with the sending racetrack via the totalizator computer at the licensee's class A facility. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings
on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage
for pari-mutuel pools on a televised race must be calculated in accordance with the law or
rules governing the sending racetrack for these pools, and must be distributed in a manner
agreed to between the licensee and the sending racetrack. Notwithstanding subdivision 7
and section 240.15, subdivision 5, the commission may approve procedures governing the
definition and disposition of unclaimed tickets that are consistent with the law and rules
governing unclaimed tickets at the sending racetrack. For the purposes of this section,
"sending racetrack" is either the racetrack outside of this state where the horse race is
conducted or, with the consent of the racetrack, an alternative facility that serves as the
racetrack for the purpose of commingling pools.

(f) Except as otherwise provided in section 240.06, subdivision 5b, paragraph (2),
if there is more than one class B licensee conducting racing within the seven-county
metropolitan area, simulcasting may be conducted only on races run by a breed that ran at
the licensee's class A facility within the 12 months preceding the event.

Sec. 15. Minnesota Statutes 2014, section 240.135, is amended to read:

240.135 CARD CLUB REVENUE.

(a) From the amounts received from charges authorized under section 240.30,
subdivision 4, the licensee shall set aside the amounts specified in this section to be
used for purse payments. These amounts are in addition to the breeders fund and purse
requirements set forth elsewhere in this chapter.

(1) For amounts between zero and $6,000,000, the licensee shall set aside not less
than ten percent to be used as purses.

(2) For amounts in excess of $6,000,000, the licensee shall set aside not less than
14 percent to be used as purses.

(b) From all amounts set aside under paragraph (a), the licensee shall set aside
ten percent to be deposited in the breeders fund. The licensee and the horseperson's
organization representing the majority of horsepersons who have raced at the racetrack
during the preceding 12 months may negotiate percentages different from those stated in
this section if the agreement is in writing and filed with the Racing Commission.

(c) It is the intent of the legislature that the proceeds of the card playing activities
authorized by this chapter be used to improve the horse racing industry by improving purses.
The licensee and the horseperson's organization representing the majority of horsepersons
who have raced at the racetrack during the preceding 12 months may negotiate percentages
that exceed those stated in this section if the agreement is in writing and filed with the
commission. The commission shall annually review the financial details of card playing
activities and determine if the present use of card playing proceeds is consistent with the
policy established by this paragraph. If the commission determines that the use of the
proceeds does not comply with the policy set forth herein, then the commission shall direct
the parties to make the changes necessary to ensure compliance. If these changes require
legislation, the commission shall make the appropriate recommendations to the legislature.

Sec. 16. Minnesota Statutes 2014, section 240.15, subdivision 1, is amended to read:

Subdivision 1. Taxes imposed. (a) There is imposed a tax at the rate of six percent
of the amount in excess of $12,000,000 annually withheld from all pari-mutuel pools by
the licensee, including breakage and amounts withheld under section 240.13, subdivision
4. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of
the next year.

In addition to the above tax, the licensee must designate and pay to the commission
a tax of one percent of the total amount bet on each racing day handle for live races
conducted at a class A facility, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be
withheld by a licensee under section 240.13, subdivision 4.

(b) The commission may impose an admissions tax of not more than ten cents on
each paid admission at a licensed racetrack on a racing day if:

(1) the tax is requested by a local unit of government within whose borders the
track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the tax is in
need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 17. Minnesota Statutes 2014, section 240.15, subdivision 6, is amended to read:

Subd. 6. Disposition of proceeds; account. The commission shall distribute all
money received under this section, and all money received from license fees and fines it
collects, according to this subdivision. All money designated for deposit in the Minnesota
breeders fund must be paid into that fund for distribution under section 240.18 except that
all money generated by full racing card simulcasts must be distributed as provided in
section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue
from an admissions tax imposed under subdivision 1 must be paid to the local unit of
government at whose request it was imposed, at times and in a manner the commission
determines. Taxes received under this section and fines collected under section 240.22
must be paid to the commissioner of management and budget for deposit in the general
fund. All revenues from licenses and other fees imposed by the commission must be
deposited in the state treasury and credited to a racing and card playing regulation account
in the special revenue fund. Receipts in this account are available for the operations of the
commission up to the amount authorized in biennial appropriations from the legislature.

Sec. 18. Minnesota Statutes 2014, section 240.16, subdivision 1, is amended to read:

**Subdivision 1. Powers and duties.** All horse races run at a licensed racetrack must
be presided over by a board of three stewards, who must be appointees of the commission or
persons approved by it. The commission shall designate one steward as chair. At least two
stewards for all races either shall be employees of the commission who shall serve in the
unalclassed service, or shall be under contract with the commission to serve as stewards.
The commission may delegate the following duties and powers to a board of stewards:

(a) to ensure that races are run in accordance with the commission's rules;
(b) to supervise the conduct of racing to ensure the integrity of the sport;
(c) to settle disputes arising from the running of horse races, and to certify official
results;
(d) to impose on licensees, for violation of law or commission rules, fines not
exceeding $2,000 $5,000 and license suspensions not exceeding 90 days;
(e) to recommend to the commission where warranted penalties in excess of those
in clause (d);
(f) to otherwise enforce the laws and rules of racing; and
(g) to perform other duties and have other powers assigned by the commission.

Sec. 19. Minnesota Statutes 2014, section 240.22, is amended to read:

**240.22 FINES.**

(a) The commission shall by rule establish a graduated schedule of civil fines for
violations of laws related to horse racing or of the commission's rules. The schedule
must include minimum and maximum fines for each violation and be based on and
reflect the culpability, frequency and severity of the violator's actions. The commission
may impose a fine from this schedule on a licensee for a violation of those rules or laws
relating to horse racing. The fine is in addition to any criminal penalty imposed for the
same violation. Fines imposed by the commission must be paid to the commission and
except as provided in paragraph (b), forwarded to the commissioner of management and
budget for deposit in the general fund. A fine in excess of $2,000 $5,000 is a contested
case under the Administrative Procedure Act.
(b) If the commission is the prevailing party in a contested case proceeding, the commission may recover, from amounts to be forwarded under paragraph (a), reasonable attorney fees and costs associated with the contested case.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 20. Minnesota Statutes 2014, section 240.23, is amended to read:

**240.23 RULEMAKING AUTHORITY.**

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this chapter to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) wire wired and wireless communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts;

(i) affirmative action in employment and contracting by class A, class B, and class D licensees; and

(j) procedures for the sampling and testing of any horse that is eligible to race in Minnesota for substances or practices that are prohibited by law or rule; and

(‡) (k) any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

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

Sec. 21. Minnesota Statutes 2014, section 364.09, is amended to read:

**364.09 EXCEPTIONS.**
(a) This chapter does not apply to the licensing process for peace officers; to law enforcement agencies as defined in section 626.84, subdivision 1, paragraph (f); to fire protection agencies; to eligibility for a private detective or protective agent license; to the licensing and background study process under chapters 245A and 245C; to the licensing and background investigation process under chapter 240; to eligibility for school bus driver endorsements; to eligibility for special transportation service endorsements; to eligibility for a commercial driver training instructor license, which is governed by section 171.35 and rules adopted under that section; to emergency medical services personnel, or to the licensing by political subdivisions of taxicab drivers, if the applicant for the license has been discharged from sentence for a conviction within the ten years immediately preceding application of a violation of any of the following:

(1) sections 609.185 to 609.2114, 609.221 to 609.223, 609.342 to 609.3451, or 617.23, subdivision 2 or 3; or Minnesota Statutes 2012, section 609.21;

(2) any provision of chapter 152 that is punishable by a maximum sentence of 15 years or more; or

(3) a violation of chapter 169 or 169A involving driving under the influence, leaving the scene of an accident, or reckless or careless driving.

This chapter also shall not apply to eligibility for juvenile corrections employment, where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district or to eligibility for a license issued or renewed by the Board of Teaching or the commissioner of education.

(c) Nothing in this section precludes the Minnesota Police and Peace Officers Training Board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

(d) This chapter does not apply to a license to practice medicine that has been denied or revoked by the Board of Medical Practice pursuant to section 147.091, subdivision 1a.

(e) This chapter does not apply to any person who has been denied a license to practice chiropractic or whose license to practice chiropractic has been revoked by the board in accordance with section 148.10, subdivision 7.

(f) This chapter does not apply to any license, registration, or permit that has been denied or revoked by the Board of Nursing in accordance with section 148.261, subdivision 1a.

(g) This chapter does not supersede a requirement under law to conduct a criminal history background investigation or consider criminal history records in hiring for particular types of employment.
Sec. 22. REVISOR'S INSTRUCTION.

(a) The revisor of statutes shall renumber the subdivisions in Minnesota Statutes, section 240.01, to put the definitions contained in that section in alphabetical order.

(b) The revisor of statutes shall correct any cross-references in Minnesota Statutes and Minnesota Rules as a result of the renumbering in paragraph (a).

Sec. 23. REPEALER.

Minnesota Statutes 2014, section 240.01, subdivisions 12 and 23, are repealed.

ARTICLE 5

REVENUE

Section 1. Minnesota Statutes 2014, section 270C.722, subdivision 1, is amended to read:

Subdivision 1. Notice of revocation; hearings. (a) If--(4) a person fails to comply with chapter 297A or the sales and use tax provisions of chapter 289A or the rules related to sales tax, or (2) any retailer purchases for resale from an unlicensed seller more than 20,000 cigarettes or $500 or more worth of tobacco products, without reasonable cause, the commissioner may give the person 30 days' notice in writing, specifying the violations, and stating that based on the violations the commissioner intends to revoke the person's permit issued under section 297A.84. The notice must also advise the person of the right to contest the revocation under this subdivision. It must also explain the general procedures for a contested case hearing under chapter 14. The notice may be served personally or by mail in the manner prescribed for service of an order of assessment.

(b) If the person does not request a hearing within 30 days after the date of the notice of intent, the commissioner may serve a notice of revocation of permit upon the person, and the permit is revoked. If a hearing is timely requested, and held, the permit is revoked after the commissioner serves an order of revocation of permit under section 14.62, subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 2. Minnesota Statutes 2014, section 270C.728, is amended by adding a subdivision to read:

Subd. 8. Publication of revoked retail cigarette licenses. (a) Notwithstanding any other law, the commissioner may publish a list of persons who have had their retail licenses to sell cigarettes or tobacco products revoked under section 297F.186. In the case
of a license holder that is a business entity, the commissioner may also publish the name
of responsible persons of the license holder, as defined in section 297F.186, subdivision 1.

(b) At least 30 days before publishing the name of a license holder or responsible
person, the commissioner shall mail a written notice to the license holder and to
responsible persons of the license holder of the commissioner's intent to publish. This
notice may be included as part of the notice of intent to revoke a license as required under
section 297F.186, subdivision 3.

(c) The list may be published by any medium or method. The list must contain the
name and address of the license holder and name of the responsible person and the date
the license was revoked.

(d) The commissioner shall remove the name of a license holder or responsible
person from the list five years from the date of the license revocation or upon the license
holder or responsible person receiving a license clearance under section 297F.186.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 3. Minnesota Statutes 2014, section 297F.01, subdivision 14, is amended to read:

Subd. 14. Retailer. "Retailer" means a person required to be licensed under chapter
461 located in this state engaged in this state in the business of selling, or offering to sell,
cigarettes or tobacco products to consumers.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 297F.03, subdivision 5, is amended to read:

Subd. 5. License fees; cigarettes. Each application for a cigarette distributor's
license must be accompanied by a fee of $200 $500. Each application for a cigarette
subjobber's license must be accompanied by a fee of $24 $100. A distributor or subjobber
applying for a license during the second year of a two-year licensing period is required to
pay only one-half of the license fee.

EFFECTIVE DATE. This section is effective for license periods beginning after
December 31, 2015.

Sec. 5. Minnesota Statutes 2014, section 297F.03, subdivision 6, is amended to read:

Subd. 6. License fees; tobacco products. Each application for a tobacco products
distributor's license must be accompanied by a fee of $75 $500. Each application for
a tobacco products subjobber's license must be accompanied by a fee of $20 $100. A
distributor or subjobber applying for a license during the second year of a two-year
licensing period is required to pay only one-half of the license fee.

**EFFECTIVE DATE.** This section is effective for license periods beginning after
December 31, 2015.

Sec. 6. Minnesota Statutes 2014, section 297F.04, subdivision 1, is amended to read:

Subdivision 1. **Powers of commissioner.** The commissioner may revoke or
suspend, or refuse to renew the license or licenses of any distributor or subjobber, or
refuse to issue a license to an applicant for a distributor or subjobber license, for violation
of this chapter, any other act applicable to the sale of cigarettes or tobacco products, or any
rule promulgated by the commissioner, in furtherance of this chapter.

**EFFECTIVE DATE.** This section is effective August 1, 2015.

Sec. 7. Minnesota Statutes 2014, section 297F.13, subdivision 4, is amended to read:

Subd. 4. **Retailer and subjobber to preserve purchase invoices.** Every retailer and
subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased.
The retailer and subjobber shall preserve a legible copy of each invoice for one
year from the date of the invoice or as long as the cigarette or tobacco product listed on
the invoice is available for sale or in their possession, whichever period is longer. The
retailer and subjobber shall preserve copies of the invoices at each retail location or at a
central location provided that the invoice must be produced and made available at a retail
location within one hour when requested by the commissioner or duly authorized agents
and employees. Copies should be numbered and kept in chronological order.

To determine whether the business is in compliance with the provisions of this
chapter, at any time during usual business hours, the commissioner, or duly authorized
agents and employees, may enter any place of business of a retailer or subjobber without
a search warrant and inspect the premises, the records required to be kept under this
chapter, and the packages of cigarettes, tobacco products, and vending devices contained
on the premises.

**EFFECTIVE DATE.** This section is effective for sales and purchases by subjobbers
and retailers made on or after August 1, 2015.

Sec. 8. [297F.186] **REVOCATION OF CIGARETTE AND TOBACCO RETAIL LICENSE.**
Subdivision 1. **Cigarette and tobacco retail revocation.** (a) A licensing authority must not issue, transfer, or renew, and must revoke, a license if the commissioner has notified the licensing authority that the license holder or applicant has been in possession of contraband cigarettes or tobacco products as defined under section 297F.21 at the location covered by the license.

(b) Within ten days after receipt of the notification from the commissioner under paragraph (a), the licensing authority must notify the license holder by mail of the revocation of the license or an applicant of a denial license issuance. The notice must include a copy of the commissioner's notice to the licensing authority and information, in the form specified by the commissioner, on the licensee's option for receiving a license clearance from the commissioner. The licensing authority must revoke the license within 30 days after receiving the notice from the commissioner, unless it receives a license clearance from the commissioner as provided in subdivision 2, paragraph (b).

(c) For purposes of this section, the following terms have the meanings given.

(1) "License holder" means an individual or legal entity who has a license to sell cigarettes or tobacco products issued under chapter 461.

(2) "License" means a license to sell cigarettes or tobacco products under chapter 461.

(3) "Licensing authority" means a town board, county board, governing body of a home rule charter or statutory city, or state agricultural society authorized to issue licenses under chapter 461.

(4) "Applicant" is any individual, corporation, partnership, or any other legal entity that is a holder of a license or that has filed an application to obtain a license.

(5) "Responsible person" means any individual who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing tax returns or reports, paying taxes, or collecting or withholding and remitting taxes to the commissioner for a license holder, or who has authority to purchase cigarettes or tobacco products, or supervises a person who has authority to purchase cigarettes or tobacco products for the license holder.

Subd. 2. **New licenses after revocation.** (a) An applicant who has had a license revoked under this section, or an applicant with a responsible person who was a responsible person for another entity for which a license was revoked under this section, may not apply for a license or seek the reinstatement of a revoked license unless the applicant presents to the licensing authority a license clearance issued by the commissioner. A licensing authority must not issue a new license to an applicant with such a responsible person or to an applicant who has had a license revoked under this
section or reinstate a revoked license unless the applicant presents to the authority a
license clearance issued by the commissioner.

(b) Except as provided in paragraph (f), the commissioner may issue a license
clearance if the applicant and all responsible persons of the applicant:

(1) sign an agreement that acknowledges that the applicant and the responsible
person will follow all laws related to the taxation of cigarettes and tobacco products,
including the requirements to:

(i) purchase all cigarettes and tobacco products from distributors and subjobbers
licensed by the commissioner;

(ii) maintain invoices of all cigarettes or tobacco products purchased as required
under section 297F.13, subdivision 4, and produce those invoices within one hour when
requested by the commissioner or duly authorized agents and employees; and

(iii) timely file and pay to the commissioner all returns and all sales taxes related to
the sale of tobacco products; and

(2) deposit with the commissioner security or a surety bond in an amount equal
to ten times the amount of tax on the contraband cigarettes or tobacco products. The
commissioner must hold the security deposit for two years.

(c) The commissioner must pay interest on any money deposited as security. The
interest is calculated from the date of deposit to the date of refund, or date of application
to any outstanding tax liability, at a rate specified in section 270C.405. The commissioner
must refund the security deposit to the applicant at the end of the two-year period
unless the applicant has any unpaid tax liabilities payable to the commissioner. The
commissioner may apply the security deposit to unpaid tax liabilities of the applicant
owed to the commissioner and to the tax on contraband cigarettes or tobacco products
owned, possessed, sold, or offered for sale by the applicant after the license clearance
has been issued.

(d) The commissioner may refund the security deposit before the end of the two-year
holding period if the license holder no longer has a license to sell cigarettes or tobacco
products issued by a licensing authority in the state.

(e) If the commissioner determines that a licensing authority has issued a new license
or reinstated a revoked license without the applicant submitting a license clearance, the
commissioner may notify the licensing authority to revoke the license. Revocations under
this subdivision are controlled by the provisions of subdivisions 1, paragraph (b), and 3.
The commissioner must send notice of intent to require revocation to the license holder
and to the responsible person of the license holder.
(f) If an applicant has had, or if a person has been a responsible person to, a cumulative number of two or more licenses revoked under this subdivision in a five-year period by licensing authorities within the state, the commissioner may refuse to issue a license clearance until 24 months have elapsed after the last revocation and the applicant has satisfied the conditions for reinstatement of a revoked license or issuance of a new license imposed by this subdivision.

Subd. 3. Notice and hearing. (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a license, the commissioner must send a notice to the license holder and to any known responsible person of the license holder of the commissioner's intent to require revocation of the license and of the license holder's or responsible person's right to a hearing. If the license holder or responsible person requests a hearing in writing within 30 days of the date of the notice, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the license holder or responsible person must be served in writing specifying the time and place of the hearing and the allegations against the license holder or responsible person. The notice may be served at least 20 days before the hearing personally or by mail. A license is subject to revocation when 30 days have passed following the date of the notice in this paragraph without the license holder requesting a hearing, or, if a hearing is timely requested, upon adverse final determination of the case after the hearing under section 14.62, subdivision 1.

(b) The commissioner may notify a licensing authority under subdivision 1 only after the requirements of paragraph (a) have been satisfied.

(c) A hearing under this subdivision is in lieu of any other hearing or proceeding provided by law arising from any action taken under subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 9. Minnesota Statutes 2014, section 297F.19, is amended by adding a subdivision to read:

Subd. 10. Penalty for retailers who fail to comply. (a) A retailer who fails to produce an itemized invoice from a licensed seller within one hour of being requested by the commissioner to do so as required under section 297F.13, subdivision 4, or who offers for sale or holds in inventory cigarettes or tobacco products without a license required under chapter 461 is subject to a penalty of $1,000 for the first violation, $3,000 for the second violation, and $5,000 for the third and each subsequent violation occurring during any 36-month period.
(b) A retailer who offers for sale or holds in inventory untaxed cigarettes or tobacco products is subject to a penalty equal to the greater of $2,000, or 150 percent of the tax due on the cigarettes or tobacco products.

EFFECTIVE DATE. This section is effective for violations occurring on or after August 1, 2015.

Sec. 10. Minnesota Statutes 2014, section 297F.20, is amended by adding a subdivision to read:

Subd. 2a. Penalties for willful failure to file or pay. (a) A person or consumer required to file a return, report, or other document with the commissioner who willfully attempts in any manner to evade or defeat a tax under this chapter by failing to do so when required is guilty of a felony.

(b) A person or consumer required to pay or to collect and remit a tax under this chapter, who willfully attempts to evade or defeat a tax by failing to do so when required, is guilty of a felony.

EFFECTIVE DATE. This section is effective for offenses committed on or after August 1, 2015.

Sec. 11. Minnesota Statutes 2014, section 297F.20, is amended by adding a subdivision to read:

Subd. 13. Aggregation and consolidation of venue. In any prosecution under this section, the number of unstamped cigarettes or the value of the untaxed tobacco products possessed, received, transported, sold, offered to be sold, or purchased in violation of this section within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same individual in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed.

EFFECTIVE DATE. This section is effective for offenses committed on or after August 1, 2015.

Sec. 12. Minnesota Statutes 2014, section 297F.21, subdivision 1, is amended to read:

Subdivision 1. Contraband defined. The following are declared to be contraband and therefore subject to civil and criminal penalties under this chapter:

(a) Cigarette packages which do not have stamps affixed to them as provided in this chapter, including but not limited to (i) packages with illegible stamps and packages with
stamps that are not complete or whole even if the stamps are legible, and (ii) all devices
for the vending of cigarettes in which packages as defined in item (i) are found, including
all contents contained within the devices.

(b) A device for the vending of cigarettes and all packages of cigarettes, where the
device does not afford at least partial visibility of contents. Where any package exposed
to view does not carry the stamp required by this chapter, it shall be presumed that all
packages contained in the device are unstamped and contraband.

(c) A device for the vending of cigarettes to which the commissioner or authorized
agents have been denied access for the inspection of contents. In lieu of seizure, the
commissioner or an agent may seal the device to prevent its use until inspection of
contents is permitted.

(d) A device for the vending of cigarettes which does not carry the name and address
of the owner, plainly marked and visible from the front of the machine.

(e) A device including, but not limited to, motor vehicles, trailers, snowmobiles,
airplanes, and boats used with the knowledge of the owner or of a person operating with
the consent of the owner for the storage or transportation of more than 5,000 cigarettes
which are contraband under this subdivision. When cigarettes are being transported in
the course of interstate commerce, or are in movement from either a public warehouse to
a distributor upon orders from a manufacturer or distributor, or from one distributor to
another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

(f) A device including, but not limited to, motor vehicles, trailers, snowmobiles,
airplanes, and boats used with the knowledge of the owner, or of a person operating with
the consent of the owner, for the storage or transportation of untaxed tobacco products
intended for sale in Minnesota other than those in the possession of a licensed distributor
on or before the due date for payment of the tax under section 297F.09, subdivision 2.

(g) Cigarette packages or tobacco products obtained from an unlicensed seller.

(h) Cigarette packages offered for sale or held as inventory in violation of section
297F.20, subdivision 7.

(i) Tobacco products on which the tax has not been paid by a licensed distributor.

(j) Any cigarette packages or tobacco products offered for sale or held as inventory
for which there is not an invoice from a licensed seller the retailer or subjobber does not
produce an itemized invoice from a licensed seller within one hour after being requested
by the commissioner to do so as required under section 297F.13, subdivision 4.

(k) Cigarette packages which have been imported into the United States in violation
of United States Code, title 26, section 5754. All cigarettes held in violation of that section
shall be presumed to have entered the United States after December 31, 1999, in the absence of proof to the contrary.

(i) Cigarettes subject to forfeiture under section 299F.854, subdivision 5, and cigarette packaging and markings, including the cigarettes contained therein, which do not meet the requirements under section 299F.853, paragraph (a).

(m) All cigarettes and tobacco products, including those for which the tax has been paid, offered for sale or held as inventory by a retailer operating without a license required under chapter 461.

EFFECTIVE DATE. This section is effective August 1, 2015.

Sec. 13. Minnesota Statutes 2014, section 461.12, subdivision 8, is amended to read:

Subd. 8. Notice to commissioner. The licensing authority under this section shall, within 30 days of the issuance or renewal of a license, inform provide the commissioner of revenue of, on a form prescribed by the commissioner and completed by the applicant, the licensee's name, address, trade name, Minnesota business identification number, the name of the individual or individuals who will be responsible for purchasing cigarettes or tobacco products for the licensee, and the effective and expiration dates of the license. The commissioner of revenue must also be informed of a license renewal, transfer, cancellation, suspension, or revocation during the license period.

EFFECTIVE DATE. This section is effective for licenses issued, renewed, transferred, canceled, suspended, or revoked after December 31, 2015.

Sec. 14. REPEALER.

Minnesota Statutes 2014, section 297F.185, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2015.
### APPENDIX

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155A.23 DEFINITIONS.
Subd. 6. Licensed practice. "Licensed practice" means (1) the practice of cosmetology in a licensed salon or (2) the practice of an esthetician or cosmetologist employed in the office of a licensed physician in connection with medical care related to esthiology.

197.131 BOARD OF GOVERNORS OF BIG ISLAND VETERANS CAMP.
Subdivision 1. Creation and membership. The board of governors of the Big Island Veterans Camp - Lake Minnetonka supervises and manages the camp. The board consists of eight members. Two members each are appointed by the state level organization of the American Legion, the Disabled American Veterans, the Military Order of the Purple Heart, and the Veterans of Foreign Wars provided that at least two appointees are Vietnam veterans. The commissioner of veterans affairs or the commissioner's designee may attend and participate in an advisory capacity at any of the board meetings. The term of each member of the board is two years or until the appointment and qualification of a successor. The board selects a chair and secretary from its membership who serve terms of one year.

Subd. 2. Vacancies and removal. A member of the board may be removed at any time by the organization appointing that member. Also, by written notice to the appointing organization, the board may remove the member if the member has been absent for three consecutive meetings of the board. To remove a member, the board must notify in writing the appointing organization and the member after the second consecutive missed meeting that the member may be removed if the next meeting is missed. Any vacancy on the board is filled for the remainder of the unexpired term in the same manner as the original appointment.

197.132 POWERS AND DUTIES.
The board of governors of the Big Island Veterans Camp - Lake Minnetonka establishes policies for the proper management of the camp. The board may contract for services needed to operate the camp including the services of a manager, may hire employees, and may make other expenditures for the procurement of materials, services, or equipment necessary for the operation of the camp. Expenditures are made upon the approval of the chair. The board must prepare an annual report detailing a complete report of financial transactions, usage levels, and other activities regarding the management and operation of the camp. Copies of the annual reports must be submitted to each appointing organization and to the commissioner of veterans affairs. The board may accept donations, contributions, gifts, and bequests of real or personal property that may be made for the maintenance or operation of the camp.

The board shall make the camp available to veterans using the following priorities:
(1) qualified disabled veterans and their dependents;
(2) qualified veterans, their dependents, and surviving spouses of qualified veterans who were campers prior to the deed transfer; and
(3) qualified veterans, their dependents, and surviving spouses of qualified veterans.
The camp must be operated as a family camp for the rest and relaxation of veterans and their dependents rather than as a program-oriented camp.
The board must publicize the camp to the greatest extent possible to make the camp's facilities known to Minnesota veterans.
The board is not a state agency. The board shall purchase liability and related insurance sufficient to indemnify the state against all claims arising from the conduct or management of the activities conducted by the board, its agents, or contractors.

240.01 DEFINITIONS.
Subd. 12. Average daily handle. "Average daily handle" means the total amount bet in all pari-mutuel pools at a licensed racetrack during the racing meeting divided by the number of days that horse racing was conducted at the racetrack during the racing meeting.

Subd. 23. Full racing card. "Full racing card" means three or more races that are: (1) part of a horse racing program being conducted at a racetrack; and (2) being simulcast or telecast simulcast at a licensed racetrack.

297F.185 REVOCATION OF SALES AND USE TAX PERMITS.
(a) If a retailer purchases for resale from an unlicensed seller more than 20,000 cigarettes or $500 or more worth of tobacco products, the commissioner may revoke the person's sales and use tax permit as provided in section 270C.722.

(b) The commissioner may revoke a retailer's sales or use permit as provided in section 270C.722 if the retailer, directly or indirectly, purchases for resale cigarettes without the proper stamp affixed.