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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2646**

03/05/2012 Authored by Murphy, E.,  
The bill was read for the first time and referred to the Committee on Health and Human Services Reform

1.1 A bill for an act  
1.2 relating to public health; creating a public health improvement account;  
1.3 modifying provisions of the statewide health improvement program; establishing  
1.4 a program to provide funding for health impact assessments; appropriating  
1.5 money; amending Minnesota Statutes 2010, sections 145.986, subdivisions 1,  
1.6 5; 297F.05, subdivisions 1, 3, 4; Minnesota Statutes 2011 Supplement, section  
1.7 297F.10, subdivision 1; proposing coding for new law in Minnesota Statutes,  
1.8 chapter 145.

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

1.10 Section 1. **TITLE.**

1.11 This act may be cited as the "Minnesota Healthy Communities Act."

1.12 Sec. 2. **PURPOSE.**

1.13 The purpose of the Minnesota Healthy Communities Act is to maximize the health  
1.14 of individuals and communities in Minnesota. The Minnesota Healthy Communities Act  
1.15 is established to accomplish the following:

1.16 (1) improve the health of individuals and communities in Minnesota by empowering  
1.17 individuals to act to improve their physical, mental, and social well-being;

1.18 (2) invest in evidence-based public health initiatives;

1.19 (3) minimize the number of individuals and communities in Minnesota facing  
1.20 known health risk factors; and

1.21 (4) reduce inequities in health among individuals and communities in Minnesota.

1.22 Sec. 3. Minnesota Statutes 2010, section 145.986, subdivision 1, is amended to read:

1.23 Subdivision 1. **Grants to local communities.** (a) Beginning July 1, 2009, the  
1.24 commissioner of health shall award competitive grants to community health boards

2.1 established pursuant to section 145A.09 and tribal governments to convene, coordinate,  
2.2 and implement evidence-based strategies targeted at reducing the percentage of  
2.3 Minnesotans facing known health risk factors, beginning with those who are obese or  
2.4 overweight and to reduce the use of tobacco.

2.5 (b) Grantee activities shall:

2.6 (1) be based on scientific evidence;

2.7 (2) be based on community input;

2.8 (3) address behavior change at the individual, community, and systems levels;

2.9 (4) occur in community, school, worksite, and health care settings; and

2.10 (5) be focused on policy, systems, and environmental changes that support healthy  
2.11 behaviors.

2.12 (c) To receive a grant under this section, community health boards and tribal  
2.13 governments must submit proposals to the commissioner. A local match of ten percent  
2.14 of the total funding allocation is required. This local match may include funds donated  
2.15 by community partners.

2.16 (d) In order to receive a grant, community health boards and tribal governments  
2.17 must submit a health improvement plan to the commissioner of health for approval. The  
2.18 commissioner may require the plan to identify a community leadership team, community  
2.19 partners, and a community action plan that includes an assessment of area strengths and  
2.20 needs, proposed action strategies, technical assistance needs, and a staffing plan.

2.21 (e) The grant recipient must implement the health improvement plan, evaluate the  
2.22 effectiveness of the interventions, and modify or discontinue interventions found to be  
2.23 ineffective.

2.24 (f) By January 15, 2011, the commissioner of health shall recommend whether any  
2.25 funding should be distributed to community health boards and tribal governments based  
2.26 on health disparities demonstrated in the populations served.

2.27 (g) Grant recipients shall report their activities and their progress toward the  
2.28 outcomes established under subdivision 2 to the commissioner in a format and at a time  
2.29 specified by the commissioner.

2.30 (h) All grant recipients shall be held accountable for making progress toward the  
2.31 measurable outcomes established in subdivision 2. The commissioner shall require a  
2.32 corrective action plan and may reduce the funding level of grant recipients that do not  
2.33 make adequate progress toward the measurable outcomes.

2.34 Sec. 4. Minnesota Statutes 2010, section 145.986, subdivision 5, is amended to read:

3.1 Subd. 5. **Report.** The commissioner shall submit a biennial report to the legislature  
 3.2 on the statewide health improvement program funded under this section. These reports  
 3.3 must include information on grant recipients, activities that were conducted using grant  
 3.4 funds, evaluation data, and outcome measures, if available. In addition, the commissioner  
 3.5 shall provide recommendations on future areas of focus for health improvement, including  
 3.6 ways to engage communities in underlying conditions and policies affecting health status.  
 3.7 These reports are due by January 15 of every other year, beginning in 2010. In the  
 3.8 report due on January 15, 2010, the commissioner shall include recommendations on a  
 3.9 sustainable funding source for the statewide health improvement program other than the  
 3.10 health care access fund.

3.11 Sec. 5. **[145.987] PUBLIC HEALTH IMPROVEMENT ACCOUNT.**

3.12 A public health improvement account is created in the general fund. Money in the  
 3.13 account must be used, as appropriated by law, for public health improvement programs.  
 3.14 This account must be credited with revenue received from cigarette taxes pursuant to  
 3.15 section 297F.10.

3.16 Sec. 6. **[145.988] MINNESOTA HEALTHY COMMUNITIES PROGRAM.**

3.17 Subdivision 1. **Establishment.** The commissioner of health must develop and  
 3.18 implement a grant program to provide funding to assessment organizations capable of  
 3.19 conducting health impact assessments of community project or policy proposals.

3.20 Subd. 2. **Technical assistance and oversight.** Through this program, the  
 3.21 commissioner of health must provide:

3.22 (1) technical assistance to community groups that seek to request a grant by  
 3.23 identifying resources and organizations capable of conducting a health impact assessment;

3.24 (2) guidance and training to assessment organizations that are selected to conduct  
 3.25 health impact assessments of particular community project or policy proposals; and

3.26 (3) guidance to local governmental bodies in interpreting and implementing the  
 3.27 findings of a health impact assessment to increase understanding of the interaction  
 3.28 between the community project or policy proposal and health policy.

3.29 Subd. 3. **Review of grant requests.** The commissioner of health must:

3.30 (1) establish and implement a mechanism for processing health impact assessment  
 3.31 grant requests from community groups;

3.32 (2) review health impact assessment grant requests and determine whether to award  
 3.33 a grant within two weeks of receiving the request; and

4.1 (3) if it is determined that a community group and its selected assessment  
4.2 organization is to receive a health impact assessment grant, provide the grant funding to  
4.3 the selected assessment organization within two weeks of that determination.

4.4 Subd. 4. **Health impact assessment grant requests.** (a) A community group  
4.5 may request from the commissioner of health that a grant be given to an assessment  
4.6 organization to conduct a health impact assessment of a particular community project or  
4.7 policy proposal that is being considered by a local governmental body.

4.8 (b) Grant requests must be submitted in the manner determined by the commissioner  
4.9 of health. Grant requests must include:

4.10 (1) the name of the assessment organization that the community group has selected  
4.11 to conduct the health impact assessment;

4.12 (2) the community group's health impact goals, health concerns related to the  
4.13 proposed community project or policy, and known advocates or proponents of the  
4.14 proposed community project or policy; and

4.15 (3) evidence of agreement that a local governmental body considering the proposed  
4.16 community project or policy for which the assessment will be conducted will consider the  
4.17 results of the assessment prior to making a final decision on the proposed project or policy.

4.18 (c) The commissioner of health may maintain a list of capable assessment  
4.19 organizations from which a community group may choose. A grant shall not be awarded  
4.20 unless the community group specifies in its grant request an assessment organization  
4.21 willing to conduct the assessment.

4.22 Subd. 5. **Health impact assessments.** A final report of each health impact  
4.23 assessment conducted under this program must be submitted to the commissioner of  
4.24 health. A health impact assessment report submitted under this subdivision must include,  
4.25 but is not limited to:

4.26 (1) a summary of community involvement, the involvement of a local governmental  
4.27 body, and the procedures used in conducting the health impact assessment;

4.28 (2) a summary of the proposed community project or policy and the health concerns  
4.29 that it raises;

4.30 (3) the assessment methods used;

4.31 (4) the final health impact findings and recommendations to local governmental  
4.32 bodies considering the proposed community project or policy;

4.33 (5) all public comments submitted to the assessment organization as part of the  
4.34 assessment process; and

4.35 (6) all parties and resources involved in conducting the health impact assessment.

5.1 Subd. 6. **Definitions.** For the purposes of this section, the following terms have  
 5.2 the meanings given.

5.3 (a) "Assessment organization" means a research organization, academic institution,  
 5.4 or local public health agency that conducts a health impact assessment. Assessment  
 5.5 organizations must have the capacity, technical skills, and knowledge to conduct a health  
 5.6 impact assessment.

5.7 (b) "Community group" means a state or locally based organization that represents  
 5.8 or consists of community members who are likely to be impacted by the potential health  
 5.9 effects of a proposed community project or policy. Community group includes nonprofit  
 5.10 organizations, but does not include governmental entities.

5.11 (c) "Health impact assessment" means a method by which a community project or  
 5.12 policy may be judged as to its effects on the health of a population and the distribution of  
 5.13 those effects within the population.

5.14 (d) "Local governmental body" means counties, home rule charter and statutory  
 5.15 cities, towns, townships, school districts, the Metropolitan Council, and any component  
 5.16 or entity within these governmental bodies including but not limited to a housing and  
 5.17 redevelopment authority, economic authority, port authority, and community development  
 5.18 authority.

5.19 Sec. 7. Minnesota Statutes 2010, section 297F.05, subdivision 1, is amended to read:

5.20 Subdivision 1. **Rates; cigarettes.** A tax is imposed upon the sale of cigarettes in  
 5.21 this state, upon having cigarettes in possession in this state with intent to sell, upon any  
 5.22 person engaged in business as a distributor, and upon the use or storage by consumers, at  
 5.23 the following rates:

5.24 (1) on cigarettes weighing not more than three pounds per thousand, ~~24~~ 88.5 mills  
 5.25 on each such cigarette; and

5.26 (2) on cigarettes weighing more than three pounds per thousand, ~~48~~ 177 mills on  
 5.27 each such cigarette.

5.28 **EFFECTIVE DATE.** This section is effective July 1, 2012.

5.29 Sec. 8. Minnesota Statutes 2010, section 297F.05, subdivision 3, is amended to read:

5.30 Subd. 3. **Rates; tobacco products.** A tax is imposed upon all tobacco products  
 5.31 in this state and upon any person engaged in business as a distributor, at the rate of ~~35~~  
 5.32 47.5 percent of the wholesale sales price of the tobacco products. The tax is imposed at  
 5.33 the time the distributor:

6.1 (1) brings, or causes to be brought, into this state from outside the state tobacco  
6.2 products for sale;

6.3 (2) makes, manufactures, or fabricates tobacco products in this state for sale in  
6.4 this state; or

6.5 (3) ships or transports tobacco products to retailers in this state, to be sold by those  
6.6 retailers.

6.7 **EFFECTIVE DATE.** This section is effective July 1, 2012.

6.8 Sec. 9. Minnesota Statutes 2010, section 297F.05, subdivision 4, is amended to read:

6.9 Subd. 4. **Use tax; tobacco products.** A tax is imposed upon the use or storage by  
6.10 consumers of tobacco products in this state, and upon such consumers, at the rate of ~~35~~  
6.11 47.5 percent of the cost to the consumer of the tobacco products.

6.12 **EFFECTIVE DATE.** This section is effective July 1, 2012.

6.13 Sec. 10. Minnesota Statutes 2011 Supplement, section 297F.10, subdivision 1, is  
6.14 amended to read:

6.15 Subdivision 1. **Tax and use tax on cigarettes.** Revenue received from cigarette  
6.16 taxes, as well as related penalties, interest, license fees, and miscellaneous sources of  
6.17 revenue shall be deposited by the commissioner in the state treasury and credited as  
6.18 follows:

6.19 (1) \$22,220,000 for fiscal year 2006 and \$22,250,000 for fiscal year 2007 and each  
6.20 year thereafter must be credited to the Academic Health Center special revenue fund  
6.21 hereby created and is annually appropriated to the Board of Regents at the University of  
6.22 Minnesota for Academic Health Center funding at the University of Minnesota; and

6.23 (2) \$8,550,000 for fiscal years 2007 through fiscal year 2011 and \$3,937,000 each  
6.24 year thereafter must be credited to the medical education and research costs account hereby  
6.25 created in the special revenue fund and is annually appropriated to the commissioner of  
6.26 health for distribution under section 62J.692, subdivision 4; ~~and~~

6.27 (3) \$42,000,000 for fiscal year 2013 and each year thereafter must be credited to the  
6.28 public health improvement account, established in section 145.987; and

6.29 ~~(3)~~ (4) the balance of the revenues derived from taxes, penalties, and interest (under  
6.30 this chapter) and from license fees and miscellaneous sources of revenue shall be credited  
6.31 to the general fund.

6.32 Sec. 11. **FLOOR STOCKS TAXES.**

7.1 Subdivision 1. **Cigarettes.** (a) A floor stocks tax is imposed on every person  
7.2 engaged in business in this state as a distributor, retailer, subjobber, vendor, manufacturer,  
7.3 or manufacturer's representative of cigarettes, on the stamped cigarettes and unaffixed  
7.4 stamps in the person's possession or under the person's control at 12:01 a.m. on July 1,  
7.5 2012. The tax is imposed at the following rates:

7.6 (1) on cigarettes weighing not more than three pounds per thousand, 64.5 mills on  
7.7 each cigarette; and

7.8 (2) on cigarettes weighing more than three pounds per thousand, 129 mills on each  
7.9 cigarette.

7.10 (b) Each distributor, on or before July 8, 2012, shall file a return with the  
7.11 commissioner of revenue, in the form the commissioner prescribes, showing the stamped  
7.12 cigarettes and unaffixed stamps on hand at 12:01 a.m. on July 1, 2012, and the amount  
7.13 of tax due on the cigarettes and unaffixed stamps. The tax imposed by this section is  
7.14 due and payable by August 1, 2012, and after that date bears interest at the rate of one  
7.15 percent per month.

7.16 (c) Each retailer, subjobber, vendor, manufacturer, or manufacturer's representative,  
7.17 on or before July 8, 2012, shall file a return with the commissioner in the form the  
7.18 commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 2012,  
7.19 and the amount of tax due on the cigarettes. The tax imposed by this section is due and  
7.20 payable by August 1, 2012, and after that date bears interest at the rate of one percent  
7.21 per month.

7.22 Subd. 2. **Tobacco products.** (a) A floor stocks tax is imposed on every person  
7.23 engaged in business in this state as a distributor, retailer, subjobber, vendor, manufacturer,  
7.24 or manufacturer's representative of tobacco products, on the tobacco products in the  
7.25 person's possession or under the person's control at 12:01 a.m. on July 1, 2012. The tax is  
7.26 imposed at the rate of 12.5 percent of the wholesale sales price of the tobacco products.

7.27 (b) On or before July 8, 2012, each distributor, retailer, subjobber, vendor,  
7.28 manufacturer, or manufacturer's representative shall file a return with the commissioner of  
7.29 revenue, in the form the commissioner prescribes, showing the tobacco products on hand  
7.30 at 12:01 a.m. on July 1, 2012, and the amount of tax due on the tobacco products. The tax  
7.31 imposed by this section is due and payable by August 1, 2012, and after that date bears  
7.32 interest at the rate of one percent per month.

7.33 Subd. 3. **Audit and enforcement.** The taxes imposed by this section are subject  
7.34 to the audit, assessment, and collection provisions applicable to the taxes imposed under  
7.35 Minnesota Statutes, chapter 297F. The commissioner may require a distributor to receive

8.1 and maintain copies of floor stocks tax returns filed by all persons requesting a credit for  
8.2 returned cigarettes.

8.3 Subd. 4. **Deposit of proceeds.** The revenue from the taxes imposed under this  
8.4 section must be deposited by the commissioner in the state treasury and credited as  
8.5 provided in Minnesota Statutes, section 297F.10.

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

8.7 Sec. 12. **APPROPRIATIONS.**

8.8 (a) \$41,500,000 is appropriated in fiscal year 2013 from the public health  
8.9 improvement account to the commissioner of health for the statewide health improvement  
8.10 program established under Minnesota Statutes, section 145.986.

8.11 (b) \$500,000 is appropriated in fiscal year 2013 from the public health improvement  
8.12 account to the commissioner of health for the Minnesota healthy communities program,  
8.13 established under Minnesota Statutes, section 145.988.