SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2227

(SENATE AUTHORS: KIFFMEYER, Howe and Koran)

DATE	D-PG	OFFICIAL STATUS
03/11/2019	759	Introduction and first reading
		Referred to State Government Finance and Policy and Elections
03/26/2019	1337	Author added Howe
03/27/2019	1396	Author added Koran
04/10/2019	2303a	Comm report: To pass as amended and re-refer to Finance
04/23/2019	3166a	Comm report: To pass as amended
	3174	Second reading
04/25/2019	3326a	Special Order: Amended
	3334	Third reading Passed
04/30/2019	4121	Returned from House with amendment
	4122	Senate not concur, conference committee of 5 requested

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, and retirement funds; changing provisions in state government operations; establishing commissions and task forces; repealing state aid to PERA General for MERF; establishing observances for veterans and allies; requiring reports; amending Minnesota Statutes 2018, sections 3.855, subdivision 2, by adding a subdivision; 3.97, subdivision 3a; 3.971, subdivision 9; 6.481, subdivisions 1, 3; 13.599, by adding a subdivision; 15A.083, subdivision 6a; 16A.103, subdivision 1a; 16A.11, subdivision 3; 16E.01, subdivision 1a; 16E.016; 16E.03, subdivisions 1, 2, by adding subdivisions; 16E.035; 16E.0466, subdivision 1; 16E.05, subdivision 3; 16E.14, subdivision 3; 16E.18, subdivision 6; 43A.01, by adding a subdivision; 43A.15, subdivision 14; 43A.191, subdivisions 2, 3; 179A.20, by adding a subdivision; 196.05, subdivision 1; 240.01, by adding a subdivision; 240.02, subdivisions 2, 6; 240.08, subdivision 5; 240.10; 240.12; 240.13, subdivision 5; 240.131, subdivision 7; 240.135; 240.16, subdivisions 1, 2; 240.18, subdivisions 2, 3; 240.22; 240.27; 240A.09; 326A.01, subdivision 2; 326A.04, subdivisions 4, 5; 326A.08, subdivisions 4, 5, by adding a subdivision; 326A.10; 349.12, subdivision 2; 349.17, subdivision 6; 349.181, subdivision 5; 349.19, subdivisions 1, 2; 353.27, subdivision 3c; 645.071; Laws 2016, chapter 189, article 13, section 64; Laws 2018, chapter 100, section 1; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 10; 14; 15; 16A; 16E; 326A; repealing Minnesota Statutes 2018, sections 3.9735; 353.505.

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 "2020" and "2021" used in this article mean that the appropriations listed under

them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

	APPROPRIATIONS Available for the Year Ending June 30	
	2020	**2021**
Sec. 2. **LEGISLATURE**		
Subdivision 1. **Total Appropriation**	**$ 85,318,000**	**$ 85,898,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Senate**	35,260,000	35,260,000
Subd. 3. **House of Representatives**	32,383,000	32,383,000
Subd. 4. **Legislative Coordinating Commission**	17,675,000	18,255,000

Appropriations provided by this subdivision may be used for designated staff to support the following offices and commissions: Office of the Legislative Auditor; Office of the Revisor of Statutes; Legislative Reference Library; Geographic Information Services; Legislative Budget Office; Legislative-Citizen Commission on Minnesota Resources; Legislative Commission on Pensions and Retirement; Legislative Water Commission; Mississippi River Parkway Commission; Legislative Energy Commission; and the Lessard-Sams Outdoor Heritage Council. The operation of all other joint offices and commissions must be supported by the central administrative staff of the Legislative Coordinating Commission. This appropriation may additionally be used for central administrative staff to support the work of the

Economic Status of Women Advisory Committee.

The base for the Legislative Coordinating Commission is $18,291,000 in fiscal year 2022 and $18,326,000 in fiscal year 2023.

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.

From its funds, $904,000 the first year and $1,483,000 the second year are for the Legislative Budget Office. The base for the Legislative Budget Office is $1,519,000 in fiscal year 2022 and $1,554,000 in fiscal year 2023.

Legislative Auditor. $6,564,000 the first year and $6,564,000 the second year are for the Office of the Legislative Auditor.

Revisor of Statutes. $6,175,000 the first year and $6,176,000 the second year are for the Office of the Revisor of Statutes.

Legislative Reference Library. $1,445,000 the first year and $1,445,000 the second year are for the Legislative Reference Library.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR**	**$**	**3,622,000**	**$**	**3,622,000**

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) $19,000 the first year and $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 legislative committees with jurisdiction over state government finance 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** **$ 9,573,000 $ 9,573,000**

Sec. 5. **ATTORNEY GENERAL** **$ 24,035,000 $ 24,434,000**

Appropriations by Fund

	2020	2021
General	21,230,000	21,629,000
State Government Special Revenue	2,410,000	2,410,000
Environmental	145,000	145,000
Remediation	250,000	250,000

$1,252,000 in fiscal year 2020 and $1,651,000 in fiscal year 2021 are to provide legal services to rural county attorneys.

Sec. 6. **SECRETARY OF STATE** **$ 19,321,000 $ 6,321,000**

Of these amounts, $13,000,000 the first year is for election equipment grants under Minnesota Statutes, section 206.95. This is a onetime appropriation and is available until June 30, 2022.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD** **$ 1,048,000 $ 1,048,000**

Sec. 8. **STATE BOARD OF INVESTMENT** **$ 139,000 $ 139,000**

Sec. 9. **ADMINISTRATIVE HEARINGS** **$ 8,231,000 $ 8,231,000**

Appropriations by Fund

	2020	2021
General	400,000	400,000
Workers' Compensation	7,831,000	7,831,000

$263,000 the first year and $263,000 the second year are for municipal boundary adjustments.

Sec. 10. **OFFICE OF MN.IT SERVICES** **$ 15,329,000 $ 10,526,000**

(a) The base for this appropriation in fiscal year 2022 and later is $9,026,000.

(b) $12,650,000 the first year and $7,847,000 the second year are for enhancements to cybersecurity across state government. The base for this appropriation in fiscal years 2022 and 2023 is $7,347,000 each year.

(c) The commissioner of management and budget is authorized to provide cash flow assistance of up to $50,000,000 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. These funds shall be repaid with interest by the end of the fiscal year 2021 closing period.

(d) During the biennium ending June 30, 2021, 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**	**$ 23,703,000**	**$ 23,703,000**

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

Subd. 2. **Government and Citizen Services**	8,781,000	8,781,000

$222,000 the first year and $222,000 the second year are for the Council on Developmental Disabilities.

Subd. 3. **Strategic Management Services**	2,587,000	2,587,000
Subd. 4. **Fiscal Agent**	12,335,000	12,335,000

The appropriations under this section are to the commissioner of administration for the purposes specified.

In-Lieu of Rent. $9,391,000 the first year and $9,391,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

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

(b) $250,000 the first year and $250,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13.

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

Public Radio. (a) $492,000 the first year and $492,000 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.

(b) $142,000 the first year and $142,000 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.

(c) $510,000 the first year and $510,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(d) The appropriations in paragraphs (a) to (c) may not be used for indirect costs claimed by an institution or governing body.

(e) The commissioner of administration must consider the recommendations of the Association of Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (a) and (b). No grantee is eligible for a grant unless they are a member of the Association of Minnesota

Public Educational Radio Stations on or before July 1, 2017.

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

Sec. 12. **CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**	**$**	**351,000**	**$**	**351,000**
Sec. 13. **MINNESOTA MANAGEMENT AND BUDGET**	**$**	**22,009,000**	**$**	**22,368,000**

(a) None of this appropriation may be used for enterprise communication and planning activities.

(b) Of these funds, $141,000 the first year is to pay to Becker County and to Wright County the amount each county demonstrates to the commissioner of management and budget that it spent on legal fees, including costs and disbursements, to defend the lawsuit brought by former state auditor, Rebecca Otto, against Wright, Becker, and Ramsey Counties, Otto v. Wright County, Becker County, and Ramsey County, Minnesota District Court, Second Judicial District, Court File No. 62-CV-16-606, and all appeals from that suit.

Sec. 14. **REVENUE**

Subdivision 1. **Total Appropriation**	**$**	**148,721,000**	**$**	**148,721,000**

Appropriations by Fund

	2020	2021
General	145,461,000	145,461,000
Health Care Access	760,000	760,000
Highway User Tax Distribution	2,195,000	2,195,000
Environmental	305,000	305,000

Subd. 2. **Tax System Management**	122,582,000	122,582,000

Appropriations by Fund		
General	119,322,000	119,322,000
Health Care Access	760,000	760,000
Highway User Tax Distribution	2,195,000	2,195,000
Environmental	305,000	305,000

Appropriation; Taxpayer Assistance. (a) $400,000 each year is for the commissioner of revenue to make 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 section, "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 and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

Subd. 3. **Debt Collection Management**		26,139,000		26,139,000
Sec. 15. **GAMBLING CONTROL**	**$**	**3,472,000**	**$**	**3,472,000**

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

Sec. 16. **RACING COMMISSION**	**$**	**913,000**	**$**	**913,000**

These appropriations are from the racing and card playing regulation accounts in the special revenue fund.

Sec. 17. **STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the State Lottery's operating budget must not exceed $35,000,000 in fiscal year 2020 and $36,500,000 in fiscal year 2021.

Sec. 18. **AMATEUR SPORTS COMMISSION**	**$**	**2,306,000**	**$**	**2,306,000**

$2,000,000 each year is to make grants under Minnesota Statutes, section 240A.09, paragraph (b).

Sec. 19. **COUNCIL FOR MINNESOTANS OF AFRICAN HERITAGE**	**$**	**407,000**	**$**	**407,000**
Sec. 20. **COUNCIL ON LATINO AFFAIRS**	**$**	**495,000**	**$**	**495,000**
Sec. 21. **COUNCIL ON ASIAN-PACIFIC MINNESOTANS**	**$**	**465,000**	**$**	**465,000**
Sec. 22. **INDIAN AFFAIRS COUNCIL**	**$**	**586,000**	**$**	**586,000**
Sec. 23. **MINNESOTA HISTORICAL SOCIETY**				
Subdivision 1. **Total Appropriation**	**$**	**19,129,000**	**$**	**19,129,000**

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

Subd. 2. **Operations and Programs**	18,497,000	18,497,000

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 Air National Guard Museum	17,000	17,000
(b) Hockey Hall of Fame	100,000	100,000
(c) Farmamerica	115,000	115,000

(d) Minnesota Military Museum		400,000		400,000

$350,000 each year is to:

(1) expand collections network, library and museum interpretation, and existing school and community-based programming related to Minnesota military history;

(2) create and conduct a statewide story-sharing program to honor the distinct service of post 9/11 veterans in anticipation of the 2021 anniversary; and

(3) care for, catalog, and display the recently acquired collection of the personal and professional effects belonging to General John W. Vessey, Minnesota's most decorated veteran.

Balances Forward. Any unencumbered balance of an appropriation in this subdivision remaining at the end of the first year does not cancel but is available in the second year.

Sec. 24. **BOARD OF THE ARTS**

Subdivision 1. **Total Appropriation**	**$**	**7,541,000**	**$**	**7,541,000**

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

Subd. 2. **Operations and Services**		602,000		602,000
Subd. 3. **Grants Program**		4,800,000		4,800,000
Subd. 4. **Regional Arts Councils**		2,139,000		2,139,000

Any unencumbered balance of an appropriation in this subdivision remaining at the end of the first year does not cancel but is available in the second year.

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**	**$**	**988,000**	**$**	**988,000**

$650,000 each year is for the Healthy Eating, Here at Home program under Minnesota Statutes, section 138.912. No more than three percent of the appropriation may be used for the nonprofit administration of this program.

Sec. 26. **BOARD OF ACCOUNTANCY**	**$**	**643,000**	**$**	**643,000**
Sec. 27. **BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN**	**$**	**806,000**	**$**	**806,000**
Sec. 28. **BOARD OF COSMETOLOGIST EXAMINERS**	**$**	**2,514,000**	**$**	**2,514,000**
Sec. 29. **BOARD OF BARBER EXAMINERS**	**$**	**343,000**	**$**	**343,000**
Sec. 30. **GENERAL CONTINGENT ACCOUNTS**	**$**	**1,000,000**	**$**	**500,000**

Appropriations by Fund

	2020	2021
General	500,000	-0-
State Government Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

(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**	**$**	**161,000**	**$**	**161,000**

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**	**$**	**15,111,000**	**$**	**15,151,000**

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

Subd. 2. **Combined Legislators and Constitutional Officers Retirement Plan**	9,111,000	9,151,000

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.

Subd. 3. **Judges Retirement Plan**	6,000,000	6,000,000

For transfer to the judges retirement fund under Minnesota Statutes, section 490.123. This transfer continues each fiscal year until the judges retirement plan reaches 100 percent funding as determined by an actuarial

valuation prepared according to Minnesota Statutes, section 356.214.

Sec. 33. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**	**$**	**4,500,000**	**$**	**9,000,000**

These amounts are for direct state aid to the public employees police and fire retirement plan authorized under Minnesota Statutes, section 353.65, subdivision 3b.

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 each year is for special direct state aid authorized under Minnesota Statutes, section 354.436.

Special Direct State Matching Aid. $2,500,000 each year is for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

Sec. 35. **ST. PAUL TEACHERS RETIREMENT FUND**	**$**	**14,827,000**	**$**	**14,827,000**

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**	**$**	**24,247,000**	**$**	**24,197,000**

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

Subd. 2. **Maintenance of Training Facilities**	9,701,000	9,701,000
Subd. 3. **General Support**	3,382,000	3,382,000

$258,000 each year is for reintegration activities. If the amount for fiscal year 2020 is insufficient, the amount for 2021 is available in fiscal year 2020. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

Subd. 4. **Enlistment Incentives**	11,114,000	11,114,000

The appropriations in this subdivision are available until June 30, 2023, except that any unspent amounts allocated to a program otherwise supported by this appropriation are canceled to the general fund upon receipt of federal funds in the same amount to support administration of that program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available.

Subd. 5. **Transfer**	50,000	-0-

$50,000 in fiscal year 2020 is for transfer to the Support Our Troops account for grants to one or more eligible foundations for the purpose of making grants to eligible individuals as specified under Minnesota Statutes, section 190.19, subdivision 2, paragraph (a), clause (2). The amount transferred is available until June 30, 2021.

Sec. 37. **VETERANS AFFAIRS**

Subdivision 1. **Total Appropriation**	**$ 76,723,000**	**$ 75,423,000**

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

Subd. 2. **Veterans Programs and Services**	18,912,000	17,662,000

(a) CORE Program. $1,500,000 in fiscal year 2020 and $500,000 in fiscal year 2021 are for the Counseling and Case Management Outreach Referral and Education (CORE) program.

(b) 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.

(c) 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.

(d) State's Veterans Cemeteries. $1,647,000 in the first year and $1,672,000 in the second year are for the state's veterans cemeteries.

(e) Honor Guards. $200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231.

(f) 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.

(g) Gold Star Program. $100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans.

(h) 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.

(i) Armed Forces Service Center. $100,000 in the first year is for a onetime grant to the Armed Forces Service Center at the Minneapolis-St. Paul Airport for construction costs related to the remodeling of the Armed Forces Service Center and for refurbishing the center's furniture and beds used by service members between connecting flights and while awaiting ground transportation when traveling individually or by unit to and from military duty assignments.

As a condition of issuing this grant, the commissioner must ensure that the center provides matching funding for this purpose. The commissioner must also ensure that no part of this grant may be spent for salary or related benefits for any person or for the operations of the center.

(j) Medal of Honor Memorial. $150,000 in the second year is for deposit in the Medal of Honor Memorial account established under Laws 2016, chapter 189, article 13, section 64, subdivision 2. The commissioner shall use the amount transferred under this section to construct the Medal of Honor Commemorative Memorial. This transfer is not available until the commissioner of management and budget determines that an equal amount is committed from other nonstate sources. This is a onetime appropriation.

Subd. 3. **Veterans Health Care**	57,761,000	57,761,000

(a) Transfers. These appropriations 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 commissioner of veterans affairs for the operation of veterans homes facilities and programs.

(b) Report. No later than January 15, 2020, the commissioner must submit a report to the legislative committees with jurisdiction over veterans affairs and state government finance on reserve amounts maintained in the veterans homes special revenue account. The report

must detail current and historical amounts maintained as a reserve, and uses of those amounts. The report must also include data on the utilization of existing veterans homes, including current and historical bed capacity and usage, staffing levels and staff vacancy rates, and staff-to-resident ratios.

(c) Maximize Federal Reimbursements. The department shall seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and 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.

Subd. 4. **Transfer**	50,000	-0-

$50,000 in fiscal year 2020 is for transfer to the Support Our Troops account for providing services and programs for veterans and their families as specified in Minnesota Statutes, section 190.19, subdivision 2a, paragraph (a), clause (3), and for the agency's uncompensated burial costs for eligible dependents to whom the commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant to Minnesota Statutes, section 197.236, subdivision 9, paragraph (b), as specified in Minnesota Statutes, section 190.19, subdivision 2a, paragraph (a), clause (7). The amount transferred is available until June 30, 2021.

Sec. 38. Laws 2018, chapter 100, section 1, is amended to read:

Section 1. **SENATE; APPROPRIATION.**

$32,299,000 in fiscal year 2018 and ~~$32,105,000~~ $37,105,000 in fiscal year 2019 are appropriated from the general fund to the senate.

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

Sec. 39. **APPROPRIATION; REDUCTION FOR UNFILLED POSITIONS.**

The commissioner of management and budget must reduce general fund appropriations to agencies for agency operations for the biennium ending June 30, 2021, by $468,000 as required under article 2, section 26. Reductions made in 2021 must be reflected as reductions in agency base budgets for fiscal years 2022 and 2023. For purposes of this section, "agency" has the meaning given in Minnesota Statutes, section 16A.011, subdivision 2, and does not include the Minnesota State Colleges and Universities. The commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means Committee regarding the amount of reductions made to each agency's appropriation and base budget under this section.

Sec. 40. **CANCELLATIONS.**

(a) All unspent funds, estimated to be $7,290,000, carried forward from a previous biennium by the house of representatives under Minnesota Statutes, section 16A.281, are canceled to the general fund by June 1, 2019.

(b) All unencumbered funds, estimated to be $7,343,000, in the information and telecommunications technology systems and services account established under Minnesota Statutes, section 16E.21, are canceled to the general fund by June 1, 2019.

(c) All unspent funds, estimated to be $350,000, to provide grants to the veterans Journey Home program in fiscal year 2019 under Laws 2017, First Special Session chapter 4, article 1, section 38, subdivision 2, are canceled to the general fund by June 29, 2019.

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

ARTICLE 2
STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2018, section 3.855, subdivision 2, is amended to read:

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

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

(c) When the legislature is not in session, the commission may give interim approval to a negotiated collective bargaining agreement, salary, compensation plan, or arbitration award. ~~When the legislature is not in session, failure of the commission to disapprove a collective bargaining agreement or arbitration award within 30 days constitutes approval.~~ The commission shall submit the negotiated collective bargaining agreements, salaries, compensation plans, or arbitration awards for which it has provided approval to the entire legislature for ratification at a special legislative session called to consider them or at its next regular legislative session as provided in this section. Approval or disapproval by the commission is not binding on the legislature.

(d) When the legislature is not in session, the proposed collective bargaining agreement, arbitration decision, salary, or compensation plan must be implemented upon its approval by the commission, and state employees covered by the proposed agreement or arbitration decision do not have the right to strike while the interim approval is in effect. Wages and economic fringe benefit increases provided for in the agreement or arbitration decision paid

in accordance with the interim approval by the commission are not affected, but the wages or benefit increases must cease to be paid or provided effective upon the rejection of the agreement, arbitration decision, salary, or compensation plan, or upon adjournment of the legislature without acting on it.

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

Sec. 2. Minnesota Statutes 2018, section 3.855, is amended by adding a subdivision to read:

Subd. 5. **Information required.** The commissioner of management and budget must submit to the Legislative Coordinating Commission the following information with the submission of a collective bargaining agreement or compensation plan under subdivisions 2 and 3:

(1) for each agency and for each proposed agreement or plan, a comparison of biennial compensation costs under the current agreement or plan to the projected biennial compensation costs under the proposed agreement or plan, paid with funds appropriated from the general fund;

(2) for each agency and for each proposed agreement or plan, a comparison of biennial compensation costs under the current agreement or plan to the projected biennial compensation costs under the proposed agreement or plan, paid with funds appropriated from each fund other than the general fund;

(3) for each agency and for each proposed agreement or plan, an identification of the amount of the additional biennial compensation costs that are attributable to salary and wages and to the cost of nonsalary and nonwage benefits; and

(4) for each agency, for clauses (1) to (3), the impact of the aggregate of all agreements and plans being submitted to the commission.

Sec. 3. **[3.8845] LEGISLATIVE COMMISSION ON HOUSING AFFORDABILITY.**

Subdivision 1. **Membership.** (a) The Legislative Commission on Housing Affordability consists of:

(1) two senators appointed by the senate majority leader;

(2) two senators appointed by the senate minority leader;

(3) two representatives appointed by the speaker of the house; and

(4) two representatives appointed by the minority leader of the house of representatives.

(b) Each appointing authority must make appointments by January 31 of the regular legislative session in the odd-numbered year.

Subd. 2. **Meetings.** The ranking senator from the majority party appointed to the commission must convene the first meeting of a biennium by February 15 in the odd-numbered year.

Subd. 3. **Terms; vacancies.** Members of the commission serve for terms beginning upon appointment and ending at the beginning of the regular legislative session in the next odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of a current legislator for the remainder of the unexpired term.

Subd. 4. **Officers.** The commission must elect a chair and may elect other officers as it determines are necessary at the first meeting of the commission in an odd-numbered year. The chair alternates between a member of the senate and a member of the house of representatives at the start of the regular legislative session in each odd-numbered year.

Subd. 5. **Staff.** The Legislative Coordinating Commission must provide administrative and research assistance to the commission.

Subd. 6. **Duties.** The commission shall:

(1) define housing affordability and study issues relating to housing affordability and the construction, preservation, and rehabilitation of owner-occupied and rental housing, including subsidized housing, existing and future government regulations impacting housing affordability, market forces impacting housing affordability, and access to homeownership;

(2) review and provide the legislature with research and analysis of emerging issues affecting housing affordability and homeownership access, including but not limited to construction work force, innovation, building practices, and building material costs;

(3) review and provide the legislature with research and analysis of policies to reduce the homeownership equity gap; and

(4) review and make recommendations on legislative and rulemaking proposals positively impacting personal housing affordability, access to homeownership, and other related barriers to homeownership, especially with regard to first-time homebuyers and economically disadvantaged buyers and renters.

Subd. 7. **Expiration.** This section expires June 30, 2023.

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

Sec. 4. Minnesota Statutes 2018, section 3.97, subdivision 3a, is amended to read:

Subd. 3a. **Evaluation topics.** ~~(a)~~ The commission shall periodically select topics for the legislative auditor to evaluate. Topics may include any agency, program, or activity established by law to achieve a state purpose, or any topic that affects the operation of state government~~, but~~. The commission shall give primary consideration to topics that are likely, upon examination, to produce recommendations for cost savings, increased productivity, or the elimination of duplication among public agencies. The commission shall also give consideration to programs and statutory provisions that authorize grants, tax incentives, and other inducements for economic development. Legislators and legislative committees may suggest topics for evaluation, but the legislative auditor shall only conduct evaluations approved by the commission.

~~(b) The commission is requested to direct the auditor, in response to a suggestion from an individual legislator of an evaluation topic, to estimate the scope of the proposed evaluation and the time required to complete it. The estimate must be reported to the legislator who submitted the suggestion and to the commission. The commission must determine within 60 days of receiving the estimate whether to proceed with the suggested evaluation and must convey its decision to the legislator along with the reasons for its decision.~~

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

Sec. 5. Minnesota Statutes 2018, section 3.971, subdivision 9, is amended to read:

Subd. 9. **Obligation to notify the legislative auditor.** The chief executive, financial, or information officers of an organization subject to audit under this section must promptly notify the legislative auditor when the officer obtains information indicating that public money or other public resources may have been used for an unlawful purpose, or when the officer obtains information indicating that government data classified by chapter 13 as not public may have been accessed ~~or used unlawfully~~ by or provided to a person without lawful authorization. As necessary, the legislative auditor shall coordinate an investigation of the allegation with appropriate law enforcement officials.

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

Sec. 6. **[5.50] EXECUTIVE ORDER LIST SERVE.**

The secretary of state shall maintain a list of e-mail addresses of people who have requested to be notified when an executive order is filed with the secretary of state. The

secretary of state shall notify people on the list by e-mail within seven days of the filing of an executive order.

Sec. 7. Minnesota Statutes 2018, section 6.481, subdivision 1, is amended to read:

Subdivision 1. **Powers and duties.** (a) All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. The state auditor may visit, without previous notice, each county and examine all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices.

(b) As used in this section, "county" includes a special district consisting exclusively of counties operating under a joint powers agreement under section 471.59.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to audits and examinations covering fiscal year 2018 and thereafter.

Sec. 8. Minnesota Statutes 2018, section 6.481, subdivision 3, is amended to read:

Subd. 3. **CPA firm audit.** (a) A county audit performed by a CPA firm must meet the standards and be in a form meeting recognized industry auditing standards. The state auditor may require additional information from the CPA firm if the state auditor determines that is in the public interest, but the state auditor must accept the audit unless the state auditor determines the audit or its form does not meet recognized industry auditing standards. The state auditor may make additional examinations as the auditor determines to be in the public interest.

(b) When the state auditor requires additional information from the CPA firm or makes additional examinations that the state auditor determines to be in the public interest, the state auditor must afford counties and CPA firms an opportunity to respond to potential findings, conclusions, or questions as follows:

(1) at least 30 days before beginning a review for work performed by a certified public accountant firm licensed in chapter 326A, the state auditor must notify the county and CPA firm that the state auditor will be conducting a review and must identify the type or scope of review the state auditor will perform;

(2) throughout the state auditor's review, the auditor shall allow the county and the CPA firm at least 30 days to respond to any request by the auditor for documents or other information;

(3) at least 30 days before issuing a final report, the state auditor must provide the CPA firm with a draft report of the state auditor's findings;

(4) at least 20 days before issuing a final report, the state auditor must hold a formal exit conference with the CPA firm to discuss the findings in the state auditor's draft report;

(5) the state auditor shall make changes to the draft report if the state auditor determines changes are warranted as a result of information provided by the CPA firm during the state auditor's review; and

(6) the state auditor's final report must include any written responses provided by the CPA firm.

Sec. 9. **[10.584] MATERNAL MENTAL HEALTH AWARENESS MONTH.**

The month of May is designated as Maternal Mental Health Awareness Month in recognition of the state's desire to recognize the prevalence of pregnancy and postpartum mental health issues and educate the people of the state about identifying symptoms and seeking treatment options. Up to one-third of mothers report having symptoms of pregnancy and postpartum mood and anxiety disorders each year. Many more cases go unreported due to misunderstanding. Pregnancy and postpartum mood disorders are widespread but treatable illnesses. Left untreated, pregnancy and postpartum mood and anxiety disorders can lead to negative effects on birth outcomes, infant development, and the well-being of mothers and families. The state declares that in order to educate the public, the governor may promote and encourage the observance of Maternal Mental Health Awareness Month.

Sec. 10. Minnesota Statutes 2018, section 13.599, is amended by adding a subdivision to read:

Subd. 5. **State Arts Board.** Notwithstanding subdivision 3, responses submitted by a grantee to the State Arts Board or to a regional arts council under chapter 129D become public data at the public review meeting at which they are considered, except for trade secret data as defined and classified in section 13.37.

Sec. 11. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

Subdivision 1. **Definition.** As used in this section, "residential construction" means the new construction or remodeling of any building subject to the Minnesota Residential Code.

Subd. 2. **Impact on housing cost; agency determination.** An agency must determine if implementation of a proposed rule, or any portion of a proposed rule, will, on average, increase the cost of residential construction or remodeling by $1,000 or more per unit. The agency must make this determination before the close of the hearing record. Upon request of a party affected by the proposed rule, an administrative law judge must review and approve or disapprove an agency's determination that any portion of a proposed rule will increase the cost of a dwelling unit by $1,000 or more.

Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision 2, or if the administrative law judge separately confirms the cost of any portion of a rule exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing, the chairs and ranking minority members of the policy committees of the house of representatives and the senate with jurisdiction over the subject matter of the proposed rule within ten days of the determination.

(b) If a committee of either the house of representatives or senate with jurisdiction over the subject matter of the proposed rule or a portion of a rule that meets or exceeds the threshold in subdivision 2 votes to advise an agency that the rule should not be adopted as proposed, the agency may not adopt the rule unless the rule is approved by a law enacted after the vote of the committee. Section 14.126, subdivision 2, applies to a vote of a committee under this subdivision.

Subd. 4. **Severability.** If the agency or an administrative law judge determines that part of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a severable portion of the proposed rule does not meet or exceed that threshold, the agency may proceed to adopt the severable portions of the proposed rule regardless of whether a legislative committee has voted under subdivision 3 to advise an agency that the rule should not be adopted as proposed.

EFFECTIVE DATE. This section is effective August 1, 2019, and applies to administrative rules proposed on or after that date.

Sec. 12. Minnesota Statutes 2018, section 15A.083, subdivision 6a, is amended to read:

Subd. 6a. **Administrative law judge; salaries.** The salary of the chief administrative law judge is 98.52 percent of the salary of a chief district court judge. The salaries of the assistant chief administrative law judge and administrative law judge supervisors are ~~93.60~~ 100 percent of the salary of a ~~chief~~ district court judge. The salary of an administrative law judge employed by the Office of Administrative Hearings is 98.52 percent of the salary of a district court judge as set under section 15A.082, subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 13. Minnesota Statutes 2018, section 16A.103, subdivision 1a, is amended to read:

Subd. 1a. **Forecast parameters.** (a) Except as provided in paragraph (b), the forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of variables outside the control of the legislature. Expenditure estimates must not include an allowance for inflation.

(b) Notwithstanding paragraph (a) and any appropriations established in law, all expenditures for a department, institution, or agency of the executive branch estimated for the November forecast must be zero if the scheduled year under section 16A.111, subdivision 3, for the department, institution, or agency coincides with the calendar year of the November forecast. The forecasted expenditures in the February forecast must be zero for a department, institution, or agency of the executive branch if they were zero in the preceding November forecast as a result of the requirements of this paragraph. The commissioner shall not apply this paragraph to forecasted expenditures for the current biennium, but shall apply the requirements of this paragraph to the forecasted expenditures for the next two biennia.

Sec. 14. Minnesota Statutes 2018, section 16A.11, subdivision 3, is amended to read:

Subd. 3. **Part two: detailed budget.** (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) Tables listing expenditures for the next biennium must show the appropriation base for each year. The appropriation base is the amount appropriated for the second year of the current biennium. The tables must separately show any adjustments to the base required by

current law or policies of the commissioner of management and budget. For forecasted programs, the tables must also show the amount of the forecast adjustments, based on the most recent forecast prepared by the commissioner of management and budget under section 16A.103. For all programs, the tables must show the amount of appropriation changes recommended by the governor, after adjustments to the base and forecast adjustments, and the total recommendation of the governor for that year.

(c) The detailed estimates must include a separate line listing the total cost of professional and technical service contracts for the prior biennium and the projected costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions.

(d) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of $100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

(e) Notwithstanding paragraph (b) and any appropriation established in law, for any department, institution, or agency in the executive branch that is in a scheduled year under section 16A.111, subdivision 3, in the year prior to the year in which part two of the budget must be submitted, the appropriation base for any appropriation made to that department, institution, or agency for the next two biennia must be zero. The commissioner must display the appropriation base established under this paragraph in the tables and narrative of part two of the budget.

Sec. 15. **[16A.111] ZERO-BASED BUDGETING.**

Subdivision 1. **Zero-based budget.** (a) By October 15, each department, institution, and agency of the executive branch within a scheduled year must submit to the commissioner a proposed detailed operating budget for the biennium beginning July 1 of the following year using zero-based budgeting, including a zero-based budget plan. The commissioner of management and budget shall provide technical assistance to enable each department, institution, or agency to complete its proposed detailed operating budget as specified by the commissioner of management and budget.

(b) The commissioner of management and budget shall adopt policies and procedures for each department, institution, and agency to implement the provisions of this section.

(c) As used in this section, "zero-based budgeting" means a method of determining the budget of a department, institution, or agency for which the budget of the department, institution, or agency:

(1) is deemed to be zero in the November forecast, the February forecast, and the governor's budget recommendations that precede the establishment of a biennial budget; and

(2) has justified each proposed expenditure for the biennium covered by the budget as if it were a new expenditure.

(d) Each department, institution, and agency of the executive branch that is required to prepare a detailed operating budget and a zero-based budget plan under this subdivision must submit the detailed operating budget and zero-based budget plan to the legislature. This information must be submitted to the legislature at the same time that part two of the governor's budget is required to be submitted under section 16A.11, subdivision 3.

Subd. 2. **Zero-based budget plan.** A zero-based budget plan includes the following information:

(1) a description of activities that comprise the agency, and a justification for the existence of each activity by reference to statute or other legal authority;

(2) for each activity, a quantitative estimate of any adverse impacts that could reasonably be expected should the activity be discontinued, together with a full description of the methods by which the adverse impact is estimated;

(3) a list of quantifiable program outcomes that measure the efficiency and effectiveness of each program;

(4) for each activity, an itemized account of expenditures that would be required to maintain the activity at the minimum level of service required by statutory authority, together with a concise statement of the quantity and quality of services required at that minimum level;

(5) for each activity, an itemized account of expenditures required to maintain the quantity and quality of services being provided and the number of personnel required to accomplish each program; and

(6) a ranking of all activities that shows the relative contribution of each activity to the overall goals and purposes of the agency at current service levels.

Subd. 3. **Scheduled year.** (a) The scheduled year is 2020 and every ten years thereafter for the following agencies: Department of Administration, Department of Agriculture, Department of Commerce, Department of Corrections, Department of Education, Department of Human Rights, Department of Human Services, Department of Military Affairs, Department of Natural Resources, Department of Transportation, Minnesota Racing Commission, Office of Higher Education, and all advisory groups associated with these agencies.

(b) The scheduled year is 2022 and every ten years thereafter for the following agencies: Council for Minnesotans of African Heritage, Department of Employment and Economic Development, Department of Health, Department of Management and Budget, Department of Public Safety, Gambling Control Board, Metropolitan Council, Minnesota Council on Latino Affairs, Pollution Control Agency, Science Museum, the Minnesota State Academies, University of Minnesota, and all advisory groups associated with these agencies.

(c) The scheduled year is 2024 and every ten years thereafter for the following agencies: Agriculture Utilization Research Institute, all health-related boards listed in section 214.01, Council on Asian-Pacific Minnesotans, Department of Labor and Industry, Department of Revenue, Explore Minnesota Tourism, Minnesota State Colleges and Universities, Minnesota Indian Affairs Council, Peace Officer Standards and Training Board, Professional Educator Licensing and Standards Board, the Minnesota Historical Society, the Perpich Center for Arts Education, and all advisory groups associated with these agencies.

(d) The scheduled year is 2026 and every ten years thereafter for the following agencies: all non-health-related boards listed in section 214.01 except as otherwise provided in this section, Arts Board, Board of Animal Health, Board of School Administrators, Board of Soil and Water Resources, Department of Veterans Affairs, Emergency Medical Services Regulatory Board, Mayo Medical School, Office of Administrative Hearings, Public Utilities Commission, Uniform Laws Commission, Workers' Compensation Board, and all advisory groups associated with these agencies.

(e) The scheduled year is 2028 and every ten years thereafter for the following agencies: Amateur Sports Commission, Capitol Area Architectural and Planning Board, Board of Teaching, Bureau of Mediation Services, Campaign Finance and Public Disclosure Board, Destination Medical Center, Higher Education Facilities Authority, Iron Range Resources and Rehabilitation Board, Minnesota Conservation Corps, Minnesota Zoo, Private Detectives Board, and all advisory groups associated with these agencies.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 16. Minnesota Statutes 2018, section 43A.01, is amended by adding a subdivision to read:

Subd. 4. **Hiring practices.** The commissioner and all appointing authorities must ensure that all hiring for management positions in agencies is done through a fair and open process where all qualified candidates are given full consideration. Under no circumstances may:

(1) job requirements be altered to fit a particular candidate prior to the posting of a position; or

(2) internal documents identify a particular candidate as the future holder of a position prior to their official hiring.

Sec. 17. Minnesota Statutes 2018, section 43A.15, subdivision 14, is amended to read:

Subd. 14. **On-the-job demonstration process and appointment.** (a) The commissioner shall establish qualifying procedures for applicants ~~whose disabilities are of such a severe nature that the applicants are unable to demonstrate their abilities in the selection process~~ with significant disabilities as defined in Minnesota Rules, part 3300.5010, subpart 18. The qualifying procedures must consist of up to 700 hours on-the-job trial work experience ~~for which the disabled person has the option of being paid or unpaid~~. ~~Up to three persons with severe disabilities and their job coach may be allowed to demonstrate their job competence as a unit through the on-the-job trial work experience selection procedure. This on-the-job demonstration process must be limited to applicants for whom there is no reasonable accommodation in the selection process.~~

(b) Up to three persons with significant disabilities and their job coaches may be allowed to demonstrate their job competence as a unit through the on-the-job trial work experience selection procedure as defined in Minnesota Rules, part 3300.5010, subpart 18. This on-the-job demonstration process must be limited to applicants for whom there is no reasonable accommodation in the selection process.

(c) The commissioner may authorize the probationary appointment of an applicant based on the request of the appointing authority that documents that the applicant has successfully demonstrated qualifications for the position through completion of an on-the-job trial work experience. The implementation of this subdivision may not be deemed a violation of chapter 43A or 363A.

Sec. 18. Minnesota Statutes 2018, section 43A.191, subdivision 2, is amended to read:

Subd. 2. **Agency affirmative action plans.** (a) The head of each agency in the executive branch shall prepare and implement an agency affirmative action plan consistent with this section and rules issued under section 43A.04, subdivision 3.

(b) The agency plan must include a plan for the provision of reasonable accommodation in the hiring and promotion of qualified disabled persons. The reasonable accommodation plan must consist of at least the following:

(1) procedures for compliance with sections 16E.03, subdivision 9, 363A.08 to 363A.19, and 363A.28, subdivision 10, and, where appropriate, regulations implementing United States Code, title 29, section 794, as amended through December 31, 1984, which is section 504 of the Rehabilitation Act of 1973, as amended and the Americans with Disabilities Act, United States Code, title 42, sections 101 to 108, 201 to 231, 241 to 246, 401, 402, and 501 to 514;

(2) methods and procedures for providing reasonable accommodation for disabled job applicants, current employees, and employees seeking promotion; ~~and~~

(3) provisions for funding reasonable accommodations~~.~~;

(4) a plan to ensure that any collective bargaining agreement between the state and agency employees provides equal employment opportunity for job applicants with disabilities and current employees with disabilities seeking promotion; and

(5) the number of requests made, the number of requests approved, and the number of requests reimbursed from the state accommodation account under section 16B.4805.

(c) The agency plan must be prepared by the agency head with the assistance of the agency affirmative action officer and the director of diversity and equal employment opportunity. The agency may consult with the Council on Disability ~~shall provide assistance with the agency reasonable accommodation plan~~, vocational rehabilitation services, state services for the blind, and other disability experts to review and make recommendations on recruitment and retention of people with disabilities.

(d) The agency plan must identify any positions in the agency that can be used for supported employment as defined in section 268A.01, subdivision 13, of persons with severe disabilities. The agency shall report this information to the commissioner. An agency that hires more than one supported worker in the identified positions must receive recognition for each supported worker toward meeting the agency's affirmative action goals and objectives.

(e) An agency affirmative action plan may not be implemented without the commissioner's approval.

Sec. 19. Minnesota Statutes 2018, section 43A.191, subdivision 3, is amended to read:

Subd. 3. **Audits; sanctions and incentives.** (a) The commissioner shall annually audit the record of each agency to determine the rate of compliance with affirmative action requirements.

(b) By March 1 of each odd-numbered year, the commissioner shall submit a report on affirmative action progress of each agency and the state as a whole to the governor and to the Finance Committee of the senate, the Ways and Means Committee of the house of representatives, the Governmental Operations Committees of both houses of the legislature, and the Legislative Coordinating Commission. The report must include noncompetitive appointments made under section 43A.08, subdivision 2a, or 43A.15, subdivisions 3 to 7, 10, and 12, and cover each agency's rate of compliance with affirmative action requirements.

(c) An agency ~~that does not meet its hiring goals~~ must justify its ~~nonaffirmative action~~ hires in competitive and noncompetitive appointments according to criteria issued by the Department of Management and Budget. ~~"Missed opportunity" includes failure to justify a nonaffirmative action hire. An agency must have 25 percent or less missed opportunities in competitive appointments and 25 percent or less missed opportunities in appointments made under sections 43A.08, subdivisions 1, clauses (9), (11), and (16); and 2a; and 43A.15, subdivisions 3, 10, 12, and 13.~~ The criteria must include the number of applicants hired through on-the-job trial work experience, the number of applicants who receive authorization for a probationary period, and the number of applicants who are offered an appointment. In addition, an agency shall:

(1) demonstrate a good faith effort to recruit protected group members by following an active recruitment plan;

(2) implement a coordinated retention plan; and

(3) have an established complaint resolution procedure.

(d) The commissioner shall develop reporting standards and procedures for measuring compliance.

(e) An agency is encouraged to develop other innovative ways to promote awareness, acceptance, and appreciation for diversity and affirmative action. These innovations will be considered when evaluating an agency's compliance with this section.

(f) An agency not in compliance with affirmative action requirements of this section must identify methods and programs to improve performance, to reallocate resources internally in order to increase support for affirmative action programs, and to submit program and resource reallocation proposals to the commissioner for approval. An agency must submit these proposals within 120 days of being notified by the commissioner that it is out of compliance with affirmative action requirements. The commissioner shall monitor quarterly the affirmative action programs of an agency found to be out of compliance.

(g) The commissioner shall establish a program to recognize an agency that has made significant and measurable progress in implementing an affirmative action plan.

(h) The commissioner must publish on the Minnesota Management and Budget website summary data about all appointments including protected class status and job classification of each.

Sec. 20. Minnesota Statutes 2018, section 179A.20, is amended by adding a subdivision to read:

Subd. 2b. **Limited by appropriation.** The commissioner of management and budget must not contract to pay more to employees of the state in compensation and benefits in either year of the biennium than is permitted under the first spending plan submitted by July 31 in an odd-numbered year and approved by the commissioner under section 16A.14, subdivisions 3 and 4.

Sec. 21. Minnesota Statutes 2018, 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~~ $250,000 for indirect cooling systems and may not exceed ~~$400,000~~ $500,000 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 the day following final enactment.

Sec. 22. Minnesota Statutes 2018, section 353.27, subdivision 3c, is amended to read:

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, ~~2015~~ 2019, through December 31, 2031, the member contributions for former members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

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

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

(d) The annual employer supplemental contribution is the employing unit's share of ~~$31,000,000. For calendar years 2017 and 2018, the employer supplemental contribution is the employing unit's share of $21,000,000~~ $37,000,000.

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

(f) The employer supplemental contribution amount under paragraph (d) for calendar year ~~2015~~ 2019 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, ~~2015~~ 2019. ~~The calendar year 2015 payment is payable in a single amount on or before September 30, 2015.~~ For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year ~~and~~. The employer supplemental contribution is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with interest, compounded annually, at the applicable rate or rates specified in section 356.59, subdivision 3, per month for each month or portion of a month that has elapsed after the due date.

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

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

Sec. 23. Minnesota Statutes 2018, section 645.071, is amended to read:

645.071 STANDARD OF TIME.

Every mention of, or reference to, any hour or time in any law, during any period of the year, is to be construed with reference to and in accordance with the ~~standard time or~~ advanced standard time provided by federal law. No department of the state government and no county, city or town shall employ, during any period of the year, any other time, or adopt any ordinance or order providing for the use, during any period of the year, of any other time than the federal ~~standard time or~~ advanced standard time.

EFFECTIVE DATE. This section is effective upon the first commencement of advanced standard time, also known as daylight saving time, following enactment of an amendment to United States Code, title 15, section 260a, or another applicable law, which authorizes states to observe advanced standard time year-round.

Sec. 24. **INITIAL APPOINTMENTS.**

(a) Appointing authorities for the Legislative Commission on Housing Affordability under Minnesota Statutes, section 3.8845, must make initial appointments by June 1, 2019, to serve a term ending in January 2021.

(b) The speaker of the house must designate one member of the commission to convene the first meeting of the commission by June 15, 2019. A member of the house of representatives shall serve as the first chair of the commission. A member of the senate shall serve as chair of the commission beginning in January 2021.

Sec. 25. **WORKING GROUP ON STATE EMPLOYMENT AND RETENTION OF EMPLOYEES WITH DISABILITIES.**

Subdivision 1. **Members.** (a) A working group on state employment and retention of employees with disabilities is formed and must consist of the following members:

(1) a representative of the Commission of the Deaf, Deafblind and Hard of Hearing;

(2) a representative of the Governor's Council on Developmental Disabilities;

(3) a representative of Vocational Rehabilitation Services from within the Department of Employment and Economic Development;

(4) a representative of State Services for the Blind from within the Department of Employment and Economic Development;

(5) a representative of the Minnesota Council on Disability;

(6) a representative of the Office of the Ombudsman for Mental Health and Developmental Disabilities;

(7) a representative of the Olmstead Implementation Office with the Minnesota Housing Finance Agency;

(8) a representative of the MN.IT Office of Accessibility;

(9) a representative of A System of Technology to Achieve Results from within the Department of Administration; and

(10) a representative from Minnesota Management and Budget.

(b) Each of the entities listed in paragraph (a) must appoint its representative to the working group.

Subd. 2. **Convening authority; chair.** The Commission of the Deaf, Deafblind and Hard of Hearing is responsible for convening the working group and its representative to the working group shall act as chair for all meetings.

Subd. 3. **Duties; timing.** The working group must report on strategies for attracting and retaining state employees with disabilities to Minnesota Management and Budget and to the legislative committees with responsibility for state finance and operation. The report must be delivered by January 15, 2020.

Sec. 26. **FULL-TIME EQUIVALENT FREEZE.**

(a) The commissioner of management and budget shall determine the number of full-time equivalent positions employed by each agency as of June 30, 2019.

(b) Appropriations from any funds for fiscal years 2020 and 2021 must not be used to pay salary or benefits to employ more full-time equivalent positions than determined in paragraph (a). This section does not apply to any law enforcement positions that involve the investigation, enforcement, or prosecution of a crime or any position in a correctional facility.

(c) For purposes of this section, "agency" has the meaning given in Minnesota Statutes, section 16A.011, subdivision 2, and does not include the Minnesota State Colleges and Universities.

Sec. 27. **REDUCTION IN APPROPRIATIONS FOR UNFILLED POSITIONS.**

Subdivision 1. **Reduction required.** The general fund and nongeneral fund appropriations to an agency for agency operations for the biennium ending June 30, 2021, are reduced by the amount of salary and benefits savings that result from any positions that have not been filled within 180 days of the posting of the position. This section applies only to positions that are posted in fiscal years 2019, 2020, and 2021. Reductions made under this paragraph must be reflected as reductions in agency base budgets for fiscal years 2022 and 2023. This section does not apply to any law enforcement positions that involve the investigation, enforcement, or prosecution of a crime or any position in a correctional facility.

Subd. 2. **Reporting.** The commissioner of management and budget must report to the chairs and ranking minority members of the senate and the house of representatives finance committees regarding the amount of reductions in spending by each agency under this section.

Subd. 3. **Application.** For purposes of this section, "agency" has the meaning given in Minnesota Statutes, section 16A.011, subdivision 2, and does not include the Minnesota State Colleges and Universities.

Sec. 28. **BOARD OF COSMETOLOGIST EXAMINERS RULEMAKING.**

Rules proposed by the Board of Cosmetologist Examiners after January 1, 2019, shall not take effect until after adjournment of the regular session of the legislature in 2020.

Sec. 29. **REPEALER.**

Minnesota Statutes 2018, sections 3.9735; and 353.505, are repealed.

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

ARTICLE 3
INFORMATION TECHNOLOGY

Section 1. **[3.199] ACCESSIBILITY IN THE LEGISLATURE'S INFORMATION TECHNOLOGY.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following term has the meaning given.

(b) "Responsible authority" means:

(1) for the house of representatives, the chief clerk of the house;

(2) for the senate, the secretary of the senate;

(3) for the Office of the Revisor of Statutes, the revisor of statutes;

(4) for the Office of the Legislative Auditor, the legislative auditor;

(5) for the Legislative Reference Library, the library director;

(6) for the Legislative Budget Office, the director of the Legislative Budget Office; and

(7) for any entity administered by the legislative branch not listed in clauses (1) to (6), the director of the Legislative Coordinating Commission.

Subd. 2. **Accessibility standards; compliance.** The senate, the house of representatives, and joint legislative offices and commissions must comply with accessibility standards adopted for state agencies by the chief information officer under section 16E.03, subdivision 9, for technology, software, and hardware procurement, unless the responsible authority for a legislative body or office has approved an exception for a standard for that body or office.

Subd. 3. **Not subject to MN.IT authority.** The chief information officer is not authorized to manage or direct compliance of the legislature with accessibility standards.

EFFECTIVE DATE. This section is effective September 1, 2021.

Sec. 2. **[3.888] LEGISLATIVE COMMISSION ON CYBERSECURITY.**

Subdivision 1. **Membership.** The Legislative Commission on Cybersecurity consists of the following eight members:

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

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

Subd. 2. **Terms; vacancies.** Members of the commission serve for a two-year term beginning upon appointment and expiring on appointment of a successor after the opening of the next regular session of the legislature in the odd-numbered year. A vacancy in the membership of the commission must be filled for the unexpired term in a manner that will preserve the representation established by this section.

Subd. 3. **Duties.** The commission shall provide oversight of the state's cybersecurity measures. The commission shall review the policies and practices of state agencies with regard to cybersecurity and may recommend changes in policy to adequately protect the state from cybersecurity threats. The commission may develop recommendations and draft legislation to support and strengthen the state's cybersecurity infrastructure.

Subd. 4. **Chair.** The commission shall elect a chair by a majority vote of members present. The officers shall alternate between a member of the senate and a member of the house of representatives. A chair shall serve a two-year term expiring upon election of a new chair after the opening of the next regular session of the legislature in the odd-numbered year.

Subd. 5. **Meetings.** The commission must meet at least three times per calendar year. The meetings of the commission are subject to section 3.055, except that the commission may close a meeting when necessary to safeguard the state's cybersecurity. The minutes, recordings, and documents from a closed meeting under this subdivision shall be maintained by the Legislative Coordinating Commission and shall not be made available to the public until eight years after the date of the meeting.

Subd. 6. **Administration.** The Legislative Coordinating Commission shall provide administrative services for the commission.

Subd. 7. **Sunset.** The commission sunsets December 31, 2028.

Sec. 3. **[3.889] LEGISLATIVE COMMISSION ON INFORMATION TECHNOLOGY.**

Subdivision 1. **Membership.** (a) The Legislative Commission on Information Technology consists of the following eight members:

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

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

(b) To the extent possible, the appointing authorities must appoint members with knowledge of technical aspects or management of information technology.

Subd. 2. **Terms; vacancies.** Members of the commission serve for a two-year term beginning upon appointment and expiring on appointment of a successor after the opening of the next regular session of the legislature in the odd-numbered year. A vacancy in the membership of the commission must be filled for the unexpired term in a manner that will preserve the representation established by this section.

Subd. 3. **Duties.** The commission must consider the issues raised in the 2019 evaluation report of the Office of the Legislative Auditor titled "Office of Minnesota Information Technology Services (MN.IT)" and other reports and evaluations issued since January 1, 2014, by the Office of the Legislative Auditor on the topics of information technology or the Office of MN.IT Services. The commission must prepare draft legislation, as appropriate, and develop plans or advice to implement the recommendations of the legislative auditor.

Subd. 4. **Chair.** The commission shall elect a chair by a majority vote of members present. The officers shall alternate between a member of the senate and a member of the house of representatives. A chair shall serve a two-year term expiring upon election of a new chair after the opening of the next regular session of the legislature in the odd-numbered year.

Subd. 5. **Meetings.** The commission must meet at least three times per calendar year. The meetings of the commission are subject to section 3.055, except that the commission may close a meeting when necessary to safeguard the state's information technology. The

minutes, recordings, and documents from a closed meeting under this subdivision shall be maintained by the Legislative Coordinating Commission and shall not be made available to the public until eight years after the date of the meeting.

Subd. 6. **Administration.** The Legislative Coordinating Commission shall provide administrative services for the commission.

Subd. 7. **Sunset.** The commission sunsets January 30, 2028.

Sec. 4. **[15.996] LOCAL GOVERNMENT USER ACCEPTANCE TESTING.**

Subdivision 1. **Applicability.** "Agency" as used in this section means any state officer, employee, board, commission, authority, department, entity, or organization of the executive branch of state government, including the Minnesota State Colleges and Universities.

Subd. 2. **User acceptance testing.** (a) An agency implementing a new information technology business software application or new business software application functionality that significantly impacts the operations of local units of government must provide opportunities for local government representative involvement in user acceptance testing, unless the testing is deemed not feasible or necessary by the relevant agency commissioner, in consultation with representatives of local units of government and the chief information officer.

(b) The requirements in paragraph (a) only apply to new software applications and new software application functionality where local units of government will be primary users, as determined by the relevant agency head in consultation with representatives of local units of government and the chief information officer. The requirements in paragraph (a) do not apply to routine software upgrades or application changes that are primarily intended to comply with federal law, rules, or regulations.

Sec. 5. Minnesota Statutes 2018, section 16E.01, subdivision 1a, is amended to read:

Subd. 1a. **Responsibilities.** The office shall provide oversight, leadership, and direction for information and telecommunications technology policy and the management, delivery, accessibility, and security of information and telecommunications technology systems and services ~~in Minnesota~~ for agencies in the executive branch. The office shall manage strategic investments in information and telecommunications technology systems and services ~~to encourage the development of a technically literate society,~~ to ensure sufficient access to and efficient delivery of accessible government services, and to maximize benefits for the state government as an enterprise.

Sec. 6. Minnesota Statutes 2018, section 16E.016, is amended to read:

16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES AND EQUIPMENT.

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

(1) state data centers;

(2) mainframes including system software;

(3) servers including system software;

~~(4) desktops including system software;~~

~~(5) laptop computers including system software;~~

~~(6)~~ (4) a data network including system software;

~~(7) database,~~ (5) electronic mail~~, office systems, reporting, and other standard software tools~~;

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

~~(9)~~ (6) help desk for the components listed in clauses (1) to ~~(8)~~ (5);

~~(10)~~ (7) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to ~~(8)~~ (5); and

~~(11)~~ (8) regular upgrades and replacement for the components listed in clauses (1) to ~~(8); and~~ (5).

~~(12) network-connected output devices.~~

(b) The chief information officer is responsible for providing or entering into managed services contracts for the provision, improvement, and development of the following information technology systems and services to a state agency, at the request of the agency:

(1) desktops including system software;

(2) laptop computers including system software;

(3) database, office systems, reporting, and other standard software tools;

(4) business application software and related technical support services;

(5) help desk for the components listed in clauses (1) to (4);

(6) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to (4);

(7) regular upgrades and replacement for the components listed in clauses (1) to (4); and

(8) network-connected output devices.

~~(b)~~ (c) All state agency employees whose work primarily involves functions specified in paragraph (a) are employees of the Office of MN.IT Services. This includes employees who directly perform the functions in paragraph (a), as well as employees whose work primarily involves managing, supervising, or providing administrative services or support services to employees who directly perform these functions. The chief information officer may assign employees of the office to perform work exclusively for another state agency.

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

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

EFFECTIVE DATE. This section is effective July 1, 2019, and applies to contracts entered into on or after that date.

Sec. 7. Minnesota Statutes 2018, section 16E.03, subdivision 1, is amended to read:

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

(b) "Information and telecommunications technology systems and services" means all computing and telecommunications hardware and software, the activities undertaken to secure that hardware and software, and the activities undertaken to acquire, transport, process, analyze, store, and disseminate information electronically. "Information and telecommunications technology systems and services" includes all proposed expenditures for computing and telecommunications hardware and software, security for that hardware and software, and related consulting or other professional services.

(c) "Information and telecommunications technology project" means an effort to acquire or produce information and telecommunications technology systems and services.

(d) "Telecommunications" means voice, video, and data electronic transmissions transported by wire, wireless, fiber-optic, radio, or other available transport technology.

(e) "Cyber security" means the protection of data and systems in networks connected to the Internet.

(f) "State agency" means an agency in the executive branch of state government and includes the Minnesota Office of Higher Education, but does not include the Minnesota State Colleges and Universities unless specifically provided elsewhere in this chapter.

(g) "Total expected project cost" includes direct staff costs, all supplemental contract staff and vendor costs, and costs of hardware and software development or purchase. Breaking a project into several phases does not affect the cost threshold, which must be computed based on the full cost of all phases.

(h) "Cloud computing" has the meaning described by the National Institute of Standards and Technology of the United States Department of Commerce in special publication 800-145, September 2011.

Sec. 8. Minnesota Statutes 2018, section 16E.03, subdivision 2, is amended to read:

Subd. 2. **Chief information officer's responsibility.** The chief information officer shall:

(1) design a master plan for information and telecommunications technology systems and services in the state and ~~its political subdivisions and~~ shall report on the plan to the governor and legislature at the beginning of each regular session;

(2) coordinate, review, and approve all information and telecommunications technology projects and oversee the state's information and telecommunications technology systems and services;

(3) establish and enforce compliance with standards for information and telecommunications technology systems and services that are cost-effective and support open systems environments and that are compatible with state, national, and international standards, including accessibility standards;

(4) maintain a library of systems and programs developed by the state ~~and its political subdivisions~~ for use by agencies of government;

(5) direct and manage the shared operations of the state's information and telecommunications technology systems and services; and

(6) establish and enforce standards and ensure acquisition of hardware and software necessary to protect data and systems in state agency networks connected to the Internet.

Sec. 9. Minnesota Statutes 2018, section 16E.03, is amended by adding a subdivision to read:

Subd. 4a. **Cloud computing services.** (a) The project evaluation procedure required by subdivision 4 must include a review of cloud computing service options, including any security benefits and cost savings associated with purchasing those service options from a cloud computing service provider.

(b) No later than October 1, 2019, and by October 1 of each even-numbered year thereafter, the chief information officer must submit a report to the governor and to the legislative committees with primary jurisdiction over state information technology issues on the consideration of cloud computing service options in the information and communications projects proposed by state agencies. The report must provide examples of projects that produce cost savings and other benefits, including security enhancements, from the use of cloud computing services.

Sec. 10. Minnesota Statutes 2018, section 16E.03, is amended by adding a subdivision to read:

Subd. 11. **Technical support to the legislature.** The chief information officer, or a designee, must provide technical support to assist the legislature to comply with accessibility standards under section 3.199, subdivision 2. Support under this subdivision must include:

(1) clarifying the requirements of the accessibility standards;

(2) providing templates for common software applications used in developing documents used by the legislature;

(3) assisting the development of training for staff to comply with the accessibility standards and assisting in providing the training; and

(4) assisting the development of technical applications that enable legislative documents to be fully accessible.

The chief information officer must provide these services at no cost to the legislature.

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

Sec. 11. Minnesota Statutes 2018, section 16E.035, is amended to read:

16E.035 TECHNOLOGY INFRASTRUCTURE INVENTORY; SECURITY RISK ASSESSMENT.

Subdivision 1. **Inventory required.** The chief information officer must prepare ~~a financial~~ an inventory of technology infrastructure owned or leased by MN.IT Services or a state agency. The inventory must include:

(1) each agency's information technology security program;

(2) an inventory of servers, mainframes, cloud services, and other information technology systems and services, itemized by agency;

(3) identification of vendors that operate or manage information technology systems or services within each agency;

(4) information on how ~~the technology~~ each system or service fits into the state's information technology architecture; and

~~(2)~~ (5) a projected replacement schedule for each system or service.

~~The chief information officer must report the inventory to the legislative committees with primary jurisdiction over state technology issues by July 1 of each even-numbered year.~~

Subd. 2. **Risk assessment.** (a) The chief information officer must conduct a risk assessment of the information technology systems and services contained in the inventory required by subdivision 1. The risk assessment must include:

(1) an analysis and assessment of each state agency's security and operational risks; and

(2) for a state agency found to be at higher security and operational risks, a detailed analysis of, and an estimate of the costs to implement:

(i) the requirements for the agency to address the risks and related vulnerabilities; and

(ii) agency efforts to address the risks through the modernization of information technology systems and services, the use of cloud computing services, and use of a statewide data center.

(b) This section does not require disclosure of security information classified under section 13.37.

Subd. 3. **Reports required.** The chief information officer must submit a report containing the inventory and risk assessments required by this section to the governor and the chairs

and ranking minority members of the legislative committees with primary jurisdiction over state information technology issues no later than October 1, 2019, and by October 1 of each even-numbered year thereafter.

Sec. 12. **[16E.046] PROJECT MANAGEMENT FOR AGENCY INFORMATION TECHNOLOGY PROJECTS.**

Subdivision 1. **Process for information technology project management.** When an executive branch state agency seeks to have a new information technology project developed for the agency, the commissioner or head of the agency must follow the following steps:

(1) establish business rules for the information technology project;

(2) develop a statement of work that defines project-specific activities, deliverables, and timelines for completion of the project. Where appropriate, as determined by the commissioner of the agency, the project should be divided into phases, with activities, deliverables, and timelines specified for each phase; and

(3) obtain a bid for the project based on the statement of work from the chief information officer for the office to perform the specified work on the specified timeline. If the office is not able to perform the specified work on the schedule described, the chief information officer must notify the commissioner of the agency. The commissioner may also obtain a bid for the project from private vendors or may have the work performed by employees within the agency. The commissioner may contract with the office to oversee aspects of the project to be performed by a private vendor.

Subd. 2. **Certification before deployment; project performed by MN.IT.** For an information technology project performed by the office, or a project for which MN.IT has oversight responsibility on behalf of an executive branch state agency, the chief information officer and the commissioner of the agency must share responsibility for decisions regarding deployment of the project as follows:

(1) no information technology project may be deployed without written certification by both the commissioner of the agency and the chief information officer that the project satisfies all requirements in the statement of work and adheres to business rules specified by the commissioner of the agency; and

(2) when a project or phase of a project fails to meet deadlines established in a statement of work, the commissioner or head of the agency and the chief information officer shall report within one week of the unmet deadline to the chairs and ranking minority members

of the committees in the house of representatives and the senate with jurisdiction over the Office of MN.IT Services and over the agency.

Subd. 3. **Certification before deployment; project performed by private vendor.** For an information technology project performed by a private vendor without MN.IT involvement, the commissioner or head of the agency must certify that the project satisfied all requirements in the statement of work and adheres to business rules for the project. When the project or phase of a project fails to meet deadlines established in a statement of work, the commissioner or head of the agency must report within one week of the unmet deadline to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the agency.

Subd. 4. **Standards and procedures.** The chief information officer shall work with the head of each agency supported by the office to establish standards and procedures governing information technology project development.

Sec. 13. Minnesota Statutes 2018, section 16E.0466, subdivision 1, is amended to read:

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

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

Sec. 14. Minnesota Statutes 2018, section 16E.05, subdivision 3, is amended to read:

Subd. 3. **Capital investment.** No state agency may propose or implement a capital investment plan for a state office building unless:

(1) the agency has developed a plan for increasing telecommuting by employees who would normally work in the building, or the agency has prepared a statement describing why such a plan is not practicable; and

(2) the plan or statement has been reviewed by the office for technical feasibility and cost.

Sec. 15. Minnesota Statutes 2018, section 16E.14, subdivision 3, is amended to read:

Subd. 3. **Reimbursements.** Except as specifically provided otherwise by law, each agency shall reimburse the MN.IT services revolving fund for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, which the chief information officer is authorized and directed to furnish an agency. The chief information officer shall report the rates to be charged for the revolving fund no later than ~~July 1 each~~ June 1 each even-numbered calendar year to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the Office of MN.IT Services. These rates shall apply for the biennium beginning July 1 of the following calendar year.

Sec. 16. Minnesota Statutes 2018, section 16E.18, subdivision 6, is amended to read:

Subd. 6. **Rates.** (a) The chief information officer shall establish reimbursement rates in cooperation with the commissioner of management and budget to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) An invoice or statement to an agency from the chief information officer must include clear descriptions of the services the Office of MN.IT Services has provided. The invoice or statement must categorize or code services in a manner prescribed by the agency, or the chief information officer must provide supplemental information with an invoice or statement that categorizes or codes all services reflected on the invoice or statement in a manner prescribed by the agency.

(c) Except as otherwise provided in subdivision 4, a direct appropriation made to an educational institution for usage costs associated with the state information infrastructure must only be used by the educational institution for payment of usage costs of the network as billed by the chief information officer.

Sec. 17. **LEGISLATIVE EMPLOYEE WORKING GROUP ON THE LEGISLATURE'S ACCESSIBILITY MEASURES.**

Subdivision 1. **Membership.** The legislative employee working group on the legislature's accessibility measures consists of 12 members. The senate majority leader and the speaker of the house must each appoint four employees from among the following offices that serve the respective bodies: media offices, information technology offices, legal and fiscal analysis offices, the secretary of the senate, the chief clerk of the house of representatives, and other offices considered appropriate. The chair of the Legislative Coordinating Commission must appoint four members from among the employees who serve in the Office of the Revisor of Statutes, the Legislative Reference Library, the Legislative Coordinating Commission, and the Office of the Legislative Auditor. In conducting its work, the working group may consult with the MN.IT Office of Accessibility; the Commission of Deaf, Deafblind and Hard of Hearing; the Minnesota Council on Disability; State Services for the Blind; and other groups that may be of assistance. Appointments to the working group must be made by June 1, 2019.

Subd. 2. **Duties; report.** (a) The employee working group must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over rules and to the chair and vice-chair of the Legislative Coordinating Commission by January 15, 2020. The report must:

(1) identify ways the legislature's accessibility measures do not meet accessibility standards applicable to state agencies under Minnesota Statutes, section 16E.03, subdivision 9;

(2) identify issues and technologies that may present barriers to compliance;

(3) suggest a compliance exception process;

(4) describe a plan to update the legislature's accessibility measures to be comparable to those required of state agencies under Minnesota Statutes, section 16E.03, subdivision 9; and

(5) estimate the costs for updates to the legislature's accessibility measures.

(b) For purposes of this report, the employee working group does not need to consider making archived documents, recordings, or publications accessible.

Subd. 3. **First meeting; chair.** The executive director of the Legislative Coordinating Commission must convene the first meeting of the working group by July 15, 2019. At the first meeting, the members must elect a chair.

Subd. 4. **Compensation; reimbursement.** Members serve without compensation but may be reimbursed for expenses.

Subd. 5. **Administrative support.** The Legislative Coordinating Commission must provide administrative support to the working group.

Subd. 6. **Expiration.** The working group expires January 15, 2020, or a later date selected by agreement of the appointing authorities in subdivision 1, but not later than January 15, 2025.

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

Sec. 18. **FIRST APPOINTMENTS AND FIRST MEETING OF LEGISLATIVE COMMISSION ON CYBERSECURITY.**

Subdivision 1. **First appointments.** Appointing authorities must make initial appointments to the Legislative Commission on Cybersecurity by July 1, 2019.

Subd. 2. **First meeting.** The majority leader of the senate shall designate one senate member of the Legislative Commission on Cybersecurity under Minnesota Statutes, section 3.888, to convene the first meeting by August 15, 2019. The commission must select a chair from among the senate members at the first meeting.

Subd. 3. **Meetings in 2019.** Notwithstanding Minnesota Statutes, section 3.888, subdivision 5, the commission must meet at least twice in 2019.

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

Sec. 19. **COMPLETION OF INFORMATION TECHNOLOGY CONSOLIDATION; SURCHARGE AND SUSPENSION OF SERVICES FOR NONCOMPLIANT AGENCIES; STRATEGIC WORKPLAN.**

Subdivision 1. **Consolidation required; state agency surcharge.** (a) No later than December 31, 2020, the state chief information officer must complete the executive branch information technology consolidation required by Laws 2011, First Special Session chapter 10, article 4, section 7, as amended by Laws 2013, chapter 134, section 29. The head of any state agency subject to consolidation must assist the state chief information officer as necessary to implement the requirements of this subdivision.

(b) Beginning July 1, 2020, the state chief information officer must impose a technology consolidation surcharge of two percent on billings, and must suspend ongoing work on any new projects or system upgrades, for an agency with information technology systems that

have not fully integrated into the statewide consolidated system despite the requirements of law. Amounts received from the surcharge must be deposited into the general fund and used to support information technology projects within agencies that have completed the consolidation or for other purposes directed by law.

Subd. 2. **Strategic workplan.** No later than August 1, 2019, the state chief information officer must prepare a strategic workplan detailing the steps necessary to complete the information technology consolidation required by subdivision 1. The plan must include benchmark goals that can be reasonably measured and documented and have specific deadlines to be met within each quarter. The benchmark goals must include but are not limited to strategies for implementing the cloud computing services review required by Minnesota Statutes, section 16E.03, subdivision 4a, and other tools to provide secure and cost-effective services to executive branch agencies and other end-users.

Subd. 3. **Progress reports.** (a) No later than September 1, 2019, the state chief information officer must submit a copy of the workplan required by subdivision 2 to the chairs and ranking minority members of the legislative committees with primary jurisdiction over state government finance and state information technology services.

(b) No later than October 1, 2019, and quarterly thereafter, the state chief information officer must submit a progress report to the committees receiving the workplan required by paragraph (a). At a minimum, the progress reports must include:

(1) information sufficient to determine whether deadlines for each benchmark goal have been met and an explanation of the circumstances for any deadline that has not been met;

(2) details on the progress toward achieving each benchmark goal; and

(3) information on any new or unexpected costs or other barriers that impact progress toward achieving a benchmark goal, including a detailed explanation of efforts by the state chief information officer to reduce or eliminate those costs or barriers to ensure achievement of that goal.

The report must also identify any agencies subject to the surcharge required under subdivision 1, paragraph (b).

(c) The state chief information officer must appear at public hearings convened by the chairs of the committees identified in paragraph (a) and respond to questions from committee members regarding the progress update.

Sec. 20. **FIRST APPOINTMENTS AND FIRST MEETING OF LEGISLATIVE COMMISSION ON INFORMATION TECHNOLOGY.**

Subdivision 1. **First appointments.** Appointing authorities must make initial appointments to the Legislative Commission on Information Technology by July 1, 2019.

Subd. 2. **First meeting.** The majority leader of the senate shall designate one senate member of the Legislative Commission on Information Technology under Minnesota Statutes, section 3.888, to convene the first meeting by August 15, 2019. The commission must select a chair from among the senate members at the first meeting.

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

Sec. 21. **REVISOR INSTRUCTION.**

The chief information officer is required to work with the revisor of statutes to prepare draft legislation to eliminate all references in law to the "North Star" service and replace it with "state web portal."

ARTICLE 4
RACING COMMISSION

Section 1. Minnesota Statutes 2018, section 240.01, is amended by adding a subdivision to read:

Subd. 18a. **Racing or gaming-related vendor.** "Racing or gaming-related vendor" means any person or entity that manufactures, sells, provides, distributes, repairs or maintains equipment or supplies used at a Class A facility or provides services to a Class A facility or Class B license holder that are directly related to the running of a horse race, simulcasting, pari-mutuel betting, or card playing.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 240.02, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** A member of the commission must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership on the commission. ~~A member must, before taking a place on the commission, file a bond in the principal sum of $100,000 payable to the state, conditioned upon the faithful performance of duties.~~ No commissioner, nor any member of the commissioner's immediate family residing in the same household, may hold

a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission.

Sec. 3. Minnesota Statutes 2018, section 240.02, subdivision 6, is amended to read:

Subd. 6. ~~**Annual**~~ **Biennial report.** The commission shall on February 15 of each odd-numbered year submit a report to the governor and legislature on its activities, organizational structure, receipts and disbursements, and recommendations for changes in the laws relating to racing and pari-mutuel betting.

Sec. 4. Minnesota Statutes 2018, section 240.08, subdivision 5, is amended to read:

Subd. 5. **Revocation and suspension.** (a) After providing a licensee with notice and an opportunity to be heard, the commission may:

(1) 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~~.~~; or

~~The commission may~~ (2) suspend a class C license for up to ~~one year~~ five years for a violation of law, order or rule. If the license expires during the term of suspension, the licensee shall be ineligible to apply for another license from the commission until the expiration of the term of suspension.

(b) The commission may delegate to its designated agents the authority to impose suspensions of class C licenses~~, and~~.

(c) Except as provided in paragraph (d), 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.~~

(d) If the commission revokes or suspends a class C license for more than one year, the licensee has the right to appeal by requesting a contested case hearing under chapter 14. The request must be made in writing and sent to the commission by certified mail or personal service. A request sent by certified mail must be postmarked within ten days after the licensee receives the order of revocation or suspension from the commission. A request sent by personal service must be received by the commission within ten days after the licensee receives the order of revocation or suspension from the commission.

(e) The commission may summarily suspend a license for ~~more than~~ up to 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 30 days of the summary suspension and the administrative law judge's report must be issued within 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.~~ The licensee has the right to appeal a summary suspension to the commission according to its rules.

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

Sec. 5. Minnesota Statutes 2018, section 240.10, is amended to read:

240.10 LICENSE FEES.

(a) 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. 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.

(b) The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08.

(c) The initial annual license application fee for a class C license to provide advance deposit wagering on horse racing under this chapter is $10,000 and an annual license fee of $2,500 applies thereafter.

(d) Notwithstanding section 16A.1283, the commission shall by rule establish an annual license fee for each type of racing or gaming-related vendor it licenses, not to exceed $2,500.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 6. Minnesota Statutes 2018, section 240.12, is amended to read:

240.12 LICENSE AGREEMENTS.

The commission may enter into agreements or compacts with comparable bodies in other racing jurisdictions for the mutual recognition of occupational licenses issued by each body. The commission may by rule provide for and may charge a fee for the registration of each license issued in another jurisdiction.

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

Sec. 7. Minnesota Statutes 2018, 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, including breakage, 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 licensee 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~~ reviewed by the commission for compliance with this subdivision:

(1) for live races conducted at a class A facility, 8.4 percent of handle;

(2) for simulcasts conducted any day a class A facility is licensed, not less than 37 percent of the ~~takeout~~ amount 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.

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.

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 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. 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 or may be paid from breakage retained by the licensee from live or simulcast wagering as agreed between the licensee and horsepersons'

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. The contract must be in writing and reviewed by the commission for compliance with this subdivision.

(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 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 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~~ reviewed by the commission for compliance with this subdivision prior to the first day of the live mixed meet. In the absence of a written agreement ~~filed with~~ reviewed by the commission, the money set aside for purses and payments to the breeders fund from wagering on simulcasts, occurring 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.

(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. The contract must be in writing and reviewed by the commission for compliance with this subdivision.

(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.

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

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 8. Minnesota Statutes 2018, section 240.131, subdivision 7, is amended to read:

Subd. 7. **Payments to state.** (a) A regulatory fee is imposed at the rate of one percent of all amounts wagered by Minnesota residents with an authorized advance deposit wagering provider. The fee shall be declared on a form prescribed by the commission. The ADW provider must pay the fee to the commission no more than ~~seven~~ 15 days after the end of the month in which the wager was made. Fees collected under this paragraph must be deposited in the state treasury and credited to a racing and card-playing regulation account in the special revenue fund and are appropriated to the commission to offset the costs associated with regulating horse racing and pari-mutuel wagering in Minnesota.

(b) A breeders fund fee is imposed in the amount of one-quarter of one percent of all amounts wagered by Minnesota residents with an authorized advance deposit wagering provider. The fee shall be declared on a form prescribed by the commission. The ADW provider must pay the fee to the commission no more than ~~seven~~ 15 days after the end of the month in which the wager was made. Fees collected under this paragraph must be deposited in the state treasury and credited to a racing and card-playing regulation account in the special revenue fund and are appropriated to the commission to offset the cost of administering the breeders fund and promote horse breeding in Minnesota.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 9. Minnesota Statutes 2018, 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.

(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~~ reviewed by the commission for compliance with this section. 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.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 10. Minnesota Statutes 2018, 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 unclassified 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:

(1) to ensure that races are run in accordance with the commission's rules;

(2) to supervise the conduct of racing to ensure the integrity of the sport;

(3) to settle disputes arising from the running of horse races, and to certify official results;

(4) to impose on licensees, for violation of law or commission rules, fines ~~not exceeding $5,000 and license suspensions not exceeding 90 days~~ of up to $10,000, suspensions of up to one year, and other sanctions as delegated by the commission or permitted under its rules;

(5) to recommend to the commission where warranted penalties in excess of those in clause (4);

(6) to otherwise enforce the laws and rules of racing; and

(7) to perform other duties and have other powers assigned by the commission.

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

Sec. 11. Minnesota Statutes 2018, section 240.16, subdivision 2, is amended to read:

Subd. 2. **Appeals; hearings.** Except as provided by section 240.08, subdivision 5, a ruling of a board of stewards may be appealed to the commission ~~or be reviewed by it~~. The commission may review any ruling by the board of stewards on its own initiative. The commission may provide for appeals to be heard by less than a quorum of the commission. A hearing on a penalty imposed by a board of stewards must be granted on request.

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

Sec. 12. Minnesota Statutes 2018, section 240.18, subdivision 2, is amended to read:

Subd. 2. **Thoroughbred and quarterhorse categories.** (a) With respect to available money apportioned in the thoroughbred and quarterhorse categories, 20 percent must be expended as follows:

(1) at least one-half in the form of grants, contracts, or expenditures for equine research and related education at ~~the University of Minnesota School of Veterinary Medicine~~ public institutions of postsecondary learning in the state; and

(2) the balance in the form of grants, contracts, or expenditures for one or more of the following:

(i) additional equine research and related education;

(ii) substance abuse programs for licensed personnel at racetracks in this state; and

(iii) promotion and public information regarding industry and commission activities; racehorse breeding, ownership, and management; and development and expansion of economic benefits from racing.

(b) As a condition of a grant, contract, or expenditure under paragraph (a), the commission shall require an annual report from the recipient on the use of the funds ~~to the commission, the chair of the house of representatives Committee on General Legislation, Veterans Affairs, and Gaming, and the chair of the senate committee on Gaming Regulation~~.

(c) The commission shall include in its ~~annual~~ biennial report a summary of each grant, contract, or expenditure under paragraph (a), clause (2), and a description of how the commission has coordinated activities among recipients to ensure the most efficient and effective use of funds.

(d) After deducting the amount for paragraph (a), the balance of the available proceeds in each category may be expended by the commission to:

(1) supplement purses for races held exclusively for Minnesota-bred or Minnesota-foaled horses, and supplement purses for Minnesota-bred or Minnesota-foaled horses racing in nonrestricted races in that category;

(2) pay breeders' or owners' awards to the breeders or owners of Minnesota-bred horses in that category which win money at ~~licensed~~ pari-mutuel racetracks ~~in the state~~ licensed by any state or province; and

(3) provide other financial incentives to encourage the horse breeding industry in Minnesota.

Sec. 13. Minnesota Statutes 2018, section 240.18, subdivision 3, is amended to read:

Subd. 3. **Standardbred category.** (a) With respect to the available money apportioned in the standardbred category, 20 percent must be expended as follows:

(1) one-half of that amount to supplement purses for standardbreds at non-pari-mutuel racetracks in the state; and

~~(2) one-fourth of that amount for the development of non-pari-mutuel standardbred tracks in the state; and~~

~~(3) one-fourth~~ (2) one-half of that amount as grants for equine research and related education at public institutions of postsecondary learning in the state.

(b) After deducting the amount for paragraph (a), the balance of the available proceeds in the standardbred category must be expended by the commission to:

(1) supplement purses for races held exclusively for Minnesota-bred and Minnesota-foaled standardbreds;

(2) pay breeders or owners awards to the breeders or owners of Minnesota-bred standardbreds which win money at licensed racetracks in the state; and

(3) provide other financial incentives to encourage the horse breeding industry in Minnesota.

Sec. 14. Minnesota Statutes 2018, section 240.22, is amended to read:

240.22 FINES.

(a) The commission shall by rule establish a schedule of civil fines of up to $50,000 for a class C licensee and up to $200,000 for a class A, B, or D licensee for violations of laws related to horse racing or of the commission's rules. The schedule must 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. Except as provided in paragraph (b), fines may be appealed to the commission according to its rules. Fines imposed by the commission must be paid to the commission and except as provided in paragraph (c), forwarded to the commissioner of management and budget for deposit in the state treasury and credited to a racing and card-playing regulation account in the special revenue fund and appropriated to the commission to distribute in the form of grants, contracts, or expenditures to support racehorse adoption, retirement, and repurposing.

(b) If the commission issues a fine in excess of ~~$5,000~~ $10,000, the license holder has the right to request a contested case hearing under chapter 14, to be held as set forth in Minnesota Rules, chapter 1400. The appeal of a fine must be made in writing to the commission by certified mail or personal service. An appeal sent by certified mail must be postmarked within ten days after the license holder receives the fine order from the commission. An appeal sent by personal service must be received by the commission within ten days after the license holder receives the fine order from the commission.

(c) 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 the day following final enactment.

Sec. 15. Minnesota Statutes 2018, section 240.27, is amended to read:

240.27 EXCLUSION OF CERTAIN PERSONS.

Subdivision 1. **Persons excluded.** The commission may exclude from any and all licensed racetracks in the state a person who:

(1) has been convicted of a felony under the laws of any state or the United States;

(2) has had a license suspended, revoked, or denied by the commission or by the racing authority of any other jurisdiction; or

(3) is determined by the commission, on the basis of evidence presented to it, to be a threat to the public safety or the integrity of racing or card playing in Minnesota.

Subd. 2. **Hearing; appeal.** An order to exclude ~~a~~ an unlicensed person from any or all licensed racetracks in the state must be made by the commission ~~at~~ following a public hearing of which the person to be excluded must have had at least five days' notice. If present

at the hearing, the person must be permitted to show cause why the exclusion should not be ordered. An appeal of the order may be made in the same manner as other appeals under section 240.20.

Subd. 3. **Notice to racetracks.** Upon issuing an order excluding a person from any or all licensed racetracks, the commission shall send a copy of the order to the excluded person and to all racetracks or teleracing facilities named in it, along with other information as it deems necessary to permit compliance with the order.

Subd. 4. **Prohibitions.** It is a gross misdemeanor for a person named in an exclusion order to enter, attempt to enter, or be on the premises of a racetrack named in the order while it is in effect, and for a person licensed to conduct racing or operate a racetrack knowingly to permit an excluded person to enter or be on the premises.

Subd. 5. **Exclusions by racetrack.** ~~The holder of a license to conduct racing may eject and exclude from its premises any licensee or any other person who is in violation of any state law or commission rule or order or who is a threat to racing integrity or the public safety. A person so excluded from racetrack premises may appeal the exclusion to the commission and must be given a public hearing on the appeal upon request. At the hearing the person must be given the opportunity to show cause why the exclusion should not have been ordered. If the commission after the hearing finds that the integrity of racing and the public safety do not justify the exclusion, it shall order the racetrack making the exclusion to reinstate or readmit the person. An appeal of a commission order upholding the exclusion is governed by section 240.20.~~ A licensed racetrack may eject and exclude from its premises any person for any lawful reason. If a licensed racetrack excludes a person for a suspected or potential violation of law or rule, or if a licensed racetrack excludes any person for more than five days, the licensed racetrack shall provide the person's name and reason for the exclusion to the commission within 72 hours.

ARTICLE 5
GAMBLING CONTROL BOARD

Section 1. Minnesota Statutes 2018, section 349.12, subdivision 2, is amended to read:

Subd. 2. **Active member.** "Active member" means a member:

(1) who has paid all dues to the organization~~.~~;

(2) who is 18 years of age or older~~.~~;

(3) who has equal voting rights with all other members~~.~~;

(4) who has equal opportunity to be an elected officer~~.~~;

(5) who has equal right and responsibilities of attendance at the regularly scheduled meetings of the organization~~.~~;

(6) whose name and membership origination date appear with the member's knowledge and consent on a list of members of the organization~~.~~; and

(7) who has been a member of the organization for at least ~~six months~~ the most recent 90 days.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 349.17, subdivision 6, is amended to read:

Subd. 6. **Conduct of bingo.** The price of a face played on an electronic bingo device may not be less than the price of a face on a bingo paper sheet sold for the same game at the same occasion. Bingo gift certificates must only be sold for face value. A game of bingo begins with the first letter and number called or displayed. Each player must cover, mark, or activate the numbers when bingo numbers are randomly selected and announced or displayed to the players. The game is won when a player, using bingo paper, bingo hard card, or a facsimile of a bingo paper sheet, has completed, as described in the bingo program, a previously designated pattern or previously determined requirements of the game and declared bingo. A bingo pattern or bingo game requirement may not be completed with fewer than three bingo numbers having been drawn, unless the game being played is a cover-none game. The game is completed when a winning card, sheet, or facsimile is verified and a prize awarded pursuant to subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 3. Minnesota Statutes 2018, section 349.181, subdivision 5, is amended to read:

Subd. 5. **Lessor's immediate family.** The lessor's immediate family may not participate directly or indirectly as a player in a pull-tab, a tipboard, ~~or~~ a paddlewheel, or an electronic linked bingo game conducted at that premises.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 4. Minnesota Statutes 2018, section 349.19, subdivision 1, is amended to read:

Subdivision 1. **Required record of receipts.** (a) A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include

gross receipts, quantities of free plays if any, expenses, prizes, and gross profit. The board may by rule provide for the methods by which expenses are documented.

(b) In the case of bingo~~,~~:

(1) gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion~~.~~; and

(2) the organization must keep a bingo gift certificate log showing each bingo gift certificate number, the face value, the date sold, and the date redeemed.

(c) Separate records must be kept for bingo and all other forms of lawful gambling.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 5. Minnesota Statutes 2018, section 349.19, subdivision 2, is amended to read:

Subd. 2. **Accounts.** (a) Gross receipts from lawful gambling by each organization must be segregated from all other revenues of the conducting organization and placed in a separate gambling bank account.

(b) All expenditures for allowable expenses, taxes, and lawful purposes must be made from the separate account except (1) in the case of expenditures previously approved by the organization's membership for emergencies as defined by board rule, or (2) when restricted to one electronic fund transaction for the payment of taxes for the organization as a whole, the organization may transfer the amount of taxes related to the conduct of gambling to the general account at the time when due and payable.

(c) The name and address of the bank, the account number for the separate account, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made.

(d) Except as provided in paragraph (e), gambling receipts must be deposited into the gambling bank account within four business days of completion of the bingo occasion, deal, or game from which they are received.

(1) A deal of paper pull-tabs is considered complete when either the last pull-tab of the deal is sold or the organization does not continue the play of the deal during the next scheduled period of time in which the organization will conduct pull-tabs.

(2) A tipboard game is considered complete when the seal on the game flare is uncovered or the organization does not continue the play of the deal during the next scheduled period of time in which the organization will conduct tipboards.

(e) Gambling receipts from electronic gambling must be recorded on a daily basis and deposited into the gambling bank account:

(1) when the total net receipts from all electronic games at the premises reach the sum of $2,000 ~~or on or before~~; and

(2) within four business days of the first day of the month immediately following the month during which the receipts were generated~~, whichever occurs first~~.

(f) Deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game at each permitted premises.

(g) The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

EFFECTIVE DATE. This section is effective July 1, 2019.

ARTICLE 6
STATE BOARD OF ACCOUNTANCY

Section 1. Minnesota Statutes 2018, section 326A.01, subdivision 2, is amended to read:

Subd. 2. **Attest.** "Attest" means providing any of the following services:

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

(2) an audit or other engagement performed in accordance with the Generally Accepted Government Auditing Standards (GAGAS);

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

~~(3)~~ (4) an examination of prospective financial information performed in accordance with the Statements on Standards for Attestation Engagements (SSAE);

~~(4)~~ (5) an engagement performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB); and

~~(5)~~ (6) an examination, review, or agreed-upon procedures engagement performed in accordance with SSAE, other than an examination described in clause (3).

Sec. 2. Minnesota Statutes 2018, section 326A.04, subdivision 4, is amended to read:

Subd. 4. **Program of learning.** Each licensee shall participate in a program of learning designed to maintain professional competency. The program of learning must comply with

rules adopted by the board. The board may by rule create an exception to this requirement for licensees who do not perform or offer to perform for the public one or more kinds of services involving the use of ~~accounting or~~ auditing skills, including issuance of reports on ~~financial statements or of one or more kinds of~~: attest or compilation engagements, management advisory services, financial advisory services, or consulting services~~, or the preparation of tax returns or the furnishing of advice on tax matters~~. A licensee granted such an exception by the board must place the word "inactive" or "retired," if applicable, adjacent to the CPA title on any business card, letterhead, or any other document or device, with the exception of the licensee's certificate on which the CPA title appears.

Sec. 3. Minnesota Statutes 2018, section 326A.04, subdivision 5, is amended to read:

Subd. 5. **Fee.** (a) The board shall charge a fee for each application for initial issuance or renewal of a certificate or temporary military certificate under this section as provided in paragraph (b). ~~The fee for the temporary military certificate is $100.~~

(b) The board shall charge the following fees:

(1) initial issuance of certificate, $150;

(2) renewal of certificate with an active status, $100 per year;

(3) initial CPA firm permits, except for sole practitioners, $100;

(4) renewal of CPA firm permits, except for sole practitioners and those firms specified in clause ~~(17)~~ (16), $35 per year;

(5) initial issuance and renewal of CPA firm permits for sole practitioners, except for those firms specified in clause ~~(17)~~ (16), $35 per year;

(6) annual late processing delinquency fee for permit, certificate, or registration renewal applications not received prior to expiration date, $50;

(7) copies of records, per page, 25 cents;

(8) registration of noncertificate holders, nonlicensees, and nonregistrants in connection with renewal of firm permits, $45 per year;

(9) applications for reinstatement, $20;

(10) initial registration of a registered accounting practitioner, $50;

(11) initial registered accounting practitioner firm permits, $100;

(12) renewal of registered accounting practitioner firm permits, except for sole practitioners, $100 per year;

(13) renewal of registered accounting practitioner firm permits for sole practitioners, $35 per year;

~~(14) CPA examination application, $40;~~

~~(15)~~ (14) CPA examination, fee determined by third-party examination administrator;

~~(16)~~ (15) renewal of certificates with an inactive status, $25 per year; ~~and~~

~~(17)~~ (16) renewal of CPA firm permits for firms that have one or more offices located in another state, $68 per year; and

(17) temporary military certificate, $100.

Sec. 4. **[326A.045] RETIRED STATUS.**

Subdivision 1. **Retired status requirements.** The board shall grant retired status to a person who meets the following criteria:

(1) is age 55 or older;

(2) holds a current active license to practice public accounting under this chapter with a license status of active, inactive, or exempt under Minnesota Rules, part 1105.3700;

(3) declares that he or she is not practicing public accounting in any jurisdiction;

(4) was in good standing with the board at the time the person last held a license under this chapter; and

(5) submits an application for retired status on a form provided by the board.

Subd. 2. **Retired status effect.** Retired status is an honorific status. Retired status is not a license to engage in the practice of public accounting. A person granted retired status shall not perform or offer to perform services for which a license under this chapter is required.

Subd. 3. **Documentation of status.** The board shall provide to a person granted retired status a document stating that retired status has been granted.

Subd. 4. **Representation to the public.** A person granted retired status may represent themselves as "Certified Public Accountant - Retired," "CPA - Retired," "Retired Certified Public Accountant," or "Retired CPA," but shall not represent themselves or allow themselves to be represented to the public as a current licensee of the board.

Subd. 5. **Continuing education not required.** A person is not required to comply with continuing education requirements in section 326A.04, subdivision 4, to acquire or maintain retired status.

Subd. 6. **Renewal not required.** A person granted retired status is not required to renew their registration or pay renewal fees to maintain retired status.

Subd. 7. **Change to active or inactive status.** The board shall change a license status from retired to active or inactive, if a person with retired status requests a status change and meets requirements for reactivitation prescribed by rule.

Sec. 5. Minnesota Statutes 2018, section 326A.08, subdivision 4, is amended to read:

Subd. 4. **Cease and desist orders.** (a) The board, or the complaint committee if authorized by the board, may issue and have served upon a certificate holder, a permit holder, a registration holder, a person with practice privileges granted under section 326A.14, a person who has previously been subject to a disciplinary order by the board, or an unlicensed firm or person an order requiring the person or firm to cease and desist from the act or practice constituting a violation of the statute, rule, or order. The order must be calculated to give reasonable notice of the rights of the person or firm to request a hearing and must state the reasons for the entry of the order. No order may be issued until an investigation of the facts has been conducted pursuant to section 214.10.

(b) Service of the order ~~is effective when the order is served on the person, firm, or counsel of record personally, or by certified mail to the most recent address provided to the board for the person, firm, or counsel of record.~~ may be by first class United States mail, including certified United States mail, or overnight express mail service, postage prepaid and addressed to the party at the party's last known address. Service by United States mail, including certified mail, is complete upon placing the order in the mail or otherwise delivering the order to the United States mail service. Service by overnight express mail service is complete upon delivering the order to an authorized agent of the express mail service.

(c) Unless otherwise agreed by the board, or the complaint committee if authorized by the board, and the person or firm requesting the hearing, the hearing must be held no later than 30 days after the request for the hearing is received by the board.

(d) The administrative law judge shall issue a report within 30 days of the close of the contested case hearing record, notwithstanding Minnesota Rules, part 1400.8100, subpart 3. Within 30 days after receiving the report and any exceptions to it, the board shall issue a further order vacating, modifying, or making permanent the cease and desist orders as the facts require.

(e) If no hearing is requested within 30 days of service of the order, the order becomes final and remains in effect until it is modified or vacated by the board.

(f) If the person or firm to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person or firm is in default and the proceeding may be determined against that person or firm upon consideration of the cease and desist order, the allegations of which may be considered to be true.

(g) In lieu of or in addition to the order provided in paragraph (a), the board may require the person or firm to provide to the board a true and complete list of the person's or firm's clientele so that they can, if deemed necessary, be notified of the board's action. Failure to do so, or to provide an incomplete or inaccurate list, is an act discreditable.

Sec. 6. Minnesota Statutes 2018, section 326A.08, subdivision 5, is amended to read:

Subd. 5. **Actions against persons or firms.** (a) The board may, by order, deny, refuse to renew, suspend, temporarily suspend, or revoke the application, or practice privileges, registration or certificate of a person or firm; censure or reprimand the person or firm; prohibit the person or firm from preparing tax returns or reporting on financial statements; limit the scope of practice of any licensee; limit privileges under section 326A.14; refuse to permit a person to sit for examination; or refuse to release the person's examination grades if the board finds that the order is in the public interest and that, based on a preponderance of the evidence presented, the person or firm:

(1) has violated a statute, rule, or order that the board has issued or is empowered to enforce;

(2) has engaged in conduct or acts that are fraudulent, deceptive, or dishonest whether or not the conduct or acts relate to performing or offering to perform professional services, providing that the fraudulent, deceptive, or dishonest conduct or acts reflect adversely on the person's or firm's ability or fitness to provide professional services;

(3) has engaged in conduct or acts that are negligent or otherwise in violation of the standards established by board rule, where the conduct or acts relate to providing professional services, including in the filing or failure to file the licensee's income tax returns;

(4) has been convicted of, has pled guilty or nolo contendere to, or has been sentenced as a result of the commission of a felony or crime, an element of which is dishonesty or fraud; has been shown to have or admitted to having engaged in acts or practices tending to show that the person or firm is incompetent; or has engaged in conduct reflecting adversely on the person's or firm's ability or fitness to provide professional services, whether or not a conviction was obtained or a plea was entered or withheld and whether or not dishonesty or fraud was an element of the conduct;

(5) employed fraud or deception in obtaining a certificate, permit, registration, practice privileges, renewal, or reinstatement or in passing all or a portion of the examination;

(6) has had the person's or firm's permit, registration, practice privileges, certificate, right to examine, or other similar authority revoked, suspended, canceled, limited, or not renewed for cause, or has committed unprofessional acts for which the person or firm was otherwise disciplined or sanctioned, including, but not limited to, being ordered to or agreeing to cease and desist from prescribed conduct, in any state or any foreign country;

(7) has had the person's or firm's right to practice before any federal, state, other government agency, or Public Company Accounting Oversight Board revoked, suspended, canceled, limited, or not renewed for cause, or has committed unprofessional acts for which the person or firm was otherwise disciplined or sanctioned, including, but not limited to, being ordered to or agreeing to cease and desist from prescribed conduct;

(8) failed to meet any requirement for the issuance or renewal of the person's or firm's certificate, registration or permit, or for practice privileges;

(9) with respect to temporary suspension orders, has committed an act, engaged in conduct, or committed practices that may result or may have resulted, in the opinion of the board or the complaint committee if authorized by the board, in an immediate threat to the public;

(10) has engaged in any conduct reflecting adversely upon the person's or firm's fitness to perform services while a licensee, individual granted privileges under section 326A.14, or a person registered under section 326A.06, paragraph (b); or

(11) has, prior to a voluntary surrender of a certificate or permit to the board, engaged in conduct which at any time resulted in the discipline or sanction described in clause (6) or (7).

(b) In lieu of or in addition to any remedy provided in paragraph (a), the board, or the complaint committee if authorized by the board, may require, as a condition of continued possession of a certificate, a registration, or practice privileges, termination of suspension, reinstatement of permit, registration of a person or firm or of practice privileges under section 326A.14, a certificate, an examination, or release of examination grades, that the person or firm:

(1) submit to a peer review of the person's or firm's ability, skills, or quality of work, conducted in a fashion and by persons, entity, or entities as required by the board; and

(2) complete to the satisfaction of the board continuing professional education courses specified by the board.

(c) Service of the order ~~is effective if the order is served on the person, firm, or counsel of record personally or by certified mail to the most recent address provided to the board for the person, firm, or counsel of record.~~ may be by first class United States mail, including certified United States mail, or overnight express mail service, postage prepaid and addressed to the party at the party's last known address. Service by United States mail, including certified mail, is complete upon placing the order in the mail or otherwise delivering the order to the United States mail service. Service by overnight express mail service is complete upon delivering the order to an authorized agent of the express mail service. The order shall state the reasons for the entry of the order.

(d) All hearings required by this subdivision must be conducted in accordance with chapter 14 except with respect to temporary suspension orders as provided for in subdivision 6.

(e) In addition to the remedies authorized by this subdivision, the board, or the complaint committee if authorized by the board, may enter into an agreement with the person or firm for corrective action and may unilaterally issue a warning to a person or firm.

(f) The board shall not use agreements for corrective action or warnings in any situation where the person or firm has been convicted of or pled guilty or nolo contendere to a felony or crime and the felony or crime is the basis of the board's action against the person or firm, where the conduct of the person or firm indicates a pattern of related violations of paragraph (a) or the rules of the board, or where the board concludes that the conduct of the person or firm will not be deterred other than by disciplinary action under this subdivision or subdivision 4 or 6.

(g) Agreements for corrective action may be used by the board, or the complaint committee if authorized by the board, where the violation committed by the person or firm does not warrant disciplinary action pursuant to this subdivision or subdivision 4 or 6, but where the board, or the complaint committee if authorized by the board, determines that corrective action is required to prevent further such violations and to otherwise protect the public. Warnings may be used by the board, or the complaint committee if authorized by the board, where the violation of the person or firm is de minimus, does not warrant disciplinary action under this subdivision or subdivision 4 or 6, and does not require corrective action to protect the public.

(h) Agreements for corrective action must not be considered disciplinary action against the person's or firm's application, permit, registration or certificate, or practice privileges under section 326A.14. However, agreements for corrective action are public data. Warnings must not be considered disciplinary action against the person's or firm's application, permit, registration, or certificate or person's practice privileges and are private data.

Sec. 7. Minnesota Statutes 2018, section 326A.08, is amended by adding a subdivision to read:

Subd. 10. **Actions against lapsed license, certificate, or permit.** If a person's or firm's permit, registration, practice privileges, license, certificate, or other similar authority lapses, expires, is surrendered, withdrawn, terminated, canceled, limited, not renewed, or otherwise becomes invalid, the board may institute a proceeding under this subdivision within two years after the date the license, certificate, or permit was last effective and enter a revocation or suspension order as of the last date on which the license, certificate, or permit was in effect, or impose a civil penalty as provided for in subdivision 7.

Sec. 8. Minnesota Statutes 2018, 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 governmental 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~~ incorporated by reference in Minnesota Rules, part 1105.0250, 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 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.

ARTICLE 7
VETERANS AND MILITARY AFFAIRS POLICY

Section 1. **[10.576] POW AND MIA RECOGNITION DAY.**

The third Friday in September of each year is designated as Prisoners of War (POW) and Missing in Action (MIA) Recognition Day to honor and recognize the courage and sacrifices of individuals from Minnesota who have been prisoners of war or who are missing in action. Each year, the governor shall issue a proclamation honoring this observance.

Sec. 2. **[10.578] VETERANS SUICIDE AWARENESS DAY.**

The first Saturday of every October is designated Veterans Suicide Awareness Day. Each year, the governor shall issue a proclamation honoring this observance.

Sec. 3. **[10.5805] HMONG SPECIAL GUERRILLA UNITS MEMORIAL DAY; STATEMENT OF PURPOSE.**

May 14 of each year is designated as Hmong Special Guerilla Units Memorial Day in honor of Southeast Asians, Americans, and their allies who served, suffered, sacrificed, or died in the Secret War in Laos during the Vietnam War in the years 1961 to 1975 in support of the armed forces of the United States, and in recognition of the significance of May 14, 1975, the last day that the overall American-trained Hmong command structure over the Special Guerrilla Units in Laos was operational. At least 35,000 Hmong Special Guerrilla soldiers lost their lives protecting trapped, lost, or captured American soldiers and pilots in Laos and Vietnam. One-half of the Hmong population in Laos perished as a result of the American Secret War in Laos. Ethnic Hmong men, women, and children in Laos faced persecution and forced reeducation in seminar camps after their American support ended.

Despite the tremendous cost and sacrifices in the war, the Hmong remain proud to stand by the values of freedom and justice that America symbolizes. Those who survived escaped to western countries to start a new life. Each year, the governor shall issue a proclamation honoring the observance.

Sec. 4. **[10.597] AMERICAN ALLIES DAY.**

(a) June 30 of each year is designated American Allies Day for the purpose of honoring foreign-born persons who fought in conflicts around the world on behalf of and alongside the United States armed forces.

(b) Each year the governor shall issue a proclamation honoring this observance.

(c) Schools are encouraged to offer instruction on the role of America's allies during its military conflicts, including but not limited to sharing the stories of those who fought for freedom and democracy against tyranny and despotism with special emphasis on those who fought on behalf of American allies or alongside American armed forces and later emigrated to Minnesota.

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

Sec. 5. Minnesota Statutes 2018, section 196.05, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

(10) exercise other powers as ~~may be~~ authorized and necessary to carry out ~~the provisions of~~ this chapter and ~~chapter~~ chapters 197~~, consistent with that chapter~~ and 198;

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

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

Sec. 6. Laws 2016, chapter 189, article 13, section 64, is amended to read:

Sec. 64. **MEMORIAL COMMEMORATING RECIPIENTS OF THE MEDAL OF HONOR.**

Subdivision 1. **Medal of Honor Memorial on the State Capitol grounds.** Subject to approval by the Capitol Area Architectural and Planning Board, the commissioner of administration shall place a memorial on the State Capitol grounds to honor Minnesotans awarded the Medal of Honor.

Subd. 2. **Gifts and grants.** The commissioner of veterans affairs may solicit gifts, grants, or donations of any kind from any private or public source to carry out the purposes of this section. A Medal of Honor Memorial account is created in the special revenue fund. The account consists of money transferred by law to the account and any other money donated, gifted, granted, allotted, or otherwise provided to the account. All gifts, grants, or donations

received by the commissioner shall be deposited in a Medal of Honor Memorial account in the special revenue fund. Money in the account is annually appropriated to the commissioner of administration for predesign, design, construction, and ongoing maintenance of the memorial.

~~Subd. 3. **Restrictions.** Money deposited in the Medal of Honor Memorial account is not available until the commissioner of management and budget has determined an amount sufficient to complete predesign of the memorial has been committed to the project from nonstate sources. The commissioner of administration shall not begin construction on this project until money in the account is sufficient to pay for all costs related to construction and ongoing maintenance of the memorial.~~

Sec. 7. **PLAQUE.**

Subdivision 1. **Purpose.** The state wishes to honor all Minnesota veterans who have honorably and bravely served in the United States armed forces, both at home and abroad, during World War I.

Subd. 2. **Plaque authorized.** The commissioner of administration shall place a memorial plaque in the court of honor on the Capitol grounds to recognize the valiant service of Minnesota veterans who have honorably and bravely served in the United States armed forces, both at home and abroad, during World War I. This plaque will replace the current plaque honoring veterans who served abroad during World War I. The Capitol Area Architectural and Planning Board shall solicit design submissions from the public. Each design submission must include a commitment to furnish the plaque at no cost to the state. The Capitol Area Architectural and Planning Board shall select a design from those submitted to use as a basis for final production. The selected design must be approved by the commissioner of veterans affairs and must be furnished by the person or group who submitted the design at no cost to the state.

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

Sec. 8. **USS MINNEAPOLIS-ST. PAUL ACCOUNT.**

Subdivision 1. **Account established.** The USS Minneapolis-St. Paul account is established in the special revenue fund. Money in the account is appropriated to the commissioner of military affairs for the commissioning and preservation of the USS Minneapolis-St. Paul.

Subd. 2. **Gifts and grants.** The commissioner of military affairs may solicit gifts, grants, or donations of any kind from any private or public source for the commissioning and

preservation of the USS Minneapolis-St. Paul. All gifts, grants, or donations received by the commissioner shall be deposited in the USS Minneapolis-St. Paul account under subdivision 1.

3.9735 EVALUATION OF ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS.

Subdivision 1. **Definitions.** For purposes of this section, the terms defined in this section have the meanings given them.

(a) "General incentive" means a state program, statutory provision, or tax expenditure, including tax credits, tax exemptions, tax deductions, grants, or loans, that is intended to encourage businesses to locate, expand, invest, or remain in Minnesota or to hire or retain employees in Minnesota. To be a general incentive, a state program, statutory provision, or tax expenditure must be funded by an appropriation from the general fund, and be available to multiple entities, projects, or associated projects or include eligibility criteria with the intent that it will be available to multiple entities, projects, or associated projects.

(b) "Exclusive incentive" means a state program, statutory provision, tax expenditure, or section of a general incentive, including tax credits, tax exemptions, tax deductions, grants, or loans, that is intended to encourage a single specific entity, project, or associated projects to locate, expand, invest, or remain in Minnesota or to hire or retain employees in Minnesota.

Subd. 2. **Selection of general incentives for review; schedule for evaluation; report.** Annually, the legislative auditor shall submit to the Legislative Audit Commission a list of three to five general incentives proposed for review. In selecting general incentives to include on this list, the legislative auditor may consider what the incentive will cost state and local governments in actual spending and foregone revenue currently or projected into the future, the legislature's need for information about a general incentive that has an upcoming expiration date, and the legislature's need for regular information on the results of all major general incentives. Annually, the Legislative Audit Commission will select at least one general incentive for the legislative auditor's evaluation. The legislative auditor will evaluate the selected general incentive or incentives, prepared according to the evaluation plan established under subdivision 4, and submit a written report to the Legislative Audit Commission.

Subd. 3. **Exclusive incentive schedule.** The legislative auditor's schedule shall ensure that at least once every four years the legislative auditor will complete an analysis of best practices for exclusive incentives.

Subd. 4. **Evaluation plans.** By February 1, 2016, the Legislative Audit Commission shall establish evaluation plans that identify elements that the legislative auditor must include in evaluations of a general incentive and an exclusive incentive. The Legislative Audit Commission may modify the evaluation plans as needed.

353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.

(a) On September 15, 2019, and annually thereafter, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, $6,000,000.

(b) On September 15, 2017, and September 15, 2018, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, $16,000,000.

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