

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 605

(SENATE AUTHORS: KIFFMEYER)

DATE	D-PG	OFFICIAL STATUS
02/02/2017	498	Introduction and first reading
		Referred to State Government Finance and Policy and Elections
03/23/2017	1590a	Comm report: To pass as amended and re-refer to Finance
03/27/2017		Comm report: To pass as amended
		Second reading

1.1

A bill for an act

1.2 relating to the operation of state government; appropriating money for the

1.3 legislature, governor's office, state auditor, attorney general, secretary of state,

1.4 certain agencies, boards, councils, retirement funds; cancellation of certain

1.5 appropriations; precluding agencies from transferring money to the governor's

1.6 office for services; constraining the state auditor's use of funds for litigation

1.7 expenses; requiring the state auditor to reimburse Wright, Becker, and Ramsey

1.8 Counties for litigation expenses; limiting the state auditor's rates for 2017; requiring

1.9 legislative approval for certain rules; making an ALJ decision the final decision

1.10 in contested cases; creating an affirmative defense to certain rule violations;

1.11 modifying the employee gainsharing program; requiring the Department of

1.12 Administration to assess agencies for certain services; requiring the Office of

1.13 MN.IT Services to report its project portfolio to the legislature; limiting severance

1.14 pay for highly paid civil service employees; permitting state employees to opt out

1.15 of insurance coverage under SEGIP; limiting public employer compensation under

1.16 contracts to appropriated amounts; providing statutory appropriations to the Racing

1.17 Commission in the event of a failure to pass a biennial appropriation; raising caps

1.18 on Mighty Ducks grants; modifying expense calculation for the State Lottery;

1.19 creating an advisory task force on fiscal notes; setting a deadline for consolidation

1.20 of state information technology and for use of cloud-based solutions; creating a

1.21 legislative commission to review consolidation of the state's information

1.22 technology; establishing requirements for a grandfathered license for eyelash

1.23 technicians; creating a working group for a rules status system; creating a grant

1.24 program for election equipment; repealing the state auditor enterprise fund;

1.25 repealing the campaign finance public subsidy program; repealing lottery payouts

1.26 to people under 18; amending Minnesota Statutes 2016, sections 4.46; 6.481,

1.27 subdivision 6; 6.56, subdivision 2; 6.581, subdivision 4; 14.18, subdivision 1;

1.28 14.27; 14.389, subdivision 3; 14.57; 16A.90; 16B.055, subdivision 1; 16B.371;

1.29 16E.0466; 43A.17, subdivision 11; 43A.24, by adding a subdivision; 155A.23,

1.30 subdivisions 10, 15, 16, by adding a subdivision; 155A.29, subdivisions 1, 2;

1.31 155A.30, subdivisions 2, 5; 179A.20, by adding a subdivision; 240.15, subdivision

1.32 6; 240.155, subdivision 1; 240A.09; 349A.08, subdivision 2; 349A.10, subdivision

1.33 6; Laws 2016, chapter 127, section 8; proposing coding for new law in Minnesota

1.34 Statutes, chapters 6; 14; 16A; 240; repealing Minnesota Statutes 2016, sections

1.35 6.581, subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a,

2.1 10, 10a, 10b, 11; 10A.315; 10A.321; 10A.322, subdivisions 1, 2, 4; 10A.323;
2.2 155A.23, subdivision 8; 349A.08, subdivision 3.

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

2.4 **ARTICLE 1**

2.5 **STATE GOVERNMENT APPROPRIATIONS**

2.6 Section 1. **APPROPRIATIONS.**

2.7 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
2.8 and for the purposes specified in this article. The appropriations are from the general fund,
2.9 or another named fund, and are available for the fiscal years indicated for each purpose.
2.10 The figures "2018" and "2019" used in this article mean that the appropriations listed under
2.11 them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.
2.12 "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium"
2.13 is fiscal years 2018 and 2019.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2018</u>	<u>2019</u>

2.18 Sec. 2. **LEGISLATURE**

2.19	<u>Subdivision 1. Total Appropriation</u>	<u>\$ 81,706,000</u>	<u>\$ 81,512,000</u>
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2.20	<u>Appropriations by Fund</u>		
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2.21		<u>2018</u>	<u>2019</u>
2.22	<u>General</u>	<u>81,578,000</u>	<u>81,384,000</u>
2.23	<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

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

2.27	<u>Subd. 2. Senate</u>	<u>32,299,000</u>	<u>32,105,000</u>
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2.28	<u>Subd. 3. House of Representatives</u>	<u>32,383,000</u>	<u>32,383,000</u>
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2.29 During the biennium ending June 30, 2019,
2.30 any revenues received by the house of
2.31 representatives from voluntary donations to
2.32 support broadcast or print media are
2.33 appropriated to the house of representatives.

2.34	<u>Subd. 4. Legislative Coordinating Commission</u>	<u>17,024,000</u>	<u>17,024,000</u>
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3.1 Appropriations by Fund

3.2		<u>2018</u>	<u>2019</u>
3.3	<u>General</u>	<u>16,896,000</u>	<u>16,896,000</u>
3.4	<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

3.5 \$6,564,000 the first year and \$6,564,000 the
 3.6 second year are for the Office of the
 3.7 Legislative Auditor.

3.8 \$6,180,000 the first year and \$6,180,000 the
 3.9 second year are for the Office of the Revisor
 3.10 of Statutes.

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

3.17 **Sec. 3. GOVERNOR AND LIEUTENANT**
 3.18 **GOVERNOR** **\$** **4,605,000** **\$** **4,605,000**

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

3.21 (b) Up to \$19,000 the first year and up to
 3.22 \$19,000 the second year are for necessary
 3.23 expenses in the normal performance of the
 3.24 Governor's and Lieutenant Governor's duties
 3.25 for which no other reimbursement is provided.

3.26 (c) The following amounts that are
 3.27 appropriated from the general fund in fiscal
 3.28 years 2018 and 2019 to the specified agency
 3.29 and are budgeted to be transferred to the
 3.30 governor for personnel costs incurred by the
 3.31 Offices of the Governor and the Lieutenant
 3.32 Governor to support the agencies are canceled
 3.33 to the general fund and the base for each

4.1 agency is reduced by the specified amount for
 4.2 fiscal years 2020 and 2021.

4.3	<u>Agency</u>	<u>2018</u>	<u>2019</u>
4.4	<u>Commerce</u>	<u>67,000</u>	<u>67,000</u>
4.5	<u>Employment and</u>		
4.6	<u>Economic Development</u>	<u>109,000</u>	<u>109,000</u>
4.7	<u>Education</u>	<u>58,000</u>	<u>58,000</u>
4.8	<u>Office of Higher</u>		
4.9	<u>Education</u>	<u>25,000</u>	<u>25,000</u>
4.10	<u>Administration</u>	<u>25,000</u>	<u>25,000</u>
4.11	<u>Management and</u>		
4.12	<u>Budget</u>	<u>21,000</u>	<u>21,000</u>
4.13	<u>MN.IT Services</u>	<u>25,000</u>	<u>25,000</u>
4.14	<u>Revenue</u>	<u>41,000</u>	<u>41,000</u>
4.15	<u>Health</u>	<u>58,000</u>	<u>58,000</u>
4.16	<u>Human Services</u>	<u>247,000</u>	<u>247,000</u>
4.17	<u>Veterans Affairs</u>	<u>16,000</u>	<u>16,000</u>
4.18	<u>Military Affairs</u>	<u>17,000</u>	<u>17,000</u>
4.19	<u>Corrections</u>	<u>58,000</u>	<u>58,000</u>
4.20	<u>Transportation</u>	<u>20,000</u>	<u>20,000</u>

4.21 (d) The following amounts that are budgeted
 4.22 to be transferred from the specified fund for
 4.23 the specified agencies to the governor for
 4.24 personnel costs incurred by the Offices of the
 4.25 Governor and Lieutenant Governor to support
 4.26 the agencies during the previous fiscal year
 4.27 are transferred from the specified fund to the
 4.28 general fund.

4.29	<u>Agency</u>	<u>Fund</u>	<u>2018</u>	<u>2019</u>
4.30		<u>Miscellaneous Special</u>		
4.31	<u>Agriculture</u>	<u>Revenue Fund</u>	<u>41,000</u>	<u>41,000</u>
4.32		<u>Housing Finance Agency</u>		
4.33	<u>Housing Finance Agency</u>	<u>Fund</u>	<u>33,000</u>	<u>33,000</u>
4.34		<u>Restricted Special</u>		
4.35	<u>Labor and Industry</u>	<u>Revenue Fund</u>	<u>41,000</u>	<u>41,000</u>
4.36	<u>Iron Range Resources and</u>	<u>Iron Range Resources</u>		
4.37	<u>Rehabilitation Board</u>	<u>and Rehabilitation Fund</u>	<u>26,000</u>	<u>26,000</u>
4.38		<u>Office of Higher</u>		
4.39	<u>Higher Education</u>	<u>Education Fund</u>	<u>16,000</u>	<u>16,000</u>

5.1		<u>State Employee Group</u>		
5.2	<u>Management and Budget</u>	<u>Insurance Program Fund</u>	<u>21,000</u>	<u>21,000</u>
5.3		<u>Restricted Special</u>		
5.4	<u>Public Safety</u>	<u>Revenue Fund</u>	<u>41,000</u>	<u>41,000</u>
5.5		<u>Miscellaneous Special</u>		
5.6	<u>Natural Resources</u>	<u>Revenue Fund</u>	<u>84,000</u>	<u>84,000</u>
5.7		<u>Miscellaneous Special</u>		
5.8	<u>Pollution Control Agency</u>	<u>Revenue Fund</u>	<u>67,000</u>	<u>67,000</u>
5.9	<u>Transportation</u>	<u>Transit Assistance Fund</u>	<u>40,000</u>	<u>40,000</u>
5.10		<u>County State-Aid Roads</u>		
5.11	<u>Transportation</u>	<u>Fund</u>	<u>30,000</u>	<u>30,000</u>
5.12		<u>Municipal State-Aid</u>		
5.13	<u>Transportation</u>	<u>Roads Fund</u>	<u>9,000</u>	<u>9,000</u>

5.14 **Sec. 4. STATE AUDITOR**

5.15 Subdivision 1. Total Appropriation \$ 7,062,000 \$ 7,062,000

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

5.19 Subd. 2. Audit Practice 5,081,000 5,081,000

5.20 Subd. 3. Legal and Special Investigations 318,000 318,000

5.21 Subd. 4. Government Information 598,000 598,000

5.22 Subd. 5. Pension Oversight 448,000 448,000

5.23 Subd. 6. Operations Management 358,000 358,000

5.24 Subd. 7. Constitutional Office 259,000 259,000

5.25 **Sec. 5. ATTORNEY GENERAL**

5.26 Subdivision 1. Total Appropriation \$ 23,247,000 \$ 23,247,000

5.27 Appropriations by Fund

5.28		<u>2018</u>	<u>2019</u>
5.29	<u>General</u>	<u>20,465,000</u>	<u>20,465,000</u>
5.30	<u>State Government</u>		
5.31	<u>Special Revenue</u>	<u>2,387,000</u>	<u>2,387,000</u>
5.32	<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
5.33	<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

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

6.4 Subd. 2. **Government Legal Services** 3,652,000 3,652,000

6.5 Subd. 3. **Regulatory Law and Professions** 4,984,000 4,984,000

6.6 Appropriations by Fund

6.7 2018 2019

6.8 General 2,223,000 2,223,000

6.9 State Government

6.10 Special Revenue 2,366,000 2,366,000

6.11 Environmental 250,000 250,000

6.12 Remediation 145,000 145,000

6.13 Subd. 4. **State Government Services** 6,157,000 6,157,000

6.14 Appropriations by Fund

6.15 2018 2019

6.16 General 6,136,000 6,136,000

6.17 State Government

6.18 Special Revenue 21,000 21,000

6.19 Subd. 5. **Civil Law Section** 3,010,000 3,010,000

6.20 Subd. 6. **Civil Litigation** 1,495,000 1,495,000

6.21 Subd. 7. **Administrative Operations** 3,949,000 3,949,000

6.22 Sec. 6. **SECRETARY OF STATE**

6.23 Subdivision 1. **Total Appropriation** \$ 7,901,000 \$ 6,240,000

6.24 The base for fiscal year 2020 is \$6,129,000

6.25 and the base for fiscal year 2021 is

6.26 \$6,129,000.

6.27 The amounts that may be spent for each

6.28 purpose are specified in the following

6.29 subdivisions.

7.1	<u>Subd. 2. Administration</u>		<u>594,000</u>		<u>606,000</u>
7.2	<u>Subd. 3. Safe at Home</u>		<u>609,000</u>		<u>625,000</u>
7.3	<u>Subd. 4. Business Services</u>		<u>1,617,000</u>		<u>1,391,000</u>
7.4	<u>Subd. 5. Elections</u>		<u>5,081,000</u>		<u>3,618,000</u>
7.5	<u>\$1,772,000 the first year is for the voting</u>				
7.6	<u>equipment grant established in article 3,</u>				
7.7	<u>section 1. This is a onetime appropriation.</u>				
7.8	<u>Sec. 7. CAMPAIGN FINANCE AND PUBLIC</u>				
7.9	<u>DISCLOSURE BOARD</u>	<u>\$</u>	<u>976,000</u>	<u>\$</u>	<u>976,000</u>
7.10	<u>Sec. 8. INVESTMENT BOARD</u>	<u>\$</u>	<u>139,000</u>	<u>\$</u>	<u>139,000</u>
7.11	<u>Sec. 9. ADMINISTRATIVE HEARINGS</u>	<u>\$</u>	<u>7,633,000</u>	<u>\$</u>	<u>7,633,000</u>
7.12	<u>Appropriations by Fund</u>				
7.13		<u>2018</u>	<u>2019</u>		
7.14	<u>General</u>	<u>383,000</u>	<u>383,000</u>		
7.15	<u>Workers'</u>				
7.16	<u>Compensation</u>	<u>7,250,000</u>	<u>7,250,000</u>		
7.17	<u>Campaign Violations Hearings. \$115,000</u>				
7.18	<u>in fiscal year 2018 and \$115,000 in fiscal year</u>				
7.19	<u>2019 are appropriated from the general fund</u>				
7.20	<u>for the cost of considering complaints filed</u>				
7.21	<u>under Minnesota Statutes, section 211B.32.</u>				
7.22	<u>These amounts may be used in either year of</u>				
7.23	<u>the biennium.</u>				
7.24	<u>\$6,000 in fiscal year 2018 and \$6,000 in fiscal</u>				
7.25	<u>year 2019 are appropriated from the general</u>				
7.26	<u>fund to the Office of Administrative Hearings</u>				
7.27	<u>for the cost of considering data practices</u>				
7.28	<u>complaints filed under Minnesota Statutes,</u>				
7.29	<u>section 13.085. These amounts may be used</u>				
7.30	<u>in either year of the biennium.</u>				
7.31	<u>Sec. 10. MN.IT SERVICES</u>	<u>\$</u>	<u>4,622,000</u>	<u>\$</u>	<u>2,622,000</u>

8.1 \$3,300,000 the first year and \$1,300,000 the
8.2 second year are for enhancements to
8.3 cybersecurity across state government.

8.4 \$5,000,000 of the unobligated balance as of
8.5 March 15, 2017, in the information and
8.6 telecommunications technology systems and
8.7 services account in the special revenue fund
8.8 must be used for enhancements to
8.9 cybersecurity across state government. At the
8.10 end of the fiscal year 2016-2017 biennium, an
8.11 additional \$5,000,000 of unexpended agency
8.12 operating dollars transferred into the account
8.13 must be used for cybersecurity enhancements
8.14 across state government. The state chief
8.15 information officer must report to the chairs
8.16 and ranking minority members of the
8.17 committees in the senate and house of
8.18 representatives with jurisdiction over state
8.19 government finance by August 15, 2017, on
8.20 how the \$10,000,000 in funds will be used to
8.21 enhance cybersecurity.

8.22 The commissioner of management and budget
8.23 is authorized to provide cash flow assistance
8.24 of up to \$110,000,000 from the special
8.25 revenue fund or other statutory general funds
8.26 as defined in Minnesota Statutes, section
8.27 16A.671, subdivision 3, paragraph (a), to the
8.28 Office of MN.IT Services for the purpose of
8.29 managing revenue and expenditure
8.30 differences. These funds shall be repaid with
8.31 interest by the end of the fiscal year 2019
8.32 closing period.

8.33 During the biennium ending June 30, 2019,
8.34 MN.IT Services must not charge fees to a
8.35 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.

9.9 **Sec. 11. ADMINISTRATION**

9.10	Subdivision 1. Total Appropriation	\$	20,036,000	\$	19,536,000
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9.11 The amounts that may be spent for each
9.12 purpose are specified in the following
9.13 subdivisions.

9.14	Subd. 2. Government and Citizen Services	6,901,000	6,901,000
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9.15	(a) Council on Developmental Disabilities	74,000	74,000
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9.16	<u>(b) Materials Management</u>		
9.17	Division	2,400,000	2,400,000

9.18	<u>(c) Real Estate and</u>		
9.19	Construction Services	2,466,000	2,466,000

9.20	<u>(d) Enterprise Real Property</u>		
9.21	Program	674,000	674,000

9.22	(e) State Archeologist	215,000	215,000
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9.23	<u>(f) Information Policy</u>		
9.24	Analysis	525,000	525,000

9.25	(g) State Demographer	547,000	547,000
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9.26	Subd. 3. Fiscal Agent	11,277,000	10,777,000
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9.27 The appropriations under this section are to
9.28 the commissioner of administration for the
9.29 purposes specified.

9.30 **In-Lieu of Rent.** \$8,158,000 the first year and
9.31 \$8,158,000 the second year are for space costs
9.32 of the legislature and veterans organizations,
9.33 ceremonial space, and statutorily free space.

- 10.1 **Public Broadcasting.** (a) \$1,550,000 the first
10.2 year and \$1,550,000 the second year are for
10.3 matching grants for public television.
- 10.4 (b) \$250,000 the first year and \$250,000 the
10.5 second year are for public television
10.6 equipment grants under Minnesota Statutes,
10.7 section 129D.13.
- 10.8 (c) \$100,000 the first year is for a grant to
10.9 Twin Cities Public Television to produce the
10.10 Vietnam: Minnesota Remembers project.
- 10.11 (d) The commissioner of administration must
10.12 consider the recommendations of the
10.13 Minnesota Public Television Association
10.14 before allocating the amount appropriated in
10.15 paragraphs (a) and (b) for equipment or
10.16 matching grants.
- 10.17 (e) \$392,000 the first year and \$392,000 the
10.18 second year are for community service grants
10.19 to public educational radio stations. This
10.20 appropriation may be used to disseminate
10.21 emergency information in foreign languages.
- 10.22 (f) \$117,000 the first year and \$117,000 the
10.23 second year are for equipment grants to public
10.24 educational radio stations. This appropriation
10.25 may be used for the repair, rental, and
10.26 purchase of equipment including equipment
10.27 under \$500.
- 10.28 (g) \$310,000 the first year and \$310,000 the
10.29 second year are for equipment grants to
10.30 Minnesota Public Radio, Inc., including
10.31 upgrades to Minnesota's Emergency Alert and
10.32 AMBER Alert Systems.
- 10.33 (h) \$400,000 the first year is for a grant to
10.34 Minnesota Public Radio, Inc. for upgrades to

11.1 Minnesota's Emergency Alert and AMBER
 11.2 Alert Systems.

11.3 (i) The appropriations in paragraphs (e), (f),
 11.4 (g), and (h), may not be used for indirect costs
 11.5 claimed by an institution or governing body.

11.6 (j) The commissioner of administration must
 11.7 consider the recommendations of the
 11.8 Minnesota Public Educational Radio Stations
 11.9 before awarding grants under Minnesota
 11.10 Statutes, section 129D.14, using the
 11.11 appropriations in paragraphs (e) and (f). No
 11.12 grantee is eligible for a grant unless they are
 11.13 a member of the Association of Minnesota
 11.14 Public Educational Radio Stations on or before
 11.15 July 1, 2015.

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

11.20	Sec. 12. <u>CAPITOL AREA ARCHITECTURAL</u>			
11.21	<u>AND PLANNING BOARD</u>	\$	<u>327,000</u>	\$ <u>327,000</u>

11.22 Sec. 13. MINNESOTA MANAGEMENT AND
 11.23 BUDGET

11.24	<u>Subdivision 1. Total Appropriation</u>	\$	<u>21,922,000</u>	\$ <u>21,922,000</u>
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11.25 The amounts that may be spent for each
 11.26 purpose are specified in the following
 11.27 subdivisions.

12.1	<u>Subd. 2. Accounting Services</u>		<u>4,489,000</u>	<u>4,489,000</u>
12.2	<u>Subd. 3. Budget Services</u>		<u>3,376,000</u>	<u>3,376,000</u>
12.3	<u>Subd. 4. Economic Analysis</u>		<u>507,000</u>	<u>507,000</u>
12.4	<u>Subd. 5. Debt Management</u>		<u>439,000</u>	<u>439,000</u>
12.5	<u>Subd. 6. Enterprise Human Resources</u>		<u>3,209,000</u>	<u>3,209,000</u>
12.6	<u>Subd. 7. Labor Relations</u>		<u>1,039,000</u>	<u>1,039,000</u>
12.7	<u>Subd. 8. Agency Administration</u>		<u>7,870,000</u>	<u>7,870,000</u>
12.8	<u>Subd. 9. Enterprise Communication and</u>			
12.9	<u>Planning</u>		<u>993,000</u>	<u>993,000</u>
12.10	<u>The commissioner must report to the chairs</u>			
12.11	<u>and ranking minority members of the</u>			
12.12	<u>committees in the senate and house of</u>			
12.13	<u>representatives with jurisdiction over state</u>			
12.14	<u>government finance by September 15 of each</u>			
12.15	<u>year on funding for the executive recruiter</u>			
12.16	<u>position that was supported by appropriations</u>			
12.17	<u>to other agencies during the previous fiscal</u>			
12.18	<u>year.</u>			
12.19	<u>Sec. 14. REVENUE</u>			
12.20	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>141,784,000</u>	<u>\$ 141,784,000</u>
12.21	<u>Appropriations by Fund</u>			
12.22		<u>2018</u>	<u>2019</u>	
12.23	<u>General</u>	<u>137,548,000</u>	<u>137,548,000</u>	
12.24	<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>	
12.25	<u>Highway User Tax</u>			
12.26	<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>	
12.27	<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>	
12.28	<u>Subd. 2. Tax System Management</u>		<u>114,313,000</u>	<u>114,313,000</u>
12.29	<u>Appropriations by Fund</u>			
12.30		<u>2018</u>	<u>2019</u>	
12.31	<u>General</u>	<u>110,077,000</u>	<u>110,077,000</u>	
12.32	<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>	
12.33	<u>Highway User Tax</u>			
12.34	<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>	

13.1	<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>
13.2	<u>(a) Operations Support</u>		
13.3	<u>General</u>	<u>9,627,000</u>	<u>9,627,000</u>
13.4	<u>Health Care Access</u>	<u>126,000</u>	<u>126,000</u>
13.5	<u>Taxpayer Assistance Grants. \$400,000 in</u>		
13.6	<u>fiscal year 2018 and \$400,000 in fiscal year</u>		
13.7	<u>2019 from the general fund are for grants to</u>		
13.8	<u>one or more nonprofit organizations,</u>		
13.9	<u>qualifying under section 501(c)(3) of the</u>		
13.10	<u>Internal Revenue Code of 1986, to coordinate,</u>		
13.11	<u>facilitate, encourage, and aid in the provision</u>		
13.12	<u>of taxpayer assistance services. The</u>		
13.13	<u>unencumbered balance in the first year does</u>		
13.14	<u>not cancel but is available for the second year.</u>		
13.15	<u>For purposes of this appropriation, "taxpayer</u>		
13.16	<u>assistance services" means accounting and tax</u>		
13.17	<u>preparation services provided by volunteers</u>		
13.18	<u>to low-income, elderly, and disadvantaged</u>		
13.19	<u>Minnesota residents to help them file federal</u>		
13.20	<u>and state income tax returns, Minnesota</u>		
13.21	<u>property tax refund claims, and to provide</u>		
13.22	<u>personal representation before the Department</u>		
13.23	<u>of Revenue and Internal Revenue Service.</u>		
13.24	<u>(b) Appeals, Legal Services, and Tax Research</u>		
13.25	<u>General</u>	<u>6,961,000</u>	<u>6,961,000</u>
13.26	<u>Health Care Access</u>	<u>113,000</u>	<u>113,000</u>
13.27	<u>(c) Payment and Return Processing</u>		
13.28	<u>General</u>	<u>12,650,000</u>	<u>12,650,000</u>
13.29	<u>Health Care Access</u>	<u>51,000</u>	<u>51,000</u>
13.30	<u>Highway User Tax</u>		
13.31	<u>Distribution</u>	<u>343,000</u>	<u>343,000</u>
13.32	<u>(d) Administration of State Taxes</u>		
13.33	<u>General</u>	<u>54,958,000</u>	<u>54,958,000</u>
13.34	<u>Health Care Access</u>	<u>1,407,000</u>	<u>1,407,000</u>
13.35	<u>Highway User Tax</u>		
13.36	<u>Distribution</u>	<u>1,621,000</u>	<u>1,621,000</u>

14.1	<u>Environmental</u>		<u>303,000</u>	<u>303,000</u>
14.2	<u>(e) Technology Development, Implementation,</u>			
14.3	<u>and Support</u>			
14.4	<u>General</u>		<u>21,873,000</u>	<u>21,873,000</u>
14.5	<u>Health Care Access</u>		<u>52,000</u>	<u>52,000</u>
14.6	<u>Highway User Tax</u>			
14.7	<u>Distribution</u>		<u>220,000</u>	<u>220,000</u>
14.8	<u>(f) Property Tax Administration and State Aid</u>			
14.9	<u>General</u>		<u>4,008,000</u>	<u>4,008,000</u>
14.10	<u>Subd. 3. Debt Collection Management</u>		<u>27,471,000</u>	<u>27,471,000</u>
14.11	Sec. 15. <u>GAMBLING CONTROL</u>	<u>\$</u>	<u>3,324,000</u>	<u>\$ 3,324,000</u>
14.12	<u>These appropriations are from the lawful</u>			
14.13	<u>gambling regulation account in the special</u>			
14.14	<u>revenue fund.</u>			
14.15	Sec. 16. <u>RACING COMMISSION</u>	<u>\$</u>	<u>835,000</u>	<u>\$ 890,000</u>
14.16	<u>These appropriations are from the racing and</u>			
14.17	<u>card playing regulation accounts in the special</u>			
14.18	<u>revenue fund.</u>			
14.19	Sec. 17. <u>STATE LOTTERY</u>			
14.20	<u>Notwithstanding Minnesota Statutes, section</u>			
14.21	<u>349A.10, subdivision 3, the operating budget</u>			
14.22	<u>must not exceed \$32,500,000 in fiscal year</u>			
14.23	<u>2018 and \$33,000,000 in fiscal year 2019.</u>			
14.24	Sec. 18. <u>AMATEUR SPORTS COMMISSION</u>	<u>\$</u>	<u>7,458,000</u>	<u>\$ 292,000</u>
14.25	<u>Mighty Ducks.</u> \$7,166,000 in fiscal year 2018			
14.26	<u>is appropriated from the general fund for the</u>			
14.27	<u>purpose of making grants under Minnesota</u>			
14.28	<u>Statutes, section 240A.09, paragraph (b). This</u>			
14.29	<u>appropriation is onetime and is available until</u>			
14.30	<u>June 30, 2019.</u>			

15.1	Sec. 19. <u>COUNCIL ON MINNESOTANS OF</u>			
15.2	<u>AFRICAN HERITAGE</u>	<u>\$</u>	<u>401,000</u>	<u>\$</u> <u>401,000</u>
15.3	Sec. 20. <u>COUNCIL ON LATINO AFFAIRS</u>	<u>\$</u>	<u>386,000</u>	<u>\$</u> <u>386,000</u>
15.4	Sec. 21. <u>COUNCIL ON ASIAN-PACIFIC</u>			
15.5	<u>MINNESOTANS</u>	<u>\$</u>	<u>364,000</u>	<u>\$</u> <u>364,000</u>
15.6	Sec. 22. <u>INDIAN AFFAIRS COUNCIL</u>	<u>\$</u>	<u>576,000</u>	<u>\$</u> <u>576,000</u>
15.7	Sec. 23. <u>MINNESOTA HISTORICAL</u>			
15.8	<u>SOCIETY</u>			
15.9	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>21,013,000</u>	<u>\$</u> <u>21,013,000</u>
15.10	<u>The amounts that may be spent for each</u>			
15.11	<u>purpose are specified in the following</u>			
15.12	<u>subdivisions.</u>			
15.13	<u>Subd. 2. Operations and Programs</u>		<u>20,731,000</u>	<u>20,731,000</u>
15.14	<u>Notwithstanding Minnesota Statutes, section</u>			
15.15	<u>138.668, the Minnesota Historical Society may</u>			
15.16	<u>not charge a fee for its general tours at the</u>			
15.17	<u>Capitol, but may charge fees for special</u>			
15.18	<u>programs other than general tours.</u>			
15.19	<u>Subd. 3. Fiscal Agent</u>			
15.20	<u>(a) Minnesota Air National Guard Museum</u>		<u>17,000</u>	<u>17,000</u>
15.21	<u>(b) Hockey Hall of Fame</u>		<u>100,000</u>	<u>100,000</u>
15.22	<u>(c) Minnesota Military Museum</u>		<u>50,000</u>	<u>50,000</u>
15.23	<u>(d) Farmamerica</u>		<u>115,000</u>	<u>115,000</u>
15.24	<u>Balances Forward. Any unencumbered</u>			
15.25	<u>balance remaining in this subdivision the first</u>			
15.26	<u>year does not cancel but is available for the</u>			
15.27	<u>second year of the biennium.</u>			
15.28	Sec. 24. <u>BOARD OF THE ARTS</u>			
15.29	Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>7,500,000</u>	<u>\$</u> <u>7,500,000</u>

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

16.4 Subd. 2. **Operations and Services** 561,000 561,000

16.5 Subd. 3. **Grants Program** 4,800,000 4,800,000

16.6 Subd. 4. **Regional Arts Councils** 2,139,000 2,139,000

16.7 **Unencumbered Balance Available.** Any
 16.8 unencumbered balance remaining in this
 16.9 section the first year does not cancel, but is
 16.10 available for the second year of the biennium.

16.11 **Projects located in Minnesota; travel**
 16.12 **restriction.** Money appropriated in this section
 16.13 and distributed as grants may only be spent
 16.14 on projects located in Minnesota. A recipient
 16.15 of a grant funded by an appropriation in this
 16.16 section must not use more than ten percent of
 16.17 the total grant for costs related to travel outside
 16.18 the state of Minnesota.

16.19 Sec. 25. **MINNESOTA HUMANITIES CENTER** \$ 332,000 \$ 332,000

16.20 Sec. 26. **BOARD OF ACCOUNTANCY** \$ 609,000 \$ 609,000

16.21 Sec. 27. **BOARD OF ARCHITECTURE**
 16.22 **ENGINEERING, LAND SURVEYING,**
 16.23 **LANDSCAPE ARCHITECTURE,**
 16.24 **GEOSCIENCE, AND INTERIOR DESIGN** \$ 754,000 \$ 754,000

16.25 Sec. 28. **BOARD OF COSMETOLOGIST**
 16.26 **EXAMINERS** \$ 2,455,000 \$ 2,455,000

16.27 The executive director must report quarterly
 16.28 to the chairs and ranking minority members
 16.29 of the committees in the house of
 16.30 representatives and senate with jurisdiction
 16.31 over state government finance on the number
 16.32 of inspections conducted by license type in
 16.33 the past quarter, number and percent of total

17.1 salons and schools inspected within the last
 17.2 year, total number of licensees by type, and
 17.3 the number of inspectors employed by the
 17.4 board. The first report must be submitted by
 17.5 July 15, 2017.

17.6 Sec. 29. **BOARD OF BARBER EXAMINERS** \$ **308,000** \$ **308,000**

17.7 Sec. 30. **GENERAL CONTINGENT**
 17.8 **ACCOUNTS** \$ **1,000,000** \$ **500,000**

17.9	<u>Appropriations by Fund</u>		
17.10		<u>2018</u>	<u>2019</u>
17.11	<u>General</u>	<u>500,000</u>	<u>-0-</u>
17.12	<u>State Government</u>		
17.13	<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
17.14	<u>Workers'</u>		
17.15	<u>Compensation</u>	<u>100,000</u>	<u>100,000</u>

17.16 (a) The appropriations in this section may only
 17.17 be spent with the approval of the governor
 17.18 after consultation with the Legislative
 17.19 Advisory Commission pursuant to Minnesota
 17.20 Statutes, section 3.30.

17.21 (b) If an appropriation in this section for either
 17.22 year is insufficient, the appropriation for the
 17.23 other year is available for it.

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

17.27 Sec. 31. **TORT CLAIMS** \$ **161,000** \$ **161,000**

17.28 These appropriations are to be spent by the
 17.29 commissioner of management and budget
 17.30 according to Minnesota Statutes, section
 17.31 3.736, subdivision 7. If the appropriation for
 17.32 either year is insufficient, the appropriation
 17.33 for the other year is available for it.

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

18.3	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>14,893,000</u>	<u>\$</u>	<u>15,071,000</u>
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18.4 The amounts that may be spent for each
18.5 purpose are specified in the following
18.6 subdivisions.

18.7	<u>Subd. 2. Combined Legislators and</u>		
18.8	<u>Constitutional Officers Retirement Plan</u>	8,893,000	9,071,000

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

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

18.15	<u>Subd. 3. Judges Retirement Plan</u>	<u>6,000,000</u>	<u>6,000,000</u>
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18.16 For transfer to the judges retirement fund
18.17 under Minnesota Statutes, section 490.123.
18.18 \$6,000,000 each fiscal year is included in the
18.19 base for fiscal years 2020 and 2021. This
18.20 transfer continues each fiscal year until the
18.21 judges retirement plan reaches 100 percent
18.22 funding as determined by an actuarial
18.23 valuation prepared according to Minnesota
18.24 Statutes, section 356.214.

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

18.26	ASSOCIATION	\$	16,000,000	\$	16,000,000
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18.27 State payments from the general fund to the
18.28 Public Employees Retirement Association on
18.29 behalf of the former MERF division account
18.30 are \$16,000,000 on September 15, 2017, and
18.31 \$16,000,000 on September 15, 2018.

18.32 These amounts are estimated to be needed
18.33 under Minnesota Statutes, section 353.505.

19.1 **Sec. 34. TEACHERS RETIREMENT**
 19.2 **ASSOCIATION**

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

19.3 The amounts estimated to be needed are as
 19.4 follows:

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

19.9 **Special Direct State Matching Aid.**
 19.10 \$2,500,000 the first year and \$2,500,000 the
 19.11 second year are for special direct state
 19.12 matching aid authorized under Minnesota
 19.13 Statutes, section 354.435.

19.14 **Sec. 35. ST. PAUL TEACHERS RETIREMENT**
 19.15 **FUND**

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

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

19.21 **Sec. 36. SAVINGS FROM INSURANCE OPT OUT; APPROPRIATION**
 19.22 **REDUCTION FOR EXECUTIVE AGENCIES.**

19.23 The commissioner of management and budget must reduce general fund appropriations
 19.24 to executive agencies, including constitutional offices, for agency operations for the biennium
 19.25 ending June 30, 2019, by \$4,394,000 due to savings from permitting employees to opt out
 19.26 of insurance coverage under the state employee group insurance coverage.

19.27 If savings obtained through permitting employees to opt out of insurance coverage under
 19.28 the state employee group insurance coverage yield savings in nongeneral funds other than
 19.29 those established in the state constitution or protected by federal law, the commissioner of
 19.30 management and budget may transfer the amount of savings to the general fund. The amount
 19.31 transferred to the general fund from other funds reduces the required general fund reduction
 19.32 in this section. Reductions made in 2019 must be reflected as reductions in agency base
 19.33 budgets for fiscal years 2020 and 2021. The commissioner of management and budget must

20.1 report to the chairs and ranking minority members of the committees in the senate Finance
 20.2 Committee and the house of representatives Ways and Means Committee regarding the
 20.3 amount of reductions in spending by each agency under this section.

20.4 Sec. 37. **SAVINGS FROM INFORMATION TECHNOLOGY CONSOLIDATION**
 20.5 **COMPLETION; APPROPRIATION REDUCTION FOR MN.IT.**

20.6 The appropriation to the Office of MN.IT Services for the biennium ending June 30,
 20.7 2019, is reduced by \$3,000,000 due to savings on personnel costs resulting from efficiencies
 20.8 achieved through completion of the executive branch information technology consolidation
 20.9 required by Laws 2011, First Special Session chapter 10, article 4, section 7, as amended
 20.10 by Laws 2013, chapter 134, section 29.

20.11 If savings obtained through completion of information technology consolidation yield
 20.12 savings in nongeneral funds other than those established in the state constitution or protected
 20.13 by federal law, the chief information officer may transfer the amount of savings to the
 20.14 general fund. The amount transferred to the general fund from other funds reduces the
 20.15 required general fund reduction in this section. Reductions made in 2019 must be reflected
 20.16 as reductions in agency base budgets for fiscal years 2020 and 2021.

20.17 Sec. 38. **APPROPRIATION CANCELLATIONS.**

20.18 All unspent funds of the James Metzen Mighty Ducks Ice Center Development Act,
 20.19 estimated to be \$7,166,000, as provided in Minnesota Statutes, section 240A.085, under
 20.20 Laws 2016, chapter 189, article 13, section 56, are canceled to the general fund on June 30,
 20.21 2017.

20.22 **ARTICLE 2**

20.23 **MISCELLANEOUS**

20.24 Section 1. Minnesota Statutes 2016, section 4.46, is amended to read:

20.25 **4.46 WASHINGTON OFFICE.**

20.26 The governor may appoint employees for the Washington, D.C., office of the state of
 20.27 Minnesota and may prescribe their duties. In the operation of the office, the governor may
 20.28 expend money appropriated by the legislature to the governor for promotional purposes in
 20.29 the same manner as private persons, firms, corporations, and associations expend money
 20.30 for promotional purposes. Promotional expenditures for food, lodging, or travel are not
 20.31 governed by the travel rules of the commissioner of management and budget. An agency

21.1 may not transfer money to the governor for services provided by the governor or expenses
21.2 incurred in operating a Washington, D.C., office or for staff working on federal issues.

21.3 Sec. 2. Minnesota Statutes 2016, section 6.481, subdivision 6, is amended to read:

21.4 Subd. 6. **Payments to state auditor.** A county audited by the state auditor must pay the
21.5 state auditor for the costs and expenses of the audit. If the state auditor makes additional
21.6 examinations of a county whose audit is performed by a CPA firm, the county must pay the
21.7 auditor for the cost of these examinations. Payments must be deposited in the ~~state auditor~~
21.8 enterprise general fund.

21.9 Sec. 3. Minnesota Statutes 2016, section 6.56, subdivision 2, is amended to read:

21.10 Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts,
21.11 and affairs of any political subdivision, as provided by law, such political subdivision shall
21.12 be liable to the state for the total cost and expenses of such examination, including the
21.13 salaries paid to the examiners while actually engaged in making such examination. The
21.14 state auditor may bill such political subdivision periodically for service rendered and the
21.15 officials responsible for approving and paying claims are authorized to pay said bill promptly.
21.16 Said payments shall be without prejudice to any defense against said claims that may exist
21.17 or be asserted. The ~~state auditor enterprise~~ general fund shall be credited with all collections
21.18 made for any such examinations, including interest payments made pursuant to subdivision
21.19 3.

21.20 Sec. 4. Minnesota Statutes 2016, section 6.581, subdivision 4, is amended to read:

21.21 Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges
21.22 for examinations, the state auditor must report the proposed increases to the chairs and
21.23 ranking minority members of the committees in the house of representatives and the senate
21.24 with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered
21.25 year, the state auditor must report to the chairs and ranking minority members of the
21.26 legislative committees and divisions with primary jurisdiction over the budget of the state
21.27 auditor a summary of ~~the state auditor enterprise fund~~ anticipated revenues, and expenditures
21.28 related to examinations for the biennium ending June 30 of that year. The report must also
21.29 include for the biennium the number of full-time equivalents ~~paid by the fund~~ related to the
21.30 examinations, any audit rate changes stated as a percentage, the number of audit reports
21.31 issued, and the number of counties audited.

22.1 Sec. 5. **[6.92] LITIGATION EXPENSES.**

22.2 (a) Unless funds are otherwise expressly provided by law for this purpose, all costs
22.3 incurred by the state auditor in preparing and asserting a civil claim or appeal, or in defending
22.4 against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally
22.5 authorized core functions must be paid by the auditor's constitutional office division. Only
22.6 allocations made to the constitutional office division may be used to pay these costs. The
22.7 state auditor must report to the chairs and ranking minority members of the committees in
22.8 the house of representatives and the senate with jurisdiction over the Office of the State
22.9 Auditor by May 1, 2017, and January 1, 2018, and each January 1 thereafter, on the state
22.10 auditor's litigation expenses. The report must list each lawsuit the state auditor has brought
22.11 or is defending, the grounds for each suit, the litigation expenses incurred since the previous
22.12 report under this section, and the projected expenses to complete the suit.

22.13 (b) In complying with paragraph (a), the state auditor may not, directly or indirectly,
22.14 decrease allocations previously made to, transfer funds from, or otherwise reduce services
22.15 provided by any other division of the office.

22.16 Sec. 6. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR**
22.17 **REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

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

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

22.27 Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that
22.28 the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision
22.29 2, or if the administrative law judge separately confirms the cost of any portion of a rule
22.30 exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing,
22.31 the chairs and ranking minority members of the policy committees of the house of
22.32 representatives and the senate with jurisdiction over the subject matter of the proposed rule
22.33 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, 2017, and applies to administrative rules proposed on or after that date.

Sec. 7. Minnesota Statutes 2016, section 14.18, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Unless a later date is required by section 14.126 or other law or is specified in the rule, a rule is effective after:

(1) it has been subjected to all requirements described in sections 14.131 to 14.20 ~~and five working days after;~~

(2) the notice of adoption is published in the State Register ~~unless a later date is required by section 14.126 or other law or specified in the rule; and~~

(3) it has been approved by a law enacted after publication of the notice of adoption; ~~if~~ any of the following applies:

(i) the rule is enacted without a specific authorization of rulemaking to enact rules to implement a specific statute section;

(ii) a sanction or penalty can be imposed for failure to comply with the rule; or

(iii) the regulating agency has the authority to adjudicate a dispute with a regulated entity about enforcement of or violation of the rule.

If the rule adopted is the same as the proposed rule, publication may be made by publishing notice in the State Register that the rule has been adopted as proposed and by citing the prior publication. If the rule adopted differs from the proposed rule, the portions of the adopted rule that differ from the proposed rule must be included in the notice of

adoption together with a citation to the prior State Register publication of the remainder of the proposed rule. The nature of the modifications must be clear to a reasonable person when the notice of adoption is considered together with the State Register publication of the proposed rule, except that modifications may also be made that comply with the form requirements of section 14.07, subdivision 7.

If the agency omitted from the notice of proposed rule adoption the text of the proposed rule, as permitted by section 14.14, subdivision 1a, paragraph (b), the chief administrative law judge may provide that the notice of the adopted rule need not include the text of any changes from the proposed rule. However, the notice of adoption must state in detail the substance of the changes made from the proposed rule, and must state that a free copy of the portion of the adopted rule that was the subject of the rulemaking proceeding, not including any material adopted by reference as permitted by section 14.07, is available upon request to the agency.

Sec. 8. Minnesota Statutes 2016, section 14.27, is amended to read:

14.27 PUBLICATION OF ADOPTED RULE; EFFECTIVE DATE.

(a) Except as provided in paragraph (b), the rule is effective upon after publication of the notice of adoption in the State Register in the same manner as provided for adopted rules in section 14.18.

(b) A rule is effective after publication of the notice of adoption in the State Register and after approval by law in the same manner as provided for adopted rules in section 14.18, if any of the following applies:

(1) the rule is enacted without a specific authorization of rulemaking to enact rules to implement a specific statute section;

(2) a sanction or penalty can be imposed for failure to comply with the rule; or

(3) the regulating agency has the authority to adjudicate a dispute with a regulated entity about enforcement of or violation of the rule.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to rules for which a notice of adoption is published on or after that date.

Sec. 9. Minnesota Statutes 2016, section 14.389, subdivision 3, is amended to read:

Subd. 3. **Adoption.** (a) The agency may modify a proposed rule if the modifications do not result in a substantially different rule, as defined in section 14.05, subdivision 2,

paragraphs (b) and (c). If the final rule is identical to the rule originally published in the State Register, the agency must publish a notice of adoption in the State Register. If the final rule is different from the rule originally published in the State Register, the agency must publish a copy of the changes in the State Register. The agency must also file a copy of the rule with the governor. ~~The rule is effective upon publication in the State Register.~~

(b) Except as provided in paragraph (c), the rule is effective upon publication in the State Register.

(c) The rule is effective upon publication of the notice of adoption if it has been approved by a law enacted after publication of the notice of adoption, if any of the following applies:

(1) the rule is enacted without a specific authorization of rulemaking to enact rules to implement a specific statute section;

(2) a sanction or penalty can be imposed for failure to comply with the rule; or

(3) the regulating agency has the authority to adjudicate a dispute with a regulated entity about enforcement of or violation of the rule.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to rules for which a notice of adoption is published on or after that date.

Sec. 10. Minnesota Statutes 2016, section 14.57, is amended to read:

14.57 INITIATION; DECISION; AGREEMENT TO ARBITRATE.

(a) An agency shall initiate a contested case proceeding when one is required by law. ~~Unless otherwise provided by law, An agency shall decide~~ submit a contested case ~~only to the Office of Administrative Hearings for disposition~~ in accordance with the contested case procedures of the Administrative Procedure Act. Upon initiation of a contested case proceeding, ~~an agency may, by order, provide that the report or order of the administrative law judge constitutes the final decision in the case.~~

(b) As an alternative to initiating or continuing with a contested case proceeding, the parties, subsequent to agency approval, may enter into a written agreement to submit the issues raised to arbitration by an administrative law judge according to sections 572B.01 to 572B.31.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to contested cases initiated on or after that date.

26.1 Sec. 11. **[14.605] AFFIRMATIVE DEFENSE.**

26.2 In a contested case or any other action to enforce a rule or to sanction or penalize a
26.3 person for violation of a rule, a person shall have an affirmative defense if the person shows
26.4 by a preponderance of the evidence that the cost for the person to comply with the rule
26.5 exceeds \$50,000.

26.6 **EFFECTIVE DATE.** This section is effective the day following final enactment and
26.7 applies to rules for which a notice of adoption is published on or after that date.

26.8 Sec. 12. **[16A.1282] TRANSFERS TO THE GOVERNOR.**

26.9 An agency shall not transfer money to the governor for services provided by the governor
26.10 or to reimburse expenses incurred by the governor.

26.11 Sec. 13. Minnesota Statutes 2016, section 16A.90, is amended to read:

26.12 **16A.90 EMPLOYEE GAINSHARING SYSTEM.**

26.13 Subdivision 1. Commissioner must establish program. The commissioner shall establish
26.14 a program to provide onetime bonus compensation to state employees for efforts made to
26.15 reduce the costs of operating state government or for ways of providing better or more
26.16 efficient state services. The commissioner may authorize an executive branch appointing
26.17 authority to make a onetime award to an employee or group of employees whose suggestion
26.18 or involvement in a project is determined by the commissioner to have resulted in documented
26.19 cost-savings to the state. Before authorizing awards under this section, the commissioner
26.20 shall establish guidelines for the program including but not limited to:

26.21 (1) the maximum award is ten percent of the documented savings in the first fiscal year
26.22 in which the savings are realized up to \$50,000;

26.23 (2) the award ~~must~~ may be paid in an amount up to \$2,500 per employee per award from
26.24 the an appropriation to which the savings accrued the agency for operations that is not
26.25 otherwise designated for a specific purpose by law; and

26.26 (3) employees whose primary job responsibility is to identify cost savings or ways of
26.27 providing better or more efficient state services are generally not eligible for bonus
26.28 compensation under this section except in extraordinary circumstances as defined by the
26.29 commissioner.

26.30 Subd. 2. Biannual legislative report. No later than August 1, 2017, and biannually
26.31 thereafter, the commissioner must report to the chairs and ranking minority members of the

27.1 committees of the house of representatives and the senate with jurisdiction over Minnesota
27.2 Management and Budget on the status of the program required by this section. The report
27.3 must detail:

27.4 (1) the specific program guidelines established by the commissioner as required by
27.5 subdivision 1, if the guidelines have not been described in a previous report;

27.6 (2) any proposed modifications to the established guidelines under consideration by the
27.7 commissioner, including the reason for the proposed modifications;

27.8 (3) the methods used by the commissioner to promote the program to state employees,
27.9 if the methods have not been described in a previous report;

27.10 (4) a summary of the results of the program that includes the following, categorized by
27.11 agency:

27.12 (i) the number of state employees whose suggestions or involvement in a project were
27.13 considered for possible bonus compensation, and a description of each suggestion or project
27.14 that was considered;

27.15 (ii) the total amount of bonus compensation actually awarded, itemized by each suggestion
27.16 or project that resulted in an award and the amount awarded for that suggestion or project;
27.17 and

27.18 (iii) the total amount of documented cost-savings that accrued to the agency as a result
27.19 of each suggestion or project for which bonus compensation was granted; and

27.20 (5) any recommendations for legislation that, in the judgment of the commissioner,
27.21 would improve the effectiveness of the bonus compensation program established by this
27.22 section or which would otherwise increase opportunities for state employees to actively
27.23 participate in the development and implementation of strategies for reducing the costs of
27.24 operating state government or for providing better or more efficient state services.

27.25 Sec. 14. Minnesota Statutes 2016, section 16B.055, subdivision 1, is amended to read:

27.26 Subdivision 1. **Federal Assistive Technology Act.** (a) The Department of Administration
27.27 is designated as the lead agency to carry out all the responsibilities under the Assistive
27.28 Technology Act of 1998, as provided by Public Law 108-364, as amended. The Minnesota
27.29 Assistive Technology Advisory Council is established to fulfill the responsibilities required
27.30 by the Assistive Technology Act, as provided by Public Law 108-364, as amended. Because
27.31 the existence of this council is required by federal law, this council does not expire.

(b) Except as provided in paragraph (c), the governor shall appoint the membership of the council as required by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. After the governor has completed the appointments required by this subdivision, the commissioner of administration, or the commissioner's designee, shall convene the first meeting of the council following the appointments. Members shall serve two-year terms commencing July 1 of each odd-numbered year, and receive the compensation specified by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. The members of the council shall select their chair at the first meeting following their appointment.

(c) After consulting with the appropriate commissioner, the commissioner of administration shall appoint a representative from:

(1) State Services for the Blind who has assistive technology expertise;

(2) vocational rehabilitation services who has assistive technology expertise;

(3) the Workforce Development Council; and

(4) the Department of Education who has assistive technology expertise.

Sec. 15. Minnesota Statutes 2016, section 16B.371, is amended to read:

16B.371 ASSISTANCE TO SMALL AGENCIES.

(a) The commissioner may provide administrative support services to small agencies. To promote efficiency and cost-effective use of state resources, and to improve financial controls, the commissioner may require a small agency to receive administrative support services through the Department of Administration or through another agency designated by the commissioner. Services subject to this section include finance, accounting, payroll, purchasing, human resources, and other services designated by the commissioner. The commissioner may determine what constitutes a small agency for purposes of this section. The commissioner, in consultation with the commissioner of management and budget and small agencies, shall evaluate small agencies' needs for administrative support services. If the commissioner provides administrative support services to a small agency, the commissioner must enter into a service level agreement with the agency, specifying the services to be provided and the costs and anticipated outcomes of the services.

(b) The Minnesota Council on Latino Affairs, the Council for Minnesotans of African Heritage, the Council on Asian-Pacific Minnesotans, the Indian Affairs Council, and the Minnesota State Council on Disability must use the services specified in paragraph (a).

(c) The commissioner of administration ~~may~~ must assess agencies for services it provides under this section. The amounts assessed are appropriated to the commissioner.

(d) For agencies covered in this section, the commissioner has the authority to require the agency to comply with applicable state finance, accounting, payroll, purchasing, and human resources policies. The agencies served retain the ownership and responsibility for spending decisions and for ongoing implementation of appropriate business operations.

Sec. 16. Minnesota Statutes 2016, section 16E.0466, is amended to read:

16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.

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. 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), 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.

Subd. 2. Legislative report. No later than October 1, 2017, and quarterly thereafter, the state chief information officer must submit a comprehensive project portfolio report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance on projects requiring consultation under subdivision 1. The report must itemize:

(1) each project presented to the office for consultation in the time since the last report;

(2) the information technology cost associated with the project, including the information technology cost as a percentage of the project's complete budget;

(3) the status of the information technology components of the project's development;

(4) the date the information technology components of the project are expected to be completed; and

30.1 (5) the projected costs for ongoing support and maintenance of the information technology
30.2 components after the project is complete.

30.3 Sec. 17. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

30.4 Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision,
30.5 "highly compensated employee" means an employee of the state whose estimated annual
30.6 compensation is greater than 60 percent of the governor's annual salary, and who is not
30.7 covered by a collective bargaining agreement negotiated under chapter 179A or a
30.8 compensation plan authorized under section 43A.18, subdivision 3a.

30.9 (b) Severance pay for a highly compensated employee includes benefits or compensation
30.10 with a quantifiable monetary value, that are provided for an employee upon termination of
30.11 employment and are not part of the employee's annual wages and benefits and are not
30.12 specifically excluded by this subdivision. Severance pay does not include payments for
30.13 accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to
30.14 cover the cost of group term insurance. Severance pay for a highly compensated employee
30.15 does not include payments of periodic contributions by an employer toward premiums for
30.16 group insurance policies. The severance pay for a highly compensated employee must be
30.17 excluded from retirement deductions and from any calculations of retirement benefits.
30.18 Severance pay for a highly compensated employee must be paid in a manner mutually
30.19 agreeable to the employee and the employee's appointing authority over a period not to
30.20 exceed five years from retirement or termination of employment. If a retired or terminated
30.21 employee dies before all or a portion of the severance pay has been disbursed, the balance
30.22 due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except
30.23 as provided in paragraph (c), severance pay provided for a highly compensated employee
30.24 leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser
30.25 of:

30.26 (1) six months pay; or

30.27 (2) the highly compensated employee's regular rate of pay multiplied by 35 percent of
30.28 the highly compensated employee's accumulated but unused sick leave hours.

30.29 (c) Severance pay for a highly compensated employee may exceed ~~an amount equivalent~~
30.30 ~~to six months of pay~~ the limit prescribed in paragraph (b) if the severance pay is part of an
30.31 early retirement incentive offer approved by the state and the same early retirement incentive
30.32 offer is also made available to all other employees of the appointing authority who meet
30.33 generally defined criteria relative to age or length of service.

(d) An appointing authority may make severance payments to a highly compensated employee, up to the limits prescribed in this subdivision, only if doing so is authorized by a compensation plan under section 43A.18 that governs the employee, provided that the following highly compensated employees are not eligible for severance pay:

(1) a commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, including the state chief information officer; and

(2) any unclassified employee who is also a public official, as defined in section 10A.01, subdivision 35.

(e) Severance pay shall not be paid to a highly compensated employee who has been employed by the appointing authority for less than six months or who voluntarily terminates employment.

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

Sec. 18. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to read:

Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental benefits under this section has the right to decline those benefits, provided the individual declining the benefits can prove health insurance coverage from another source. Any individual declining benefits must do so in writing, signed and dated, on a form provided by the commissioner.

(b) The commissioner must create, and make available in hard copy and online a form for individuals to use in declining state-paid hospital, medical, and dental benefits. The form must, at a minimum, include notice to the declining individual of the next available opportunity and procedure to re-enroll in the benefits.

Sec. 19. Minnesota Statutes 2016, section 155A.23, is amended by adding a subdivision to read:

Subd. 9a. **Salon manager.** A "salon manager" is any person who is a practitioner and licensed to serve as a designated licensed salon manager, as defined in section 155A.23, subdivision 15.

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

32.1 Sec. 20. Minnesota Statutes 2016, section 155A.23, subdivision 10, is amended to read:

32.2 Subd. 10. **School.** A "school" is a place where any person ~~operates and maintains a class~~
32.3 ~~to teach~~ provides training on regulated cosmetology to the public for compensation services
32.4 requiring licensure. "School" does not include a place where the only teaching of cosmetology
32.5 ~~is done by a licensed cosmetologist as part of a community education program of less than~~
32.6 ~~ten hours duration, provided that the program does not permit practice on persons other~~
32.7 ~~than students in the program, and provided that the program is intended solely for the~~
32.8 ~~self-improvement of the students and not as preparation for professional practice.~~ continuing
32.9 education course required for license renewal, additional training offered to licensed
32.10 individuals, or training intended solely for the self-improvement of the attendees and not
32.11 as preparation for professional practice.

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

32.13 Sec. 21. Minnesota Statutes 2016, section 155A.23, subdivision 15, is amended to read:

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

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

32.18 Sec. 22. Minnesota Statutes 2016, section 155A.23, subdivision 16, is amended to read:

32.19 Subd. 16. **School manager.** A "school manager" is a ~~cosmetologist who is a salon~~
32.20 ~~manager and who has a school manager license. A school manager must maintain an active~~
32.21 ~~salon manager's license~~ person who is licensed to serve as a designated school manager, as
32.22 defined in section 155A.23, subdivision 17.

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

32.24 Sec. 23. Minnesota Statutes 2016, section 155A.29, subdivision 1, is amended to read:

32.25 Subdivision 1. **Licensing.** A person must not offer cosmetology services for compensation
32.26 unless the services are provided by a licensee in a licensed salon or as otherwise provided
32.27 in this section. Each salon must be licensed ~~as a cosmetology salon, a nail salon, esthetician~~
32.28 ~~salon, advanced practice esthetician salon, or eyelash extension salon. A salon may hold~~
32.29 ~~more than one type of salon license.~~

33.1 Sec. 24. Minnesota Statutes 2016, section 155A.29, subdivision 2, is amended to read:

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

33.6 (1) compliance with all local and state laws, particularly relating to matters of infection
33.7 control, health, and safety;

33.8 (2) the ~~employment~~ appointment of a designated licensed salon manager, as defined in
33.9 section 155A.23, subdivision 8 15;

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

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

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

33.15 Sec. 25. Minnesota Statutes 2016, section 155A.30, subdivision 2, is amended to read:

33.16 Subd. 2. **Standards.** The board shall by rule establish minimum standards of course
33.17 content and length specific to the educational preparation prerequisite to testing and
33.18 practitioner licensing as ~~cosmetologist, esthetician, and nail technician.~~

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

33.20 Sec. 26. Minnesota Statutes 2016, section 155A.30, subdivision 5, is amended to read:

33.21 Subd. 5. **Conditions precedent to issuance.** A license must not be issued unless the
33.22 board first determines that the applicant has met the requirements in clauses (1) to ~~(8)~~ (9):

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

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

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

34.3 (4) the premises and conditions under which the students work and study must be sanitary,
 34.4 healthful, and safe according to modern standards;

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

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

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

34.12 (8) the applicant, except the state and its political subdivisions as described in section
 34.13 ~~471.617~~ 13.02, subdivision ~~1~~ 11, ~~shall~~ must file with the board a continuous corporate surety
 34.14 bond in the amount of no less than ten percent of the preceding year's gross income from
 34.15 student tuition, fees, and other required institutional charges, but in no event less than
 34.16 \$10,000, conditioned upon the faithful performance of all contracts and agreements with
 34.17 students made by the applicant. New schools must base the bond amount on the anticipated
 34.18 gross income from student tuition, fees, and other required institutional charges for the third
 34.19 year of operation, but in no event less than \$10,000. The applicant must compute the amount
 34.20 of the surety bond and verify that the amount of the surety bond complies with this
 34.21 subdivision. The bond shall run to the ~~state of Minnesota~~ board and to any person who may
 34.22 have a cause of action against the applicant arising at any time after the bond is filed and
 34.23 before it is canceled for breach of any contract or agreement made by the applicant with
 34.24 any student. ~~The aggregate liability of the surety for all breaches of the conditions of the~~
 34.25 ~~bond shall not exceed \$10,000.~~ The surety of the bond may cancel it upon giving 60 days'
 34.26 notice in writing to the board and shall be relieved of liability for any breach of condition
 34.27 occurring after the effective date of cancellation; and

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

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

35.1 Sec. 27. Minnesota Statutes 2016, section 179A.20, is amended by adding a subdivision
35.2 to read:

35.3 Subd. 2b. **Limited by appropriation.** A public employer may not contract to pay more
35.4 to employees in compensation and benefits in a biennium than is permitted under an approved
35.5 spending plan as provided in section 16A.14.

35.6 Sec. 28. Minnesota Statutes 2016, section 240.15, subdivision 6, is amended to read:

35.7 Subd. 6. **Disposition of proceeds; account.** The commission shall distribute all money
35.8 received under this section, and, except as provided otherwise by section 240.131, all money
35.9 received from license fees, regulatory fees, and fines it collects, according to this subdivision.
35.10 All money designated for deposit in the Minnesota breeders fund must be paid into that
35.11 fund for distribution under section 240.18 except that all money generated by simulcasts
35.12 must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses
35.13 (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must
35.14 be paid to the local unit of government at whose request it was imposed, at times and in a
35.15 manner the commission determines. Taxes received under this section must be paid to the
35.16 commissioner of management and budget for deposit in the general fund. All revenues from
35.17 licenses and other fees imposed by the commission must be deposited in the state treasury
35.18 and credited to a racing and card playing regulation account in the special revenue fund.
35.19 Receipts in this account are available for the operations of the commission up to the amount
35.20 authorized in biennial appropriations from the legislature. If a fiscal biennium ends without
35.21 the enactment of an appropriation to the commission for the following biennium, receipts
35.22 in this account are annually appropriated to the commission for the operations of the
35.23 commission up to the amount authorized in the second year of the most recently enacted
35.24 biennial appropriation, until a biennial appropriation is enacted.

35.25 Sec. 29. Minnesota Statutes 2016, section 240.155, subdivision 1, is amended to read:

35.26 Subdivision 1. **Reimbursement account credit.** Money received by the commission as
35.27 reimbursement for the costs of services provided by veterinarians, stewards, ~~and~~ medical
35.28 testing of horses, and fees received by the commission in the form of fees for regulatory
35.29 services must be deposited in the state treasury and credited to a racing reimbursement
35.30 account in the special revenue fund, except as provided under subdivision 2. Receipts are
35.31 appropriated, within the meaning of article XI, section 1, of the Minnesota Constitution, to
35.32 the commission to pay the costs of providing the services and all other costs necessary to
35.33 allow the commission to fulfill its regulatory oversight duties required by chapter 240 and

36.1 commission rule. If the major appropriation bills needed to finance state government are
36.2 not enacted by the beginning of a fiscal biennium, the commission shall continue operations
36.3 as required by chapter 240 and commission rule.

36.4 Sec. 30. **[240.1561] APPROPRIATION FOR FUNCTIONS SUPPORTING ONGOING**
36.5 **OPERATION OF THE RACING COMMISSION.**

36.6 If, by July 1 of an odd-numbered year, legislation has not been enacted to appropriate
36.7 money for the next biennium to the commissioner of management and budget for central
36.8 accounting, procurement, payroll, and human resources functions, amounts necessary to
36.9 operate those functions associated with operation of the Racing Commission under chapter
36.10 240 are appropriated for the next biennium from the general fund to the commissioner of
36.11 management and budget. As necessary, the commissioner may transfer a portion of this
36.12 appropriation to other state agencies to support carrying out these functions. Any subsequent
36.13 appropriation to the commissioner of management and budget for a biennium in which this
36.14 section has been applied shall supersede and replace the funding authorized in this section.

36.15 Sec. 31. Minnesota Statutes 2016, section 240A.09, is amended to read:

36.16 **240A.09 PLAN DEVELOPMENT; CRITERIA.**

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

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

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

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

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

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

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

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

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

37.10 (4) proposals for construction of a new, single sheet of ice that will be expanded to a
37.11 two-sheet facility in the future.

37.12 (d) The commission shall administer a site selection process for the ice centers. The
37.13 commission shall invite proposals from cities or counties or consortia of cities. A proposal
37.14 for an ice center must include matching contributions including in-kind contributions of
37.15 land, access roadways and access roadway improvements, and necessary utility services,
37.16 landscaping, and parking.

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

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

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

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

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

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

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

38.2 (l) The commission may make grants for rehabilitation and renovation. A rehabilitation
38.3 or renovation grant for air quality may not exceed \$200,000 and a rehabilitation or renovation
38.4 grant for R-22 elimination may not exceed ~~\$50,000~~ \$250,000 for indirect cooling systems
38.5 and may not exceed ~~\$400,000~~ \$500,000 for direct cooling systems. Priority must be given
38.6 to grant applications for indoor air quality improvements, including zero emission ice
38.7 resurfacing equipment, and for projects that eliminate R-22.

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

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

38.11 Sec. 32. Minnesota Statutes 2016, section 349A.08, subdivision 2, is amended to read:

38.12 Subd. 2. **Prizes not assignable.** A prize in the state lottery is not assignable ~~except as~~
38.13 ~~provided in subdivision 3 and~~ except that:

38.14 (1) if a prize winner dies before the prize is paid, the director shall pay the prize to the
38.15 prize winner's estate; and

38.16 (2) the director may pay a prize to a person other than the winner of that prize under an
38.17 appropriate court order.

38.18 Sec. 33. Minnesota Statutes 2016, section 349A.10, subdivision 6, is amended to read:

38.19 Subd. 6. **Budget; plans.** (a) The director shall prepare and submit a biennial budget plan
38.20 to the commissioner of management and budget. The governor shall recommend the
38.21 maximum amount available for the lottery in the budget the governor submits to the
38.22 legislature under section 16A.11. The maximum amount available to the lottery for operating
38.23 expenses and capital expenditures shall be determined by law. In addition, the director shall
38.24 appear at least once each fiscal year before the senate and house of representatives committees
38.25 having jurisdiction over gambling policy to present and explain the lottery's plans for future
38.26 games and the related advertising and promotions and spending plans for the next fiscal
38.27 year.

38.28 (b) For purposes of this section, operating expenses shall not include:

38.29 (1) expenses that are a direct function of lottery sales, which include the cost of lottery
38.30 prizes, amounts paid to lottery retailers as sales commissions or other compensation, amounts
38.31 paid to produce and deliver scratch lottery games, and amounts paid to an outside vendor

to operate and maintain an online gaming system. ~~In addition, the director shall appear at least once each fiscal year before the senate and house of representatives committees having jurisdiction over gambling policy to present and explain the lottery's plans for future games and the related advertising and promotions and spending plans for the next fiscal year; and~~

(2) expenses related solely to the noncash year-end adjustment required for government agencies to adjust the net actuarially determined pension liability which includes deferred inflows, deferred outflows, noncash pension expense, unrestricted net deficit, and net pension liability, in accordance with Statement 68 of the Governmental Accounting Standards Board.

Sec. 34. Laws 2016, chapter 127, section 8, is amended to read:

Sec. 8. EFFECTIVE DATE; APPLICATION.

Sections 1 to 7 are effective the day following final enactment. With respect to eyelash technicians, the Board of Cosmetologist Examiners must not enforce sections 1 to 7 until ~~July 1, 2017~~ February 1, 2018. Any educational or training requirements developed by the board regarding eyelash technicians must be 14 hours.

Sec. 35. TRANSITION.

Notwithstanding any law to the contrary, receipts received by the state auditor on or after July 1, 2017, from examinations conducted by the state auditor under Minnesota Statutes, chapter 6, must be credited to the general fund. Amounts in the state auditor enterprise fund at the end of fiscal year 2017 are transferred to the general fund.

Sec. 36. ADVISORY TASK FORCE ON FISCAL NOTES.

Subdivision 1. **Membership.** The Advisory Task Force on Fiscal Notes consists of the following 13 voting members:

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

(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 of representatives;

(3) the commissioner of management and budget or a designee;

(4) the state budget director or designee;

(5) two fiscal note coordinators selected by the commissioner of management and budget;
and

(6) one member appointed by the governor from the Office of the Governor.

The lead fiscal analyst for the senate or a designee and the chief fiscal analyst for the
house of representatives or a designee shall serve on the task force as nonvoting members.

Subd. 2. **Fiscal note.** As used in this section, "fiscal note" means a document containing
the items listed in Minnesota Statutes, section 3.98, subdivision 2.

Subd. 3. **Duties.** The task force shall conduct a review of options for providing fiscal
notes to the legislature and the executive branch. The task force shall compare the current
fiscal note process with a fiscal note process coordinated by a new legislative budget office.
In evaluating options and developing recommendations, the task force shall consider the
following:

(1) the legislative auditor's 2012 report on fiscal notes;

(2) the needs of the legislature for timely, accurate, unbiased fiscal notes prepared in a
cost-effective manner;

(3) the time it takes to obtain a fiscal note under the current system and the time it is
expected to take to obtain a fiscal note through a new legislative budget office;

(4) the accuracy of fiscal notes under the current system and the anticipated accuracy
of fiscal notes from a new legislative budget office;

(5) methods used by other states for preparing fiscal notes;

(6) the effect that legislative scheduling and amendments have on accuracy and timing
of fiscal notes, under the current system or through a new legislative budget office;

(7) the extent to which legislative staff suggest changes and corrections to fiscal notes
and the responsiveness of the executive branch to those suggestions under the current fiscal
note process and the anticipated responsiveness of a new legislative budget office;

(8) the cost of generating fiscal notes under the current system and the cost for generating
fiscal notes under a new legislative budget office;

(9) whether there are sufficient safeguards under the current fiscal note process to ensure
that fiscal notes are generated without political or ideological bias or influence and what
safeguards would need to be put in place to ensure that a new legislative budget office would
generate fiscal notes without political or ideological bias or influence; and

(10) options for additional duties for a new legislative budget office that would complement the duty to generate fiscal notes, including a role for the office in performance-based budgeting.

Subd. 4. **Report.** The task force shall report to the chairs and ranking minority members of the committees in the house of representatives and senate with jurisdiction over the fiscal note process by June 1, 2018, with recommendations for modifying the fiscal note process. The report must include any draft legislation needed to implement the recommendations.

Subd. 5. **Chair; vice chair.** The task force shall elect a chair from among the members who are legislators by a majority vote of those members present. The task force shall elect a vice chair from among the voting members who are not legislators.

Subd. 6. **Meetings.** The meetings of the commission are subject to Minnesota Statutes, section 3.055.

Subd. 7. **Administration.** The Legislative Coordinating Commission shall provide administrative services for the task force.

Subd. 8. **Compensation.** Members who are not legislators serve without compensation.

Subd. 9. **Expiration.** This section expires the day after submitting the report required in subdivision 3.

Subd. 10. **First appointments.** Appointing authorities must make initial appointments to the Advisory Task Force on Fiscal Notes by June 1, 2017.

Subd. 11. **First meeting.** The majority leader of the senate shall designate one senate member of the Advisory Task Force on Fiscal Notes to convene the first meeting by August 1, 2017. The commission must select a chair from among the senate members at the first meeting.

Sec. 37. MN.IT; PERFORMANCE OUTCOMES REQUIRED.

Subdivision 1. **Completion of agency consolidation.** No later than December 31, 2018, 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.

Subd. 2. **Information technology efficiencies and solutions.** No later than December 31, 2018, the state chief information officer shall:

- 42.1 (1) host at least 25 percent of all state agency servers on a public cloud solution;
42.2 (2) store at least 35 percent of all state agency data on a public cloud solution; and
42.3 (3) operate no more than six data centers statewide.

42.4 Subd. 3. **Personnel efficiencies.** No later than June 30, 2019, the state chief information
42.5 officer shall reduce the Office of MN.IT Services' total cost for personnel by at least
42.6 \$3,000,000.

42.7 Subd. 4. **Legislative report; application consolidation.** No later than January 1, 2018,
42.8 the state chief information officer must submit a report to the chairs and ranking minority
42.9 members of the house of representatives and senate committees with jurisdiction over state
42.10 government finance on the status of business application software consolidation across state
42.11 agencies. At a minimum, the report must describe the outcomes achieved to date, a plan
42.12 and timeline for continued consolidation of business application software with measurable
42.13 outcome goals, and recommendations, if any, on legislation necessary to facilitate
42.14 achievement of these goals.

42.15 Sec. 38. **REIMBURSEMENT OF LEGAL COSTS FOR WRIGHT, BECKER, AND**
42.16 **RAMSEY COUNTIES.**

42.17 The state auditor shall reimburse Wright, Becker, and Ramsey Counties for legal fees
42.18 incurred and costs and disbursements made as a result of defending against the state auditor's
42.19 lawsuit against them.

42.20 Sec. 39. **SCHEDULE OF CHARGES.**

42.21 Notwithstanding Minnesota Statutes, section 6.581, subdivision 3, or any other law to
42.22 the contrary, the rates included in the state auditor's schedule of charges for examinations
42.23 conducted in calendar year 2017 must be no greater than the rates included in the schedule
42.24 of charges established for examinations conducted in calendar year 2016.

42.25 Sec. 40. **LEGISLATIVE COMMISSION TO REVIEW CONSOLIDATION OF THE**
42.26 **STATE'S INFORMATION TECHNOLOGY.**

42.27 Subdivision 1. **Definitions.** As used in this section, "information technology" means
42.28 information and telecommunications technology systems and services; and "consolidation"
42.29 means the reorganization of the state's information technology under a single agency as
42.30 provided under Laws 2011, First Special Session chapter 10, article 4, section 7, as amended
42.31 by Laws 2013, chapter 134, section 29.

43.1 Subd. 2. **Membership.** The Legislative Commission to Review Consolidation of the
43.2 State's Information Technology consists of the following eight members:

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

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

43.7 Subd. 3. **Terms; vacancies.** Members of the commission serve until the commission
43.8 sunsets. A vacancy in the membership of the commission must be filled for the unexpired
43.9 term in a manner that preserves the representation established by this section.

43.10 Subd. 4. **Duties.** The commission shall review the results achieved by the state's
43.11 consolidation of its information technology under one agency.

43.12 Subd. 5. **Chair.** The commission shall elect a chair by a majority vote of those members
43.13 present.

43.14 Subd. 6. **Meetings.** The meetings of the commission are subject to Minnesota Statutes,
43.15 section 3.055, except that the commission may close a meeting when necessary to safeguard
43.16 the state's cybersecurity.

43.17 Subd. 7. **Administration.** The Legislative Coordinating Commission shall provide
43.18 administrative services for the commission.

43.19 Subd. 8. **Compensation.** Members may receive per diem for attending commission
43.20 meetings in accordance with the rules of their respective bodies and may be reimbursed for
43.21 their reasonable expenses as provided by the rules of their respective legislative bodies.

43.22 Subd. 9. **Report.** By April 30, 2018, the commission shall report the results of the
43.23 commission's review to the chairs and ranking minority members of the committees in the
43.24 senate and in the house of representatives with jurisdiction over state government policy
43.25 and state government finance. The report should address the following topics:

43.26 (1) the number of full-time employees that provided information technology services to
43.27 state agencies prior to the consolidation and the number of full-time employees that provide
43.28 information technology services to state agencies in fiscal year 2017;

43.29 (2) the cost to the state of information technology in the year prior to consolidation and
43.30 the cost in fiscal year 2017;

43.31 (3) the usefulness, effectiveness, and efficiency of information technology now used by
43.32 state agencies and how this compares to prior consolidation;

44.1 (4) the responsiveness of MN.IT staff to requests for service from state agencies, and
44.2 how this compares to the responsiveness of information technology staff prior to
44.3 consolidation; and

44.4 (5) a conclusion as to whether a consolidated information technology office is the best
44.5 option for supplying information technology to state agencies.

44.6 Subd. 10. **Sunset.** The commission sunsets April 30, 2018, or the day after submission
44.7 of the report required in subdivision 9, whichever is earlier.

44.8 Subd. 11. **First appointments.** Appointing authorities must make initial appointments
44.9 to the Legislative Commission to Review Consolidation of the State's Information
44.10 Technology by June 1, 2017.

44.11 Subd. 12. **First meeting.** The member designated by the senate majority leader shall
44.12 convene the first meeting of the Legislative Commission to Review Consolidation of the
44.13 State's Information Technology under this section by September 15, 2017.

44.14 Sec. 41. **MINNESOTA ADMINISTRATIVE RULES STATUS SYSTEM (MARSS)**
44.15 **WORKING GROUP.**

44.16 Subdivision 1. **Creation.** The MARSS working group consists of the following nine
44.17 members:

44.18 (1) the chief judge of the Office of Administrative Hearings, or a designee;

44.19 (2) the secretary of state, or a designee;

44.20 (3) a representative from the Interagency Rules Committee (IRC) appointed by the
44.21 committee;

44.22 (4) a representative from each of the following agencies with rulemaking experience
44.23 appointed by the appropriate commissioner:

44.24 (i) the Department of Health;

44.25 (ii) the Minnesota Pollution Control Agency;

44.26 (iii) the Department of Transportation; and

44.27 (iv) the Department of Labor and Industry;

44.28 (5) as designated by the IRC, a representative from a health-related board; and

44.29 (6) as designated by the IRC, a representative from a non-health-related board.

45.1 Subd. 2. **MARSS description.** The Minnesota Administrative Rules Status System
45.2 (MARSS) is a concept for a new software application. The application would be built and
45.3 maintained by the Revisor's Office. Executive branch agencies and others would upload
45.4 official rulemaking record documents to the system. The goal is to improve public access,
45.5 security, preservation, and transparency of state agencies' official rulemaking records through
45.6 the creation of a single online records system. The system would serve as a single Internet
45.7 location for the public to track rulemaking progress and access the official rulemaking
45.8 record. Agencies would fulfill their requirement to maintain and preserve the official
45.9 rulemaking record by submitting required documents to the revisor for inclusion in the
45.10 online records system.

45.11 Subd. 3. **Duties.** The working group must report by February 1, 2018, to the chairs and
45.12 ranking minority members of the committees in the house of representatives and senate
45.13 with jurisdiction over policy and finance for the legislature. The report must identify the
45.14 functional and nonfunctional requirements of the MARSS system. The working group must
45.15 define a funding mechanism to share the cost to build and maintain the MARSS system
45.16 among state agencies and departments.

45.17 Subd. 4. **Administration provisions.** (a) The revisor of statutes or the revisor's designee
45.18 must convene the initial meeting of the working group by August 1, 2017. Upon request of
45.19 the working group, the revisor must provide meeting space and administrative services for
45.20 the group.

45.21 (b) The working group must elect a chair from among its members at the first meeting.

45.22 (c) Members serve without compensation and without reimbursement for expenses.

45.23 (d) The working group expires on February 1, 2018, or upon submission of documents
45.24 fulfilling its duties, whichever is earlier.

45.25 Subd. 5. **Deadline for appointments and designations.** The appointments and
45.26 designations authorized by this section must be completed by July 1, 2017.

45.27 Sec. 42. **EYELASH TECHNICIAN GRANDFATHERING.**

45.28 (a) The board must issue grandfathered eyelash technician licenses no later than February
45.29 1, 2018, under the conditions in this section.

45.30 (b) A complete grandfathering application for an eyelash technician license must be
45.31 received in the board office between August 1, 2017, and January 31, 2018, and must contain:

45.32 (1) proof of a high school diploma or equivalent;

46.1 (2) proof of completion of an eyelash extension training course before July 1, 2017;

46.2 (3) proof of completion of a six-hour board-approved public health and safety course
46.3 provided by a board-licensed school or a board-recognized professional association organized
46.4 under Minnesota Statutes, chapter 317A. Four hours must be related to health, safety, and
46.5 infection control and two hours must be related to Minnesota laws and rules governing
46.6 cosmetology;

46.7 (4) original passing results no more than one year old of board-approved laws and rules
46.8 test and theory tests; and

46.9 (5) the practitioner fees required under Minnesota Statutes, section 155A.25.

46.10 (c) A complete grandfathering application for an eyelash salon manager license must
46.11 be received in the board office between August 1, 2017, and January 31, 2018, and must
46.12 contain:

46.13 (1) proof of a high school diploma or equivalent;

46.14 (2) proof of completion of an eyelash extension training course before July 1, 2017;

46.15 (3) documentation of at least 2,700 hours of experience performing eyelash extensions
46.16 within the last three years;

46.17 (4) original passing results no more than one year old of board-approved laws and rules
46.18 test and theory tests;

46.19 (5) original passing results no more than one year old of board-approved salon manager
46.20 test;

46.21 (6) proof of a six-hour board-approved public health and safety course provided by a
46.22 board-licensed school or a board-recognized professional association organized under
46.23 Minnesota Statutes, chapter 317A. Four hours must be related to infection control and two
46.24 hours must be related to Minnesota laws and rules; and

46.25 (7) the practitioner fees required under Minnesota Statutes, section 155A.25.

46.26 (d) Grandfathered licenses must not be expedited under Minnesota Statutes, section
46.27 155A.25, subdivision 7. The application timelines under Minnesota Statutes, section 155A.25,
46.28 subdivisions 5, 6, and 8, do not apply to grandfathered licenses.

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

47.1 Sec. 43. **EYELASH TECHNICIAN RULEMAKING.**

47.2 The Board of Cosmetologist Examiners shall adopt rules governing the eyelash technician
47.3 and salon licenses, which must include scope of practice, the conditions and process of
47.4 issuing and renewing the license, requirements related to education and testing, and 14 hours
47.5 of training regarding application of eyelash extensions in a board-licensed school. The board
47.6 may use the expedited rule process in Minnesota Statutes, section 14.389. The grant of
47.7 rulemaking authority under this section expires May 31, 2019.

47.8 Sec. 44. **EYELASH TECHNICIAN LICENSING.**

47.9 The Board of Cosmetologist Examiners must not issue an eyelash practitioner license
47.10 before February 1, 2018, except for grandfathered licenses issued under section 39. The
47.11 Board of Cosmetologist Examiners must not require a person to have an eyelash practitioner
47.12 license for eyelash extensions before February 1, 2018.

47.13 Sec. 45. **REVISOR'S INSTRUCTION.**

47.14 By January 15, 2018, the revisor of statutes shall present a bill to the legislature to make
47.15 the conforming statutory changes to incorporate changes in this article to the contested case
47.16 procedures under Minnesota Statutes, section 14.57.

47.17 Sec. 46. **REPEALER.**

47.18 Minnesota Statutes 2016, sections 6.581, subdivision 1; 10A.30; 10A.31, subdivisions
47.19 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, and 11; 10A.315; 10A.321; 10A.322, subdivisions
47.20 1, 2, and 4; 10A.323; 155A.23, subdivision 8; and 349A.08, subdivision 3, are repealed.

47.21 **ARTICLE 3**

47.22 **ELECTIONS**

47.23 Section 1. **VOTING EQUIPMENT GRANT.**

47.24 Subdivision 1. **Voting equipment grant account.** A voting equipment grant program
47.25 is established. The secretary of state must use money appropriated for the program to provide
47.26 grants to counties and municipalities as authorized by this section. Funds appropriated for
47.27 the grant are available until June 30, 2020.

47.28 Subd. 2. **Authorized equipment.** (a) A county or municipality may apply to receive a
47.29 grant under this section for the purchase or lease of the following equipment:

(1) electronic roster equipment and software that meets the technology requirements of Minnesota Statutes, section 201.225, subdivision 2;

(2) assistive voting technology; or

(3) automatic tabulating equipment.

A purchase or lease of equipment is eligible for a grant under this section if the purchase is made, or lease entered, on or after July 1, 2017. A county or municipality that has purchased or leased eligible equipment before July 1, 2017, may apply for reimbursement.

(b) The grant funds must not be used for maintenance or repair of voting equipment.

Subd. 3. **Amount of grant.** A county or municipal government is eligible to receive a grant equal to 75 percent of the total cost of the electronic roster equipment and software or 50 percent of the total cost for assistive voting technology or automatic tabulating equipment. The secretary of state must first award grants to counties and municipalities leasing or purchasing new equipment or software. If funds remain after awarding grants for new equipment or software, the secretary of state must use the remaining funds for grants to counties and municipalities seeking reimbursement for equipment or software already purchased.

Subd. 4. **Application for grant; certification of costs.** (a) To receive a grant, a county or municipality must submit an application to the secretary of state. The secretary of state shall prescribe a form for this purpose. At a minimum, the application must describe:

(1) the type of equipment or software proposed for purchase or lease;

(2) the expected total cost of the equipment or software, and sources of funding that will be used for the purchase or lease in addition to the grant funding provided by this section;

(3) the county's or municipality's plan to address the long-term maintenance, repair, and eventual replacement costs for the equipment or software without using any funds from the grant for these purposes; and

(4) any other information required by the secretary of state.

(b) The secretary of state must establish:

(1) a deadline for receipt of grant applications;

(2) a procedure for awarding and distributing grants;

(3) criteria for the fair, proportional distribution of grants if the funds do not completely cover the requests for a particular type of equipment; and

49.1 (4) a process for verifying the proper use of the grants after distribution.

49.2 Subd. 5. **Report to legislature.** No later than January 15, 2018, and annually thereafter
49.3 until the appropriations provided for grants under this section have been exhausted, the
49.4 secretary of state must submit a report to the legislative committees with jurisdiction over
49.5 elections policy on grants awarded by this section. The report must detail each grant awarded,
49.6 including the jurisdiction, the amount of the grant, and the type of equipment or software
49.7 purchased.

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6.581 STATE AUDITOR ENTERPRISE FUND.

Subdivision 1. **State auditor enterprise fund.** A state auditor enterprise fund is established in the state treasury. All amounts received for the costs and expenses of examinations performed under this chapter shall be credited to the fund. Amounts credited to the fund are annually appropriated to the state auditor to pay the costs and expenses related to the examinations performed, including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses.

10A.30 STATE ELECTIONS CAMPAIGN ACCOUNT.

Subdivision 1. **Establishment.** An account is established in the special revenue fund of the state known as the "state elections campaign account."

Subd. 2. **Separate account.** Within the state elections campaign account there must be maintained a separate political party account for the state committee and the candidates of each political party and a general account.

Subd. 3. **Special elections account.** An account is established in the special revenue fund of the state known as the "state special elections campaign account."

10A.31 DESIGNATION OF INCOME TAX PAYMENTS.

Subdivision 1. **Designation.** An individual resident of this state who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that \$5 be paid from the general fund of the state into the state elections campaign account. If a husband and wife file a joint return, each spouse may designate that \$5 be paid. No individual is allowed to designate \$5 more than once in any year. The taxpayer may designate that the amount be paid into the account of a political party or into the general account.

Subd. 3. **Form.** The commissioner of revenue must provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election campaigns. The form must also contain language prepared by the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing a joint return) to: (1) one of the major political parties; (2) any minor political party that qualifies under subdivision 3a; or (3) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return must include instructions that the individual filing the return may designate \$5 on the return only if the individual has not designated \$5 on the income tax return.

Subd. 3a. **Qualification of political parties.** (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a minor party statewide by July 1 of the taxable year.

(c) The secretary of state shall notify each major and minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to participate in income tax form and property tax refund return programs.

(d) The secretary of state shall notify each political party, the commissioner of revenue, and the Campaign Finance and Public Disclosure Board by July 1 of each year and following certification of the results of each general election of the political parties that qualify for inclusion on the income tax form and property tax refund return as provided in subdivision 3.

Subd. 4. **Appropriation.** (a) The amounts designated by individuals for the state elections campaign account, less three percent, are appropriated from the general fund, must be transferred and credited to the appropriate account in the state elections campaign account, and are annually appropriated for distribution as set forth in subdivisions 5, 5a, 6, and 7. The remaining three percent must be kept in the general fund for administrative costs.

(b) In addition to the amounts in paragraph (a), \$1,020,000 for each general election is appropriated from the general fund for transfer to the general account of the state elections campaign account.

Subd. 5. **Allocation.** (a) General account. In each calendar year the money in the general account must be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 4.2 percent for the office of attorney general;

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(3) 2.4 percent each for the offices of secretary of state and state auditor;

(4) in each calendar year during the period in which state senators serve a four-year term, $23\frac{1}{3}$ percent for the office of state senator, and $46\frac{2}{3}$ percent for the office of state representative; and

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

(b) Party account. In each calendar year the money in each party account must be allocated as follows:

(1) 14 percent for the offices of governor and lieutenant governor together;

(2) 2.8 percent for the office of attorney general;

(3) 1.6 percent each for the offices of secretary of state and state auditor;

(4) in each calendar year during the period in which state senators serve a four-year term, $23\frac{1}{3}$ percent for the office of state senator, and $46\frac{2}{3}$ percent for the office of state representative;

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative; and

(6) ten percent or \$50,000, whichever is less, for the state committee of a political party; one-third of any amount in excess of that allocated to the state committee of a political party under this clause must be allocated to the office of state senator and two-thirds must be allocated to the office of state representative under clause (4).

Money allocated to each state committee under clause (6) must be deposited in a separate account and must be spent for only those items enumerated in section 10A.275. Money allocated to a state committee under clause (6) must be paid to the committee by the board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the Department of Revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the Department of Revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the Department of Revenue to the board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the Department of Revenue is different from the amount that should have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.

Subd. 5a. Party account for legislative candidates. To ensure that money will be returned to the counties from which it was collected and to ensure that the distribution of money rationally relates to the support for particular parties or for particular candidates within legislative districts, money from the party accounts for legislative candidates must be distributed as provided in this subdivision.

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election must receive money from the candidate's party account allocated to candidates for the state senate or state house of representatives, whichever applies, according to the following formula:

For each county within the candidate's district, the candidate's share of the dollars designated by taxpayers who resided in that county and credited to the candidate's party account and allocated to that office must be:

(1) the sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, divided by

(2) the sum of the votes cast in the entire county in the last general election for all candidates of that candidate's party whose names appeared on the ballot statewide and for the state senate and state house of representatives, multiplied by

(3) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For a party under whose name no candidate's name appeared on the ballot statewide in the last general election, amounts in the party's account must be allocated based on (i) the number

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of people voting in the last general election in that part of the county in the candidate's district, divided by (ii) the number of the people voting in the entire county in the last general election, multiplied by (iii) the amount in the candidate's party account designated by taxpayers who resided in that county and allocated to that office.

In the first general election after the legislature is redistricted, "the candidate's district" means the newly drawn district and voting data from the last general election must be applied to the area encompassing the newly drawn district, notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party is the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (1) and (2). The average vote must be added to the sums in clauses (1) and (2) before the calculation is made for all districts in the county.

Subd. 6. Distribution of party accounts. As soon as the board has obtained from the secretary of state the results of the primary election, but no later than one week after certification by the State Canvassing Board of the results of the primary, the board must distribute the available money in each party account, as certified by the commissioner of revenue one week before the state primary, to the candidates of that party who have signed a spending limit agreement under section 10A.322 and filed the affidavit of contributions required by section 10A.323, who were opposed in either the primary election or the general election, and whose names are to appear on the ballot in the general election, according to the allocations set forth in subdivisions 5 and 5a. The public subsidy from the party account may not be paid in an amount greater than the expenditure limit of the candidate or the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10.

Subd. 6a. Party account money not distributed. Money from a party account not distributed to candidates for state senator or representative in any election year must be returned to the general fund of the state, except that the subsidy from the party account an unopposed candidate would otherwise have been eligible to receive must be paid to the state committee of the candidate's political party to be deposited in a special account under subdivision 5, paragraph (b), clause (6), and used for only those items permitted under section 10A.275. Money from a party account not distributed to candidates for other offices in an election year must be returned to the party account for reallocation to candidates as provided in subdivision 5, paragraph (b), in the following year.

Subd. 7. Distribution of general account. (a) As soon as the board has obtained the results of the primary election from the secretary of state, but no later than one week after certification of the primary results by the State Canvassing Board, the board must distribute the available money in the general account, as certified by the commissioner of revenue one week before the state primary and according to allocations set forth in subdivision 5, in equal amounts to all candidates of a major political party whose names are to appear on the ballot in the general election and who:

- (1) have signed a spending limit agreement under section 10A.322;
- (2) have filed the affidavit of contributions required by section 10A.323; and
- (3) were opposed in either the primary election or the general election.

(b) The public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account to exceed 50 percent of the expenditure limit for the candidate or 50 percent of the expenditure limit that would have applied to the candidate if the candidate had not been freed from expenditure limits under section 10A.25, subdivision 10. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

Subd. 7a. Withholding of public subsidy. If a candidate who is eligible for payment of public subsidy under this section has not filed the report of receipts and expenditures required under section 10A.20 before a primary election, any public subsidy for which that candidate is eligible must be withheld by the board until the candidate complies with the filing requirements of section 10A.20 and the board has sufficient time to review or audit the report. If a candidate who is eligible for public subsidy does not file the report due before the primary election under section 10A.20 by the date that the report of receipts and expenditures filed before the general election is due, that candidate shall not be paid public subsidy for that election.

Subd. 10. December distribution. In the event that on the date of either certification by the commissioner of revenue as provided in subdivision 6 or 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue must certify to the board by December

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1 the amount accumulated in each account since the previous certification. By December 15, the board must distribute to each candidate according to the allocations in subdivisions 5 and 5a the amounts to which the candidates are entitled.

Subd. 10a. **Form of distribution.** A distribution to a candidate must be in the form of a check made "payable to the campaign fund of(name of candidate)....."

Subd. 10b. **Remainder.** Money accumulated after the final certification must be kept in the respective accounts for distribution in the next general election year.

Subd. 11. **Write-in candidate.** For the purposes of this section, a write-in candidate is a candidate only upon complying with sections 10A.322 and 10A.323.

10A.315 SPECIAL ELECTION SUBSIDY.

(a) Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the sum of:

(1) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and

(2) the general account money paid to a candidate for the same office at the last general election.

(b) A candidate who wishes to receive this public subsidy must submit a signed agreement under section 10A.322 to the board and must meet the contribution requirements of section 10A.323. The special election subsidy must be distributed in the same manner as money in the party and general accounts is distributed to legislative candidates in a general election.

(c) The amount necessary to make the payments required by this section is appropriated from the general fund for transfer to the state special elections campaign account for distribution by the board as set forth in this section.

10A.321 ESTIMATES OF MINIMUM AMOUNTS TO BE RECEIVED.

Subdivision 1. **Calculation and certification of estimates.** The commissioner of revenue must calculate and certify to the board one week before the first day for filing for office in each election year an estimate of the total amount in the state general account of the state elections campaign account and the amount of money each candidate who qualifies, as provided in section 10A.31, subdivisions 6 and 7, may receive from the candidate's party account in the state elections campaign account. This estimate must be based upon the allocations and formulas in section 10A.31, subdivisions 5 and 5a, any necessary vote totals provided by the secretary of state to apply the formulas in section 10A.31, subdivisions 5 and 5a, and the amount of money expected to be available after 100 percent of the tax returns have been processed.

Subd. 2. **Publication, certification, and notification procedures.** Before the first day of filing for office, the board must publish and forward to all filing officers the estimates calculated and certified under subdivision 1 along with a copy of section 10A.25, subdivision 10. Within one week after the last day for filing for office, the secretary of state must certify to the board the name, address, office sought, and party affiliation of each candidate who has filed with that office an affidavit of candidacy or petition to appear on the ballot. The auditor of each county must certify to the board the same information for each candidate who has filed with that county an affidavit of candidacy or petition to appear on the ballot. Within two weeks after the last day for filing for office, the board must notify all candidates of their estimated minimum amount. The board must include with the notice a form for the agreement provided in section 10A.322 along with a copy of section 10A.25, subdivision 10.

10A.322 SPENDING LIMIT AGREEMENTS.

Subdivision 1. **Agreement by candidate.** (a) As a condition of receiving a public subsidy, a candidate must sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; 10A.324; and 10A.38.

(b) Before the first day of filing for office, the board must forward agreement forms to all filing officers. The board must also provide agreement forms to candidates on request at any time. The candidate must file the agreement with the board at least three weeks before the candidate's state primary. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board must notify the commissioner of revenue of any agreement signed under this subdivision.

(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general

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election, a candidate may sign and submit a spending limit agreement not later than the day after the close of the filing period for the special election for which the candidate filed.

Subd. 2. **How long agreement is effective.** The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, and the contribution limit in section 10A.27, subdivision 10, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the agreement was filed, whichever occurs first.

Subd. 4. **Refund receipt forms; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that:

(1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.

(b) The willful issuance of an official refund receipt form or a facsimile of one to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

(c) The willful issuance of an official refund receipt form or a facsimile to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

(d) A violation of paragraph (b) or (c) is a misdemeanor.

10A.323 AFFIDAVIT OF CONTRIBUTIONS.

(a) In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy under section 10A.31 a candidate or the candidate's treasurer must:

(1) between January 1 of the previous year and the cutoff date for transactions included in the report of receipts and expenditures due before the primary election, accumulate contributions from individuals eligible to vote in this state in at least the amount indicated for the office sought, counting only the first \$50 received from each contributor, excluding in-kind contributions:

(i) candidates for governor and lieutenant governor running together, \$35,000;

(ii) candidates for attorney general, \$15,000;

(iii) candidates for secretary of state and state auditor, separately, \$6,000;

(iv) candidates for the senate, \$3,000; and

(v) candidates for the house of representatives, \$1,500;

(2) file an affidavit with the board stating that the principal campaign committee has complied with this paragraph. The affidavit must state the total amount of contributions that have been received from individuals eligible to vote in this state, excluding:

(i) the portion of any contribution in excess of \$50;

(ii) any in-kind contribution; and

(iii) any contribution for which the name and address of the contributor is not known and recorded; and

(3) submit the affidavit required by this section to the board in writing by the deadline for reporting of receipts and expenditures before a primary under section 10A.20, subdivision 4.

(b) A candidate for a vacancy to be filled at a special election for which the filing period does not coincide with the filing period for the general election must accumulate the contributions specified in paragraph (a) and must submit the affidavit required by this section to the board within five days after the close of the filing period for the special election for which the candidate filed.

155A.23 DEFINITIONS.

Subd. 8. **Manager.** A "manager" is any person who is a cosmetologist, esthetician, advanced practice esthetician, nail technician practitioner, or eyelash technician practitioner, and who has a manager license and provides any services under that license, as defined in subdivision 3.

349A.08 LOTTERY PRIZES.

Subd. 3. **Prizes won by persons under age 18.** The following provisions govern the payment of a lottery prize to a person under age 18:

(1) if the prize is less than \$5,000, the director may give a draft, payable to the order of the person under age 18, to the person's parents, custodial parent if one parent has custody, guardian, or other adult member of the person's family; and

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(2) if the prize is \$5,000 or more, the director shall deposit the prize with the district court and section 540.08 applies to the investment and distribution of the money.